



**Third Quarter and
Nine Months Financial
Statements for the Period
Ended 30 September 2019**

4 November 2019

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Third Quarter and Nine Months Financial Statements for the Period Ended 30 September 2019
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

	The Group			The Group		
	Third Quarter ended 30 Sep		Increase/ (Decrease)	Nine Months ended 30 Sep		Increase/ (Decrease)
	2019	2018		2019	2018	
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	20,719	21,690	(4.5)	59,257	72,083	(17.8)
Cost of sales	(17,596)	(18,272)	(3.7)	(50,180)	(61,219)	(18.0)
Gross profit	3,123	3,418	(8.6)	9,077	10,864	(16.4)
Other gains, net	242	152	59.2	1,484	851	74.4
Expenses						
- Administrative	(2,133)	(2,104)	1.4	(6,192)	(6,447)	(4.0)
- Finance	(301)	(296)	1.7	(995)	(606)	64.2
Share of (loss)/profit of associated companies and joint ventures	(390)	33	(1281.8)	(960)	195	(592.3)
Profit before income tax	541	1,203	(55.0)	2,414	4,857	(50.3)
Income tax expense	(322)	(160)	101.3	(574)	(684)	(16.1)
Net profit	219	1,043	(79.0)	1,840	4,173	(55.9)
Gross profit margin	15.1%	15.8%		15.3%	15.1%	
Net profit margin	1.1%	4.8%		3.1%	5.8%	
Effective tax rate	59.5%	13.3%		23.8%	14.1%	
Net profit attributable to:						
Equity holders of the Company	34	811	(95.8)	1,380	3,761	(63.3)
Non-controlling interests	185	232	(20.3)	460	412	11.7
	219	1,043	(79.0)	1,840	4,173	(55.9)



1(a)(i) Consolidated Statement of comprehensive income for the third quarter and nine months ended 30 September 2019

Note	The Group			The Group		
	Third Quarter ended 30 Sep		Increase/ (Decrease)	Nine Months ended 30 Sep		Increase/ (Decrease)
	2019	2018		2019	2018	
	\$'000	\$'000	%	\$'000	\$'000	%
Net profit	219	1,043	(79.0)	1,840	4,173	(55.9)
Other comprehensive income:						
Currency translation differences relating to financial statements of foreign a subsidiary corporation	(45)	(11)	309.1	(67)	(12)	458.3
Total comprehensive income, net of tax	174	1,032	(83.1)	1,773	4,161	(57.4)
Total comprehensive income attributable to:						
Equity holders of the Company	11	806	(98.6)	1,346	3,755	(64.2)
Non-controlling interests	163	226	(27.9)	427	406	5.2
	174	1,032	(83.1)	1,773	4,161	(57.4)

Note:

- (i) Currency translation difference was attributed to (a) assets and liabilities of foreign operations that are translated to Singapore dollars at the exchange rate at the reporting date and (b) income and expenses of foreign operations that are translated to Singapore dollars at the exchange rate at the date of transactions.



(ii) Additional disclosures

Profit before income tax was arrived at:

Note	The Group			The Group		
	Third Quarter ended 30 Sep		Increase/ (Decrease)	Nine Months ended 30 Sep		Increase/ (Decrease)
	2019	2018		2019	2018	
	\$'000	\$'000	%	\$'000	\$'000	%
<u>After charging: -</u>						
Non-audit fee paid to the auditors of the Company	6	6	-	15	21	(28.6)
Amortisation of intangible assets	4	1	300.0	8	3	166.7
Depreciation of property, plant and equipment	108	113	(4.4)	336	339	(0.9)
Depreciation of right-of-use assets	2	-	n.m.	8	-	n.m.
Directors' remuneration						
- Directors of the Company	619	673	(8.0)	1,923	2,146	(10.4)
- Other directors	116	110	5.5	336	337	(0.3)
Directors' fees	45	45	-	135	135	-
Interest paid and payable						
- Bank borrowing	191	271	(29.5)	663	531	24.9
- Lease liabilities	32	25	28.0	98	54	81.5
- Notional interest on loan	78	-	n.m.	234	21	1014.3
Loss on foreign exchange	102	180	(43.3)	211	411	(48.7)
Loss of disposal of right-of-use assets	-	1	(100.0)	-	1	(100.0)
Employee compensation	775	768	0.9	2,108	2,381	(11.5)
<u>Included in the cost of sales are the following: -</u>						
Depreciation of property, plant and equipment	415	632	(34.3)	1,200	1,860	(35.5)
Depreciation of right-of-use assets	338	112	201.8	987	346	185.3
Amortisation of intangible assets	5	3	66.7	15	8	87.5
Employee compensation	6,604	5,936	11.3	18,553	18,152	2.2

Note:

- (i) Loss on foreign exchange mainly arose from the revaluation of assets denominated in Australian dollar, United States dollar and Indonesian Rupiah to Singapore dollar.

n.m. - not meaningful



Note	The Group			The Group		
	Third Quarter ended 30 Sep		Increase/ (Decrease)	Nine Months ended 30 Sep		Increase/ (Decrease)
	2019	2018		2019	2018	
	\$'000	\$'000	%	\$'000	\$'000	%
<u>After crediting: -</u>						
Interest income - Bank deposits	254	245	3.7	793	666	19.1
Gain on disposal of property, plant and equipment (net)	28	33	(15.2)	27	72	(62.5)
Government grant	9	31	(71.0)	88	422	(79.1)

(iii) Extraordinary/Exceptional items

Nil

(iv) Adjustments for under or over-provision of tax in respect of prior periods

The Group	
30 Sep 2019	30 Sep 2018
\$'000	\$'000

Tax expense attributable to profit is made up of:

- Profit from current financial period:

- Current income tax

- Singapore

301

467

- Foreign

286

104

587

571

- Deferred income tax

- Singapore

79

66

- Foreign

-

35

79

101

- (Over)/under provision in prior financial periods

- Current income tax - Singapore

-

12

- Deferred income tax

(92)

-

(92)

12

574

684



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

Statements of Financial Position

		The Group		The Company	
Note		30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current assets					
	Cash and cash equivalents	63,121	74,275	2,878	4,071
i	Trade and other receivables	6,593	3,598	10,072	12,537
ii	Contract assets	17,334	18,575	-	-
		87,048	96,448	12,950	16,608
Non-current assets					
iii	Investments in subsidiary corporations	-	-	19,219	19,219
iv	Investments in joint ventures	974	1,252	-	-
v	Investments in associated companies	2,380	3,462	-	-
vi	Investment properties	48,417	49,586	-	-
vii	Other receivables	15,342	13,493	9,022	8,796
	Property, plant and equipment	13,570	14,055	5,074	5,155
viii	Right-of-use assets	7,102	6,554	-	-
ix	Intangible assets	1,790	1,789	23	3
		89,575	90,191	33,338	33,173
Total assets		176,623	186,639	46,288	49,781
LIABILITIES					
Current liabilities					
x	Trade and other payables	17,396	24,378	2,725	3,489
viii	Lease liabilities	1,481	1,307	-	-
xi	Bank borrowing	747	768	-	-
	Current income tax liabilities	579	1,182	28	29
		20,203	27,635	2,753	3,518
Non-current liabilities					
x	Other payables	8,071	8,068	-	-
viii	Lease liabilities	2,226	2,126	-	-
xi	Bank borrowing	22,673	23,902	-	-
	Deferred income tax liabilities	1,163	1,310	5	2
		34,133	35,406	5	2
Total liabilities		54,336	63,041	2,758	3,520
NET ASSETS		122,287	123,598	43,530	46,261
EQUITY					
Capital and reserves attributable to equity holders of the Company					
	Share capital	36,832	36,832	36,832	36,832
xii	Other reserves	2,970	3,004	-	-
	Retained profits	82,922	84,626	6,698	9,429
		122,724	124,462	43,530	46,261
Non-controlling interests		(437)	(864)	-	-
Total equity		122,287	123,598	43,530	46,261
Net tangible assets		120,497	121,809	43,507	46,258



Notes to Statements of Financial Position:

(i) Trade and other receivables

	The Group		The Company	
	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
	\$'000	\$'000	\$'000	\$'000
Trade receivables				
- Non-related parties	2,866	953	-	2
- Subsidiary corporations	-	-	4,868	7,347
	2,866	953	4,868	7,349
- Retentions	266	337	-	-
Non-trade receivables				
- Subsidiary corporations	-	-	5,840	5,835
- Associated companies	9	3	-	-
- Joint ventures	40	5	-	-
- Non-related parties	329	521	-	-
	378	529	5,840	5,835
Less: Allowance for impairment of receivables	-	-	(688)	(688)
Non-trade receivables - net	378	529	5,152	5,147
Advance to suppliers	228	268	-	-
Deposits	1,501	721	7	7
Prepayments	1,354	790	45	34
	6,593	3,598	10,072	12,537

The non-trade amounts due from subsidiary corporations, associated companies and joint ventures are unsecured, interest-free and repayable on demand.



(ii) Contract assets

The Group	
30 Sep 2019	31 Dec 2018
\$'000	\$'000

Unbilled revenue

Construction contracts due from customers

17,327

17,281

Construction contract work-in-progress

7

1,294

17,334

18,575

(iii) Investments in subsidiary corporations

The Company	
30 Sep 2019	31 Dec 2018
\$'000	\$'000

Equity investments at cost

Beginning and end of financial period/year

17,632

17,632

Allowance for impairment

Beginning and end of financial period/year

(110)

(110)

Loan to a subsidiary corporation

Beginning and end of financial period/year

1,697

1,697

19,219

19,219



Name of subsidiary corporations	Principal activities	Country of incorporation	Equity holding	
			30 Sep 2019	31 Dec 2018

Held by the Company

Or Kim Peow Contractors (Pte) Ltd ^(@)	Business of road and building construction and maintenance	Singapore	100%	100%
Eng Lam Contractors Co. (Pte) Ltd ^(@)	Business of road construction and maintenance	Singapore	100%	100%
OKP Technical Management Pte Ltd ^{(@)(*)}	Provision of technical management and consultancy services	Singapore	100%	100%
OKP Investments (Singapore) Pte Ltd ^{(@)(*)}	Investment holding	Singapore	100%	100%
OKP (Oil & Gas) Infrastructure Pte Ltd ^{(@)(&)}	Business of carrying out civil engineering projects in respect of oil, petrochemical and gas related businesses in Singapore	Singapore	100%	100%
United Pavement Specialists Pte Ltd ^{(@)(*)}	Provision of rental services and investment holding	Singapore	100%	100%
OKP Land Pte Ltd ^(@)	Investment holding and property development	Singapore	100%	100%
OKP Transport & Pte Ltd ^{(@)(*)}	Provision of transport and logistics services	Singapore	100%	100%

Held by OKP Land Pte Ltd

Raffles Prestige Capital Pte Ltd ^(@)	Investment holding	Singapore	51%	51%
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Held by Raffles Prestige Capital Pte Ltd

Bennett WA Investment Pty Ltd ^(#)	Property investment	Australia	51%	51%
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(@) Audited by Nexia TS Public Accounting Corporation.

(#) Audited by Nexia Perth Services Pty Ltd.

(*) Dormant company.

(&) On 14 July 2015, OKP (Oil & Gas) Infrastructure Pte Ltd was granted a licence to operate a representative foreign construction service company in Jakarta, Indonesia. The said licence was valid until 8 July 2018 and was not renewed.



(iv) Investments in joint ventures

The Group	
30 Sep 2019	31 Dec 2018
\$'000	\$'000

Interests in joint ventures

Beginning of financial period/year	1,252	5,495
Share of profit of joint ventures	22	57
Dividend received	(300)	(4,300)
End of financial period/year	974	1,252

Details of the joint ventures are as follows:

Name of joint ventures	Principal activities	Country of incorporation	Percentage of ownership interest	
			30 Sep 2019	31 Dec 2018

Held by subsidiary corporations

Incorporated joint ventures

CS-OKP Construction and Development Pte Ltd ^{(@)(1)}	Design, construction and execution of urban developments (including road infrastructure)	Singapore	50%	50%
Forte Builder Pte Ltd ^{(#)(2)}	Business of general construction	Singapore	50%	50%
Lakehomes Pte. Ltd. ^{(^)(3)}	Property development	Singapore	10%	10%

Unincorporated joint ventures

Chye Joo – Or Kim Peow JV ^{(*)(4)}	Business of general construction	Singapore	50%	50%
Eng Lam – United E&P JV ^{(&)(5)}	Business of general construction	Singapore	55%	-

- (@) Audited by Heng Lee Seng LLP.
 (#) Audited by Nexia TS Public Accounting Corporation.
 (^) Audited by Ernst & Young LLP.
 (*) Registered on 4 May 2015.
 (&) Registered on 9 April 2019.

- (1) CS-OKP Construction and Development Pte Ltd (“CS-OKP”), incorporated in Singapore on 1 December 2009, remained inactive as at 30 September 2019. CS-OKP is a joint venture company of OKP Technical Management Pte Ltd (“OKPTM”), a wholly-owned subsidiary corporation, and CS Mining Pte Ltd, a subsidiary corporation of China Sonangol International Limited, with a share capital of \$100,000 consisting of 100 ordinary shares. OKPTM has a 50% equity interest at a cost of \$50,000 (2018: \$50,000) in CS-OKP.



- (2) On 8 December 2010, Or Kim Peow Contractors (Pte) Ltd (“OKPC”), a wholly-owned subsidiary corporation, entered into a joint venture agreement with Soil-Build (Pte) Ltd (“SBPL”), incorporated in Singapore and a subsidiary corporation of Soilbuild Construction Group Ltd., to form a 50:50 joint venture company. On the same date, the joint venture company, Forte Builder Pte. Ltd. (“FBPL”) was incorporated in Singapore with a share capital of \$1,000,000 consisting of 1,000,000 ordinary shares. OKPC has a 50% equity interest at a cost of \$500,000 in FBPL. The principal activity of FBPL is the construction of the condominium housing development, comprising one (1) 36-storey block of 54 residential units at Angullia Park.
- (3) On 15 August 2013, a joint venture company, Lakehomes Pte. Ltd. (“LH”) was incorporated in Singapore with a share capital of \$1,000,000 consisting of 1,000,000 ordinary shares. OKP Land Pte Ltd (“OKPL”), a wholly-owned subsidiary corporation, has a 10% equity interest at a cost of \$100,000 in LH. The principal activity of LH is to develop a land parcel at Yuan Ching Road/Tao Ching Road into an executive condominium. On 13 September 2013, OKPL entered into a joint venture agreement with BBR Development Pte Ltd, Evia Real Estate (5) Pte Ltd, CNH Investment Pte Ltd and Ho Lee Group Pte Ltd for the aforesaid executive condominium development.
- (4) On 4 May 2015, a joint venture partnership, Chye Joo - Or Kim Peow JV was registered to execute the improvement to Bukit Timah First Diversion Canal Contract 3 (Holland Green to Clementi Road) awarded by the Public Utilities Board.
- (5) On 9 April 2019, a joint venture partnership, Eng Lam – United E&P JV was registered to execute two contracts awarded by a government agency.

The Group has joint control over these joint ventures as under the contractual agreements, unanimous consent is required from all parties to the arrangements for all relevant activities.

The Group's joint arrangements are structured as private limited companies and partnerships such that the Group and the parties to the agreements have the rights to the net assets of the private limited companies and partnership under the arrangements. Therefore, these arrangements are classified as joint ventures.

The following amounts represent the summarised financial information of the joint ventures:

	30 Sep 2019	31 Dec 2018
	\$'000	\$'000
Assets		
- Current assets	15,878	24,855
Liabilities		
- Current liabilities	(10,540)	(18,987)
Net assets	5,338	5,868
Revenue	13,942	31,029
Expenses	(13,868)	(30,801)
Profit before income tax	74	228
Income tax expense	(5)	(143)
Net profit	69	85

The information above reflects the amounts included in the financial statements of the joint ventures, adjusted to reflect adjustments made by the Group when applying the equity method of accounting.



(v) Investments in associated companies

The Group	
30 Sep 2019	31 Dec 2018
\$'000	\$'000

Interests in associated companies

Beginning of financial period/year	3,462	3,175
Additions	-	450
Notional fair value of loan (net)	(100)	15
Share of loss of associated companies	(982)	(178)
End of financial period/year	<u>2,380</u>	<u>3,462</u>

Name of associated companies	Principal activities	Country of incorporation	Equity holding	
			30 Sep 2019	31 Dec 2018

Held by subsidiary corporations

CS Amber Development Pte Ltd (@)(1)	Property development	Singapore	10%	10%
Chong Kuo Development Pte Ltd (&)(2)	Property development	Singapore	22.5%	22.5%
USB Holdings Pte Ltd (#)(3)	Investment holding and property development	Singapore	25%	25%

Held by USB Holdings Pte Ltd

United Singapore Builders Pte Ltd (#)(4)	General contractors	Singapore	100%	100%
USB (Phoenix) Pte Ltd (#)(5)	Property development	Singapore	100%	100%

(@) Audited by Heng Lee Seng LLP.

(#) Audited by Nexia TS Public Accounting Corporation.

(&) Audited by Ernst & Young LLP

- (1) On 27 June 2012, OKP Land Pte Ltd ("OKPL"), a wholly-owned subsidiary corporation, entered into an investment agreement with CS Amber Development Pte Ltd ("CSAmber") and CS Land Pte Ltd, pursuant to which OKPL subscribed for 111,111 ordinary shares in CSAmber, representing approximately 10% of the enlarged issued and paid-up share capital of CSAmber. The aggregate consideration for the subscription of the shares is \$111,111.

The Group accounts for its investment in CSAmber as an associated company although the Group holds less than 20% of the issued shares of CSAmber as the Group is able to exercise significant influence over the investment due to the Group's voting power (both through its equity holding and its representation on the Board).



- (2) On 20 February 2018, an associated company, Chong Kuo Development Pte. Ltd. ("ChongKuo") was incorporated in Singapore with a share capital of \$2,000,000 consisting of 2,000,000 ordinary shares. OKP Land Pte Ltd ("OKPL"), a wholly-owned subsidiary corporation, has a 22.5% equity interest at a cost of \$450,000 in ChongKuo. The principal activity of ChongKuo is to develop a residential condominium on the land parcel at Chong Kuo Road.
- (3) On 29 March 2018, OKP Investments (Singapore) Pte Ltd ("OKPIS"), a wholly-owned subsidiary corporation, together with Ho Lee Group Pte Ltd, HSB Holdings Pte. Ltd. and B&D Investment and Property Pte. Ltd. incorporated USB Holdings Pte. Ltd. ("USBH"). The principal business activities of USBH are investment holding and property development.
- (4) On 8 January 2014, Or Kim Peow Contractors (Pte) Ltd ("OKPC"), a wholly-owned subsidiary corporation, entered into a shareholders' agreement with Chye Joo Construction Pte Ltd, Ho Lee Construction Pte Ltd, Hwa Seng Builder Pte Ltd, Swee Hong Limited and United Singapore Builders Pte Ltd ("USB") to tender for and, if successful, undertake Mass Rapid Transit projects, including the construction of related infrastructure such as stations, tunnels and depots. As at 31 December 2014, OKPC had a 20% equity interest at a cost of \$200,000 in USB.

On 3 June 2015, OKPC acquired another 5% of the issued share capital of USB by way of acquisition of 50,000 ordinary shares for \$1.00. Consequently, OKPC has a 25% equity interest at a cost of \$200,001 in USB. On 17 August 2015, OKPC was allotted and issued 500,000 new ordinary shares by the capitalisation of its advance to USB and hence, its shareholding in USB increased to 750,000 shares. The shareholding percentage remains unchanged at 25% of the total issued and paid-up capital in USB.

USB became a wholly-owned subsidiary corporation of USB Holdings Pte Ltd after a restructuring exercise which took place on 2 July 2018.

- (5) On 23 August 2018, USBH incorporated a wholly-owned subsidiary corporation, USB (Phoenix) Pte. Ltd. ("USB Phoenix"). USB Phoenix has been incorporated with an issued and paid-up share capital of \$2, comprising 2 ordinary shares held by USBH. The principal business activity of USB Phoenix is to redevelop the property at 71-85 Phoenix Avenue, Phoenix Heights, Singapore.

The summarised financial information of the associated companies, not adjusted for the proportion of ownership interest held by the Group, is as follows:

The Group	
30 Sep 2019	31 Dec 2018
\$'000	\$'000

Assets		
- Current assets	202,294	224,900
- Non-current assets	50,488	19,297
Liabilities		
- Current liabilities	(18,073)	(16,744)
- Non-current liabilities	(237,006)	(212,367)
Net (liabilities)/assets	(2,297)	15,086
Revenue		
	32,111	30,872
Expenses		
	(37,411)	(29,791)
(Loss)/profit before income tax	(5,300)	1,081
Income tax credit	-	213
Net (loss)/profit	(5,300)	1,294

The Group has not recognised its share of loss of an associated company, Chong Kuo Development Pte. Ltd. amounting to \$206,875 (31 December 2018: \$nil) as the Group's cumulative share of losses exceeded its interest in that entity and the Group has no obligation in respect of those losses. The cumulative unrecognised losses with respect to this entity amounted to \$348,252 at the balance sheet date.



(vi) Investment properties

The Group	
30 Sep 2019	31 Dec 2018
\$'000	\$'000

Beginning of financial period/year	49,586	7,200
Additions	-	46,330
Currency translation differences	(1,169)	(2,071)
Net fair value loss recognised in profit and loss	-	(1,873)
End of financial period/year	48,417	49,586

The investment properties are leased to non-related parties.

The Group's policy is to revalue its investment properties on an annual basis. An update to the fair values will be done at the end of the financial year.

(vii) Other receivables (non-current)

The Group		The Company	
30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
\$'000	\$'000	\$'000	\$'000

Loan to associated companies				
- CS Amber Development Pte Ltd	11,180	11,180	-	-
- Chong Kuo Development Pte Ltd	3,803	3,803	-	-
- USB Holdings Pte Ltd	3,412	1,662	-	-
Less: Notional fair value of loan (net)	(1,645)	(1,744)	-	-
	16,750	14,901	-	-
Less: Allowance for impairment	(1,408)	(1,408)	-	-
	15,342	13,493	-	-
Loan to subsidiary corporation	-	-	9,022	8,796
	15,342	13,493	9,022	8,796

The loan to an associated company, CS Amber Development Pte Ltd, is unsecured, interest-free and will be repayable in full on 27 June 2020. The Group charged interest at 2.0% per annum above SIBOR from the first drawdown on 27 June 2012. The Group has ceased to charge interest on the loan with effect from 1 March 2015.

The loan to subsidiary corporation and loan to other associated companies are unsecured and interest-free advances for the purpose of operating and development activities in their respective fields. The loans are not expected to be repaid within the next 12 months.



(viii) Leases

(a) Amounts recognised in the statement of financial position

The Group	
30 Sep 2019	31 Dec 2018
\$'000	\$'000

Right-of-use assets

Office unit	364	485
Plant and machineries	4,644	4,688
Motor vehicles	1,411	1,269
Use of state land for worksites	683	112
	<u>7,102</u>	<u>6,554</u>

Lease liabilities

Current	1,481	1,307
Non-current	2,226	2,126
	<u>3,707</u>	<u>3,433</u>

(b) Amounts recognised in the statement of comprehensive income

Depreciation of right-of-use assets

Office unit	90	453
Plant and machineries	511	507
Motor vehicles	169	215
Use of state land for worksites	225	30
	<u>995</u>	<u>1,205</u>

Lease liabilities

Interest expense (included in finance expenses)	98	109
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(ix) Intangible assets

The Group		The Company	
30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
\$'000	\$'000	\$'000	\$'000

Composition:

Goodwill arising on consolidation	1,688	1,688	-	-
Computer software licences	102	101	23	3
	<u>1,790</u>	<u>1,789</u>	<u>23</u>	<u>3</u>

(a) Goodwill arising on consolidation

Cost/net book value

Beginning and end of financial period/year	<u>1,688</u>	<u>1,688</u>	<u>-</u>	<u>-</u>
--------------------------------------------	--------------	--------------	----------	----------

This represents goodwill on consolidation which is the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired.

(b) Computer software licences

Cost

Beginning of financial period/year	497	428	55	55
Additions	24	69	24	-
End of financial period/year	<u>521</u>	<u>497</u>	<u>79</u>	<u>55</u>

Accumulated Amortisation

Beginning of financial period/year	396	379	52	49
Amortisation charge	23	17	4	3
End of financial period/year	<u>419</u>	<u>396</u>	<u>56</u>	<u>52</u>
Net book value	<u>102</u>	<u>101</u>	<u>23</u>	<u>3</u>

Computer software licences relate to fees paid to third parties in relation to the entitlement to use the computer software and are amortised over 5 years.



(x) Trade and other payables

	The Group		The Company	
	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
	\$'000	\$'000	\$'000	\$'000
<u>Current</u>				
Trade payables				
- Non-related parties	10,930	13,713	59	93
Non-trade payables				
- Subsidiary corporations	-	-	1,947	1,947
- Joint venture	50	50	-	-
- Non-controlling interest	326	324	-	-
- Non-related parties	303	462	-	-
	679	836	1,947	1,947
Accrued operating expenses	5,787	9,829	719	1,449
	<u>17,396</u>	<u>24,378</u>	<u>2,725</u>	<u>3,489</u>
<u>Non-current</u>				
Other payables				
- Loan from non-controlling interest	9,224	9,489	-	-
- Less: Notional fair value of loan	(1,153)	(1,421)	-	-
	<u>8,071</u>	<u>8,068</u>	<u>-</u>	<u>-</u>

The current non-trade amounts due to subsidiary corporations, joint venture and non-controlling interest are unsecured, interest-free and repayable on demand.

The non-current loan from non-controlling interest is unsecured and interest-free for the purpose of funding the subsidiary corporation's operating and development activities. The loan is denominated in Australian dollar and is not expected to be repaid within the next 12 months.



(xi) Bank borrowing

The Group	
30 Sep 2019	31 Dec 2018
\$'000	\$'000

Current

Secured bank term loan	747	768
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Non-current

Secured bank term loan	22,673	23,902
	<u>23,420</u>	<u>24,670</u>

The secured bank term loan is mainly secured by:

- First legal mortgage over an investment property of the Group;
- Certain bank deposit;
- Charge over the Group's shares in a subsidiary corporation; and
- Corporate guarantee of the Company.

The Group's secured bank term loan is denominated in Australian dollar. It bears interest at 1.8% above the bank's cost of fund.



(xii) Other reserves

The Group	
30 Sep 2019	31 Dec 2018
\$'000	\$'000

(a) **Composition:**

Asset revaluation reserve	1,372	1,372
Currency translation reserve	(58)	(24)
Capital reserve	1,656	1,656
	<u>2,970</u>	<u>3,004</u>

(b) **Movements****Asset revaluation reserve**

Beginning of financial period/year	<u>1,372</u>	<u>1,372</u>
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Currency translation reserve

Beginning of financial period/year	(24)	-
Currency translation differences arising from consolidation	(67)	(47)
Less: Non-controlling interests	33	23
	<u>(34)</u>	<u>(24)</u>
End of financial period/year	<u>(58)</u>	<u>(24)</u>

Capital reserve

Beginning of financial period/year	1,656	-
Fair value adjustment on interest-free loan	-	1,656
End of financial period/year	<u>1,656</u>	<u>1,656</u>

Other reserves are non-distributable.



Explanatory Notes:

(i) Current assets

Current assets decreased by \$9.4 million, from \$96.4 million as at 31 December 2018 to \$87.0 million as at 30 September 2019. The decrease was due mainly to:

- (a) a decrease in cash and cash equivalents of \$11.1 million. This was due mainly to the cash used in operating activities of \$2.2 million, cash used in investing activities of \$2.5 million, and cash used in financing activities of \$6.4 million; and
- (b) a decrease in contract assets of \$1.3 million, due mainly to a decrease in construction contract work-in-progress arising from lower unbilled amounts expected to be collected from customers for contract work performed up to 30 September 2019 as compared to 31 December 2018,

which were partially offset by:

- (c) an increase in trade and other receivables of \$3.0 million. This was due mainly to (1) an increase in trade receivables of \$1.9 million, (2) an increase in deposits of \$0.8 million arising mainly from deposits paid for the purchase of property, plant and equipment, and (3) an increase in prepayments,

during the nine months ended 30 September 2019.

(ii) Non-current assets

Non-current assets decreased by \$0.6 million, from \$90.2 million as at 31 December 2018 to \$89.6 million as at 30 September 2019. The decrease was due mainly to:

- (a) a decrease in investment properties of \$1.2 million resulting from a foreign exchange realignment relating to the property at 6-8 Bennett Street, East Perth, Western Australia due to depreciation of Australian dollar against the Singapore dollar;
- (b) a decrease in investments in associated companies of \$1.1 million arising from the notional fair value on loan and share of loss of the associated companies;
- (c) a decrease in investments in joint ventures of \$0.3 million arising from dividends received of \$0.3 million; and
- (d) a decrease in property, plant and equipment of \$0.4 million resulting from the disposal and depreciation of property, plant and equipment, which were partially offset by the purchase of new property, plant and equipment,

which were partially offset by:

- (e) an increase in other receivables of \$1.9 million due mainly to an advance to an associated company, USB Holdings Pte Ltd; and
- (f) an increase in right-of-use assets of \$0.5 million resulting from the purchase of new plant and equipment under hire purchase to support the new and existing projects,

during the nine months ended 30 September 2019.



(iii) Current liabilities

Current liabilities decreased by \$7.4 million, from \$27.6 million as at 31 December 2018 to \$20.2 million as at 30 September 2019. The decrease was due mainly to:

- (a) a decrease in trade and other payables of \$7.0 million arising from (1) lower accrued operating expenses related to project costs and (2) settlement of some major trade and other payables; and
- (b) a decrease in current income tax liabilities of \$0.6 million due to lower tax provision resulting from lower profits generated,

which were partially offset by:

- (c) an increase in lease liabilities of \$0.2 million arising from the purchase of property, plant and equipment,

during the nine months ended 30 September 2019.

(iv) Non-current liabilities

Non-current liabilities decreased by \$1.3 million, from \$35.4 million as at 31 December 2018 to \$34.1 million as at 30 September 2019. The decrease was due mainly to:

- (a) a decrease in deferred income tax liabilities of \$0.1 million and repayment of bank borrowing of \$1.3 million,

which were partially offset by:

- (b) an increase in lease liabilities of \$0.1 million arising from the purchase of plant and machineries to support the existing projects,

during the nine months ended 30 September 2019.

(v) Shareholders' equity

Shareholders' equity, comprising share capital, other reserves, retained profits and non-controlling interests, decreased by \$1.3 million, from \$123.6 million as at 31 December 2018 to \$122.3 million as at 30 September 2019. The decrease was due mainly to:

- (a) the dividend payment to shareholders of \$3.1 million,

which was partially offset by:

- (b) the profit generated from operations of \$1.4 million for the nine months ended 30 September 2019; and
- (c) a non-controlling interest of \$0.4 million arising from the contribution from Raffles Prestige Capital Pte Ltd,

during the nine months ended 30 September 2019.



1(b)(ii) Aggregate amount of group's borrowings and debt securities

(a) Amount repayable in one year or less, or on demand

As at 30 Sep 2019			As at 31 Dec 2018		
	\$'000	\$'000		\$'000	\$'000
	Secured	Unsecured		Secured	Unsecured
Lease liabilities	1,481	-	Lease liabilities	1,307	-
Bank borrowing	747	-	Bank borrowing	768	-
Total	2,228	-	Total	2,075	-

(b) Amount repayable after one year

As at 30 Sep 2019			As at 31 Dec 2018		
	\$'000	\$'000		\$'000	\$'000
	Secured	Unsecured		Secured	Unsecured
Lease liabilities	2,226	-	Lease liabilities	2,126	-
Bank borrowing	22,673	-	Bank borrowing	23,902	-
Total	24,899	-	Total	26,028	-

(c) Details of any collateral

The above secured borrowings of the Group relate to:

- (1) lease liabilities of \$3.7 million secured by way of corporate guarantees of the Company and charges over the property, plant and equipment under the leases; and
- (2) bank term loan of \$23.4 million secured by first legal mortgage over an investment property of the Group, certain bank deposits, charge over the Group's shares in a subsidiary corporation and corporate guarantee of the Company.



1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated statements of cash flows

	The Group		The Group	
	Third Quarter ended 30 Sep		Nine Months ended 30 Sep	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Net profit	219	1,043	1,840	4,173
Adjustments for:				
- Income tax expense	322	160	574	684
- Depreciation of property, plant and equipment	523	745	1,536	2,199
- Depreciation of right-of-use assets	340	112	995	346
- Amortisation of intangible assets	9	4	23	11
- Loss of disposal of right-of-use assets	-	1	-	1
- Gain on disposal of property, plant and equipment	(28)	(33)	(27)	(72)
- Share of results of associated companies and joint ventures	390	(33)	960	(195)
- Interest income	(254)	(245)	(793)	(666)
- Interest expense	301	296	995	606
- Foreign exchange differences	655	313	1,136	314
Operating cash flow before working capital changes	2,477	2,363	7,239	7,401
Change in working capital				
- Trade and other receivables	1,863	387	(3,013)	(303)
- Contract assets	(6,285)	6,827	1,241	5,106
- Trade and other payables	1,078	(3,187)	(7,166)	(6,668)
- Contract liabilities	-	-	-	(263)
Cash (used in)/generated from operations	(867)	6,390	(1,699)	5,273
- Interest received	254	245	793	666
- Income tax paid	(499)	(962)	(1,327)	(2,014)
Net cash (used in)/generated from operating activities	(1,112)	5,673	(2,233)	3,925
Cash flows from investing activities				
- Additions to property, plant and equipment	(271)	(46)	(1,202)	(1,262)
- Additions to investment properties	-	-	-	(46,330)
- Additions to intangible assets	(24)	-	(24)	-
- Investment in an associated company	-	-	-	(450)
- Advance to associated companies	-	(1,666)	(1,750)	(5,041)
- Disposal of property, plant and equipment	28	101	159	140
- Dividend received from a joint venture	-	-	300	300
- Repayment of loans by an associated company	-	8,500	-	8,500
- Repayment of loans by a joint venture	-	-	-	3,852
- Capital contribution of a non-controlling interest for the incorporation of a subsidiary corporation	-	-	-	-*
Net cash (used in)/generated from investing activities	(267)	6,889	(2,517)	(40,291)

Note:

(*) Amount is less than \$1,000.



Consolidated statements of cash flows (Cont'd)

	The Group		The Group	
	Third Quarter ended 30 Sep		Nine Months ended 30 Sep	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Cash flows from financing activities				
- Repayment of lease liabilities	(31)	(389)	(1,250)	(1,288)
- Advance from a non-controlling interest	-	-	-	10,314
- Interest paid	(223)	(290)	(761)	(585)
- Proceeds from bank borrowing	-	-	-	26,338
- Repayment of borrowings	(605)	(198)	(1,229)	(198)
- Dividend paid to shareholders	-	-	(3,084)	(6,169)
- Bank deposits pledged	(23)	(13)	(44)	(49)
Net cash (used in)/generated from financing activities	(882)	(890)	(6,368)	28,363
Net (decrease)/increase in cash and cash equivalents	(2,261)	11,672	(11,118)	(8,003)
Cash and cash equivalents at the beginning of the financial period	60,351	61,870	69,231	81,551
Effects of currency translation on cash and cash equivalents	(57)	(22)	(80)	(28)
Cash and cash equivalents at the end of the financial period	58,033	73,520	58,033	73,520

Explanatory Notes:

- (i) For the purpose of the consolidated statement of cash flows, the consolidated cash and cash equivalents at the end of the financial period comprised the following:

	The Group	
	30 Sep 2019	30 Sep 2018
	\$'000	\$'000
Cash at bank and on hand	12,938	29,551
Short-term bank deposits	49,748	48,340
Trust account – Cash at bank	435	234
	63,121	78,125
Short-term bank deposits pledged to banks	(5,088)	(4,605)
Cash and cash equivalents per consolidated statement of cash flows	58,033	73,520

Bank deposits of \$5,088,088 (30 September 2018: \$4,604,821) are pledged to banks for banking facilities of certain subsidiary corporations.



(ii) **Review of cash flows for the nine months ended 30 September 2019**

Net cash used in operating activities

Our Group reported net cash used in operating activities of \$2.2 million in the nine months ended 30 September 2019, a decrease of \$6.1 million from net cash generated from operating activities of \$3.9 million in the nine months ended 30 September 2018. The \$6.1 million decrease was due mainly to:

- (a) a decrease in cash generated from operating activities before working capital changes of \$0.2 million; and
- (b) a decrease in net working capital outflow of \$6.8 million,

which were partially offset by:

- (c) a decrease in income tax paid of \$0.7 million; and
- (d) an increase in interest received of \$0.2 million,

during the nine months ended 30 September 2019.

Net cash used in investing activities

Net cash used in investing activities decreased by \$37.8 million, from \$40.3 million in the nine months ended 30 September 2018 to \$2.5 million in the nine months ended 30 September 2019. The decrease was due mainly to:

- (a) repayment of loans by associated company and joint venture of \$8.5 million and \$3.8 million respectively in the nine months ended 30 September 2018;

which were partially offset by:

- (b) cash used in the nine months ended 30 September 2018 for (1) the purchase of new investment property of \$46.3 million and (2) investment in an associated company of \$0.4 million;
- (c) a decrease in cash used in the purchase of property, plant and equipment of \$0.1 million during the nine months ended 30 September 2019; and
- (d) a decrease in advances extended to associated companies of \$3.3 million during the nine months ended 30 September 2019.

Net cash used in financing activities

Net cash of \$6.4 million was used in financing activities in the nine months ended 30 September 2019. This was due mainly to (1) dividend payments to shareholders of \$3.1 million, (2) repayment of lease liabilities of \$1.3 million, (3) interest payments of \$0.8 million, and (4) repayment of borrowings of \$1.2 million, during the nine months ended 30 September 2019.

Overall, free cash and cash equivalents stood at \$58.0 million as at 30 September 2019, a decrease of \$15.5 million, from \$73.5 million as at 30 September 2018. This works out to cash of 18.8 cents per share as at 30 September 2019 as compared to 23.8 cents per share as at 30 September 2018 (based on 308,430,594 issued shares as at 30 September 2019 and 30 September 2018).



(iii) **Review of cash flows for third quarter ended 30 September 2019**

Net cash used in operating activities

Our Group's net cash used in operating activities for the third quarter ended 30 September 2019 was \$1.1 million as compared to net cash generated from operating activities of \$5.7 million for the third quarter ended 30 September 2018. The \$6.8 million decrease was due mainly to:

(a) a decrease in net working capital outflow of \$7.4 million,

which was partially offset by:

(b) an increase in cash generated from operating activities before working capital changes of \$0.1 million; and

(c) a decrease in income tax paid of \$0.5 million,

during the third quarter ended 30 September 2019.

Net cash used in investing activities

Net cash used in investing activities of \$0.3 million for the third quarter ended 30 September 2019 was due mainly to the purchase of new property, plant and equipment and intangible assets of \$0.3 million and \$24,000 respectively, partially offset by the proceeds from disposal of property, plant and equipment of \$28,000 in the third quarter ended 30 September 2019.

Net cash used in financing activities

The net cash used in financing activities was the same at \$0.9 million for the third quarters ended 30 September 2019 and 30 September 2018. The major outflow was due mainly to an increase in the repayment of borrowings of \$0.4 million, offset by a decrease in repayment of lease liabilities of \$0.4 million, in the third quarter ended 30 September 2019.



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

Attributable to equity holders of the Company							
Share Capital	Capital reserve	Asset revaluation reserve	Currency translation reserve	Retained profits	Total	Non-controlling interest	Total equity
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

The Group

As at 1 Jan 2019	36,832	1,656	1,372	(24)	84,626	124,462	(864)	123,598
Profit for the period	-	-	-	-	1,068	1,068	138	1,206
Other comprehensive income for the period	-	-	-	9	-	9	8	17
	-	-	-	9	1,068	1,077	146	1,223
As at 31 Mar 2019	36,832	1,656	1,372	(15)	85,694	125,539	(718)	124,821
Profit for the period	-	-	-	-	278	278	137	415
Other comprehensive income for the period	-	-	-	(20)	-	(20)	(19)	(39)
	-	-	-	(20)	278	258	118	376
Dividend relating to FY2018	-	-	-	-	(3,084)	(3,084)	-	(3,084)
As at 30 Jun 2019	36,832	1,656	1,372	(35)	82,888	122,713	(600)	122,113
Profit for the period	-	-	-	-	34	34	185	219
Other comprehensive income for the period	-	-	-	(23)	-	(23)	(22)	(45)
	-	-	-	(23)	34	11	163	174
As at 30 Sep 2019	36,832	1,656	1,372	(58)	82,922	122,724	(437)	122,287



Attributable to equity holders of the Company						
Share Capital	Asset revaluation reserve	Foreign currency translation reserve	Retained profits	Total	Non-controlling interest	Total equity
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

The Group

As at 1 Jan 2018	36,832	1,372	-	84,307	122,511	-	122,511
Total comprehensive income for the period	-	-	-*	2,844	2,844	(15)	2,829
As at 31 Mar 2018	36,832	1,372	-*	87,151	125,355	(15)	125,340
Total comprehensive income for the period	-	-	(1)	106	105	195	300
Dividend relating to FY2017	-	-	-	(6,169)	(6,169)	-	(6,169)
As at 30 Jun 2018	36,832	1,372	(1)	81,088	119,291	180	119,471
Total comprehensive income for the period	-	-	(5)	811	806	226	1,032
As at 30 Sep 2018	36,832	1,372	(6)	81,899	120,097	406	120,503

Note:

(*) Amount is less than \$1,000



Attributable to equity holders of the Company		
Share capital	Retained profits	Total equity
\$'000	\$'000	\$'000

The Company

As at 1 Jan 2019	36,832	9,429	46,261
Total comprehensive income for the period	-	206	206
As at 31 Mar 2019	36,832	9,635	46,467
Total comprehensive income for the period	-	33	33
Dividend relating to FY2018	-	(3,084)	(3,084)
As at 30 Jun 2019	36,832	6,584	43,416
Total comprehensive income for the period	-	114	114
As at 30 Sep 2019	36,832	6,698	43,530



Attributable to equity holders of the Company		
Share capital	Retained profits	Total equity
\$'000	\$'000	\$'000

The Company

As at 1 Jan 2018	36,832	11,782	48,614
Total comprehensive income for the period	-	143	143
As at 31 Mar 2018	36,832	11,925	48,757
Total comprehensive income for the period	-	251	251
Dividend relating to FY2017	-	(6,169)	(6,169)
As at 30 Jun 2018	36,832	6,007	42,839
Total comprehensive income for the period	-	114	114
As at 30 Sep 2018	36,832	6,121	42,953



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 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

There have been no changes in the issued share capital of the Company since 30 June 2019.

Under the Share Buy Back Mandate which was approved by the Shareholders on 29 April 2019, no shares were bought back by the Company during the third quarter ended 30 September 2019.

There were no outstanding convertibles issued or treasury shares held by the Company and no subsidiary holdings as at 30 September 2019 and 30 September 2018.

1(d)(iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

	30 Sep 2019	31 Dec 2018
Total number of issued shares (excluding treasury shares)	308,430,594	308,430,594

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on

Not applicable

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

Not applicable

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 matter)

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

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those for the audited financial statements as at 31 December 2018.

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

Below are the new and amended Singapore Financial Reporting Standards (International) ("SFRS(I)") that have been published and relevant for the Group's accounting period beginning on or after 1 January 2019:

Effective for annual periods beginning on or after 1 January 2019

- SFRS(I) 16 Leases[#]
- Amendments to SFRS(I) 9: Prepayment Features with Negative Compensation
- Amendments to SFRS(I) 1-28: Long-term Interests in Associates and Joint Ventures
- Amendments to SFRS(I) 1-19: Plan Amendment, Curtailment or Settlement
- Annual Improvements to SFRS(I)s 2015-2017 Cycle
- SFRS(I) INT 123 : Uncertainty over Income Tax Treatments

Effective for annual periods beginning on or after 1 January 2020

- Amendments to References to the Conceptual Framework in SFRS(I) Standards
- Amendments to SFRS(I) 3: Definition of a Business
- Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material

Effective for annual periods beginning on or after 1 January 2021

- SFRS(I) 17 Insurance Contracts

Effective date: to be determined*

- Amendments to SFRS(I) 110 and SFRS(I) 1-28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The adoption of the new accounting standards does not have any significant impact on the financial information.

[#] The Group has applied early adoption of SFRS(I) 16 Leases for FY2018 although compliance with this standard is mandatory only with effect from the financial year beginning from 1 January 2019.

* The mandatory effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the Accounting Standards Council Singapore in December 2015 via Amendments to Effective Date of Amendments to FRS 110 and FRS 28.



6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

Basic/diluted earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial period.

	The Group			The Group		
	Third Quarter ended 30 Sep		Increase/ (Decrease)	Nine Months ended 30 Sep		Increase/ (Decrease)
	2019	2018		2019	2018	
	\$'000	\$'000	%	\$'000	\$'000	%
Net profit attributable to equity holders of the Company (\$'000)	34	811	(95.8)	1,380	3,761	(63.3)
Weighted average number of ordinary shares in issue	308,430,594	308,430,594	-	308,430,594	308,430,594	-
Basic earnings per share (cents per share)	0.01	0.26	(96.2)	0.45	1.22	(63.1)
Diluted earnings per share (cents per share)	0.01	0.26	(96.2)	0.45	1.22	(63.1)

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares, excluding treasury shares, of the issuer at the end of the
(a) current period reported on and
(b) immediately preceding financial year**

	The Group		The Company		Increase/ (Decrease) %	
	As at 30 Sep 2019	As at 31 Dec 2018	As at 30 Sep 2019	As at 31 Dec 2018	The Group	The Company
Net tangible assets (\$'000)	120,497	121,809	43,507	46,258	(1.1)	(5.9)
Number of shares	308,430,594	308,430,594	308,430,594	308,430,594	-	-
NTA per share (cents)	39.07	39.49	14.11	15.00	(1.1)	(5.9)



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

Our Business

OKP Holdings Limited is a home-grown infrastructure and civil engineering company in the region. It specialises in the construction of urban and arterial roads, expressways, vehicular bridges, flyovers, airport infrastructure and oil and gas-related infrastructure for petrochemical plants and oil storage terminals as well as the maintenance of roads and roads-related facilities and building construction-related works. We tender for both public and private civil engineering and infrastructure construction projects. We have expanded our core business to include property development and investment.

We have three business segments: Construction, Maintenance and Rental income from investment properties.

Income Statement Review (Nine Months ended 30 September 2019 vs Nine Months ended 30 September 2018)

	The Group					
	Current nine months ended 30 Sep 2019		Previous nine months ended 30 Sep 2018		Increase/ (Decrease)	
	\$'000	%	\$'000	%	\$'000	%
Construction	35,432	59.8	34,872	48.4	560	1.6
Maintenance	19,598	33.1	34,522	47.9	(14,924)	(43.2)
Rental income	4,227	7.1	2,689	3.7	1,538	57.2
Total Revenue	59,257	100.0	72,083	100.0	(12,826)	(17.8)

Revenue

Our Group reported a 17.8% or \$12.8 million decrease in revenue to \$59.3 million in the nine months ended 30 September 2019 as compared to \$72.1 million in the nine months ended 30 September 2018. The decrease was due mainly to a 43.2% decrease in revenue from the maintenance segment to \$19.6 million, partially offset by (i) a 1.6% increase in revenue from the construction segment to \$35.4 million and (ii) a 57.2% increase in rental income.

The increase in revenue from the construction segment was due mainly to the higher percentage of revenue recognised from a number of existing construction projects as they progressed to a more active phase in the nine months ended 30 September 2019.



The decrease in revenue from the maintenance segment was due mainly to a lower percentage of revenue recognised from a few newly-awarded maintenance projects during the nine months ended 30 September 2019.

The increase in rental income generated from investment properties was due mainly to rental income generated from the property at 6-8 Bennett Street, East Perth, Western Australia which has been fully occupied since the second quarter ended 30 June 2019.

Both the construction and maintenance segments are the major contributors to our Group's revenue. On a segmental basis, construction, maintenance and rental income accounted for 59.8% (30 September 2018: 48.4%), 33.1% (30 September 2018: 47.9%) and 7.1% (30 September 2018: 3.7%) of our Group's revenue respectively for the nine months ended 30 September 2019.

Cost of sales

	The Group			
	Current nine months ended 30 Sep 2019	Previous nine months ended 30 Sep 2018	Increase/ (Decrease)	
	\$'000	\$'000	\$'000	%
Construction	48,781	60,400	(11,619)	(19.2)
Maintenance				
Rental income	1,399	819	580	70.8
Total cost of sales	50,180	61,219	(11,039)	(18.0)

Our cost of sales decreased by 18.0% or \$11.0 million from \$61.2 million for the nine months ended 30 September 2018 to \$50.2 million for the nine months ended 30 September 2019. The decrease in cost of sales was due mainly to:

- (a) the decrease in sub-contracting costs which were mainly costs incurred for specialised works such as bored piling, asphalt works, mechanical and electrical works, soil-testing, landscaping and metalworks which are usually sub-contracted to external parties; and
- (b) the decrease in preliminary costs and overheads such as worksite expenses and professional fees related to the engagement of consultants to design the construction methods of our on-going projects,



which were partially offset by:

- (c) an increase in the cost of construction materials due to higher utilisation of materials as some of the projects progressed to a more active phase during the nine months ended 30 September 2019;
- (d) an increase in overheads such as upkeep of machineries and hiring costs related to the rental of additional heavy equipment and machineries to support existing projects; and
- (e) an increase in labour costs,

during the nine months ended 30 September 2019.

Gross profit and gross profit margin

Our gross profit for the nine months ended 30 September 2019 decreased by 16.4% or \$1.8 million from \$10.9 million for the nine months ended 30 September 2018 to \$9.1 million for the nine months ended 30 September 2019.

Our gross profit margin was comparable at 15.3% and 15.1% for the nine months ended 30 September 2019 and 30 September 2018 respectively.

Other gains, net

Other gains increased by \$0.6 million or 74.4% from \$0.9 million for the nine months ended 30 September 2018 to \$1.5 million for the nine months ended 30 September 2019. The increase was due mainly to a technical management consultancy fee in relation to a piling project in Jakarta, Indonesia during the nine months ended 30 September 2019.

Administrative expenses

Administrative expenses decreased by \$0.2 million or 4.0% from \$6.4 million for the nine months ended 30 September 2018 to \$6.2 million for the nine months ended 30 September 2019. The decrease was largely due to lower directors' remuneration (including profit sharing) accrued as a result of the lower profit generated by the Group for the nine months ended 30 September 2019.



Finance expenses

The Group		
Nine Months ended 30 Sep 2019	Nine Months ended 30 Sep 2018	
\$'000	\$'000	
Lease liabilities	98	54
Notional interest on loan ^(a)	234	21
Bank borrowing ^(b)	663	531
	<hr/>	<hr/>
	995	606

Finance expenses increased by \$0.4 million or 64.2% from \$0.6 million for the nine months ended 30 September 2018 to \$1.0 million for the nine months ended 30 September 2019. The increase was due mainly to:

- (a) an increase in notional interest on loan of \$0.2 million resulting from fair value adjustment of loan from a non-controlling shareholder; and
- (b) an increase in interest expenses of \$0.2 million incurred on a bank term loan for the purchase of an investment property at 6-8 Bennett Street, East Perth, Western Australia.

Share of results of associated companies and joint ventures

The Group		
Nine Months ended 30 Sep 2019	Nine Months ended 30 Sep 2018	
\$'000	\$'000	
Share of profit of joint ventures	22	104
Share of (loss)/profit of associated companies	(982)	91
	<hr/>	<hr/>
	(960)	195

The share of loss of associated companies was due mainly to losses incurred by the Group's 22.5% held associated company, Chong Kuo Development Pte Ltd, and the Group's 25% held associated company, USB Holdings Pte Ltd, during the nine months ended 30 September 2019.



Profit before income tax

Profit before income tax decreased by \$2.5 million or 50.3% from \$4.9 million for the nine months ended 30 September 2018 to \$2.4 million for the nine months ended 30 September 2019. The decrease was due mainly to (1) the decrease in gross profit of \$1.8 million, (2) the increase in finance expenses of \$0.4 million and (3) the decrease in share of profit of associated companies and joint ventures of \$1.1 million. The decrease was partially offset by (1) the increase in other gains (net) of \$0.6 million and (2) the decrease in administrative expenses of \$0.2 million, as explained above.

Income tax expense

Income tax expense decreased by \$0.1 million or 16.1% from \$0.7 million in the nine months ended 30 September 2018 to \$0.6 million in the nine months ended 30 September 2019 due mainly to lower profit before income tax, as explained above.

The effective tax rates for the nine months ended 30 September 2019 and nine months ended 30 September 2018 were 23.8% and 14.1% respectively.

The effective tax rate for the nine months ended 30 September 2019 was higher than the statutory tax rate of 17.0%. This was due mainly to the profit before income tax of \$2.4 million which took into account the share of loss of associated companies and joint ventures of \$1.0 million, which was accounted for at the associated company and joint venture levels.

The effective tax rate for the nine months ended 30 September 2018 was lower than the statutory tax rate of 17.0% due mainly to (1) statutory stepped income tax exemption and (2) a tax rebate of 20% on the corporate tax payable.

Non-controlling interests

Non-controlling interests of \$0.4 million was due to contributions from our subsidiary corporation, Raffles Prestige Capital Pte Ltd, in the nine months ended 30 September 2019.

Net profit

Overall, for the nine months ended 30 September 2019, net profit decreased by \$2.4 million or 55.9%, from \$4.2 million for the nine months ended 30 September 2018 to \$1.8 million for the nine months ended 30 September 2019, following the decrease in profit before income tax of \$2.5 million which was partially offset by the decrease in income tax expense of \$0.1 million, as explained above.

Our net profit margin decreased from 5.8% for the nine months ended 30 September 2018 to 3.1% for the nine months ended 30 September 2019.



Income Statement Review (Third Quarter ended 30 September 2019 vs Third Quarter ended 30 September 2018)

	The Group					
	Current third quarter ended 30 Sep 2019		Previous third quarter ended 30 Sep 2018		Increase/ (Decrease)	
	\$'000	%	\$'000	%	\$'000	%
Construction	11,033	53.3	13,064	60.2	(2,031)	(15.5)
Maintenance	8,186	39.5	7,234	33.4	952	13.2
Rental income	1,500	7.2	1,392	6.4	108	7.8
Total Revenue	20,719	100.0	21,690	100.0	(971)	(4.5)

Revenue

Our Group recorded a decrease in revenue of \$1.0 million or 4.5% to \$20.7 million in the third quarter ended 30 September 2019, as compared to \$21.7 million in the third quarter ended 30 September 2018.

The construction segment contributed \$11.0 million to our Group's revenue in the third quarter ended 30 September 2019, compared to \$13.1 million in the third quarter ended 30 September 2018. The decrease in revenue from the construction segment was due mainly to a few construction projects reaching completion.

The \$1.0 million increase in revenue from the maintenance segment was due mainly to a higher percentage of revenue recognised from a number of existing maintenance projects as they progressed to a more active phase during the third quarter ended 30 September 2019.

The increase in rental income generated from investment properties was due mainly to rental income generated from the property at 6-8 Bennett Street, East Perth, Western Australia which has been fully occupied in the third quarter ended 30 September 2019.



Cost of sales

	The Group			
	Current third quarter ended 30 Sep 2019	Previous third quarter ended 30 Sep 2018	Increase/ (Decrease)	
	\$'000	\$'000	\$'000	%
Construction	17,106	17,847	(741)	(4.2)
Maintenance				
Rental income	490	425	65	15.3
Total cost of sales	17,596	18,272	(676)	(3.7)

Our cost of sales decreased by 3.7% or \$0.7 million from \$18.3 million for the third quarter ended 30 September 2018 to \$17.6 million for the third quarter ended 30 September 2019. The decrease in cost of sales was due mainly to:

- (a) the decrease in sub-contracting costs which were mainly costs incurred for specialised works such as bored piling, asphalt works, mechanical and electrical works, soil-testing, landscaping and metalworks which are usually sub-contracted to external parties; and
- (b) the decrease in preliminary costs and overheads such as worksite expenses and professional fees related to the engagement of consultants to design the construction methods of our on-going projects,

which were partially offset by:

- (c) an increase in the cost of construction materials due to higher utilisation of materials as some of the projects progressed to a more active phase;
- (d) an increase in overheads such as upkeep of machineries and hiring costs related to the rental of additional heavy equipment and machineries to support existing projects; and
- (e) an increase in labour costs due to salary adjustment,

during the third quarter ended 30 September 2019.



Gross profit and gross profit margin

Our gross profit decreased by \$0.3 million or 8.6% from \$3.4 million for the third quarter ended 30 September 2018 to \$3.1 million for the third quarter ended 30 September 2019.

Our gross profit margin decreased from 15.8% for the third quarter ended 30 September 2018 to 15.1% for the third quarter ended 30 September 2019.

The lower gross profit margin was largely due to lower profit margins for some current construction projects as a result of a more competitive pricing environment and rising manpower costs.

Other gains, net

The increase of \$90,000 in other gains was due mainly to the decrease in foreign exchange loss during the third quarter ended 30 September 2019.

Administrative expenses

Administrative expenses were comparable at \$2.1 million during the third quarters ended 30 September 2019 and 30 September 2018 respectively.

Finance expenses

Finance expenses remained at \$0.3 million during the third quarters ended 30 September 2019 and 30 September 2018 respectively.

Share of results of associated companies and joint ventures

The \$0.4 million decrease in the share of profits of investments in the third quarter ended 30 September 2019 was due mainly to net share of loss of associated companies compared to the net share of profits from associated companies during the third quarter ended 30 September 2018.



Profit before income tax

Profit before income tax decreased by \$0.7 million or 55.0% from \$1.2 million in the third quarter ended 30 September 2018 to \$0.5 million in the third quarter ended 30 September 2019. The decrease was due mainly to (1) a decrease in gross profit of \$0.3 million, and (2) a decrease in share of profit of associated companies and joint ventures of \$0.4 million, partially offset by an increase in other gains of \$90,000, as explained above.

Income tax expense

Income tax expense increased by \$0.1 million or 101.3% from \$0.2 million in the third quarter ended 30 September 2018 to \$0.3 million for the third quarter ended 30 September 2019.

The effective tax rate for the third quarter ended 30 September 2019 was higher than the statutory tax rate of 17.0%, due mainly to (1) to the profit before income tax of \$0.5 million which took into account the share of loss of associated companies and joint ventures of \$0.4 million, which was accounted for at the associated company and joint venture levels, (2) the relatively higher corporate tax rate of our Australian subsidiary corporation, and (3) certain non-deductible items added back for tax purposes.

The effective tax rate for the third quarter ended 30 September 2018 was lower than the statutory tax rate of 17.0% due mainly to (1) statutory stepped income tax exemption and (2) a tax rebate of 20% on the corporate tax payable.

Non-controlling interests

Non-controlling interests of \$0.2 million was due to contributions from our subsidiary corporation, Raffles Prestige Capital Pte Ltd, in the third quarter ended 30 September 2019.

Net profit

Overall, for the third quarter ended 30 September 2019, net profit decreased by \$0.8 million or 79.0% to \$0.2 million as compared to \$1.0 million for the third quarter ended 30 September 2018, following the decrease in profit before income tax of \$0.7 million and the increase in income tax expense of \$0.1 million, as explained above.

Our net profit margin decreased from 4.8% for the third quarter ended 30 September 2018 to 1.1% for the third quarter ended 30 September 2019.

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

There is no material deviation in the actual results for the third quarter ended 30 September 2019 from what was previously discussed under paragraph 10 of the Company's financial statements for the second quarter ended 30 June 2019.



10. A commentary at the date of the announcement of the 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

Economic Outlook

According to the Ministry of Trade and Industry (“MTI”) advance estimates, Singapore’s economy grew by 0.1% on a year-on-year (“y-o-y”) basis in the third quarter of 2019, maintaining the same pace of growth in the previous quarter.

Looking ahead, the MTI has lowered Singapore’s full-year growth to between 0% and 1%, from 1.5% to 2.5% in its previous forecast. This comes on the back of global financial uncertainties given Singapore’s sensitivity to global trade flows, including the US-China trade war, an economic slowdown in China and geopolitical risks in Hong Kong and the Persian Gulf.

Industry Outlook

The construction sector grew by 2.7% on a year-on-year basis in the third quarter, extending the 2.8% expansion in the previous quarter. Growth of the construction sector was supported by a pickup in both public and private sector construction activities. On a quarter-on-quarter seasonally-adjusted annualised basis, the sector contracted by 1.1%, a slower pace of decline as compared to the 5.3% contraction in the second quarter.

According to the Building and Construction Authority (“BCA”), the forecast construction demand for 2019 remains at \$27.0 billion to \$32.0 billion. According to the mid-year forecast and actual construction demand data released by the BCA in August 2019, the total value of construction projects for the first eight months of 2019 reached \$22.1 billion, out of which \$12.0 billion, or 54.3%, was made up of public sector projects.

The construction demand for private sector is expected to remain steady at between \$11.0 billion and \$13.0 billion in 2019, supported by projects including the redevelopment of past en-bloc sales sites concluded prior to the second half of 2018 and new industrial developments.

Over the medium term, BCA expects the construction demand to steadily improve, with a projection of between \$27.0 billion and \$34.0 billion per year for the period of 2020 to 2021 and could pick up to between \$28.0 billion and \$35.0 billion annually for the period of 2022 to 2023.

The above developments reflect a healthy operating environment for the construction sector and the Group will continue to focus on tendering for public sector infrastructure projects.

With respect to the private residential property segment, latest real estate statistics from the Urban Redevelopment Authority (“URA”) showed a 1.3% increase in the private residential property index in 3Q2019, compared to the 1.5% increase in 2Q2019.



Company Outlook And Order Book Update

Looking ahead, the Group expects the cost of construction and other operating costs to continue an uptrend amidst the challenging operating environment. However, the Group remains cautiously optimistic as it continues to be supported by a healthy pipeline of construction projects. The Group will continue to strive to raise productivity through technology adoption and innovative measures; training of workers and higher usage of equipment and tools.

As at 30 September 2019, the Group's order book stood at \$285.3 million, with projects extending till 2023.

On the property development front, the Group's joint venture residential project, The Essence, was launched in March 2019 and the Group will continue to actively market this development.

The Group's 74-unit residential project in Bukit Panjang, Phoenix Heights, is also well on track to launch in 2020, having earlier received the necessary regulatory approvals from the Singapore Land Authority for development and the grant of a top-up to 99-year lease.

The Group's investment property at 6-8 Bennett Street in Perth, Australia continues to provide a source of recurring rental income.

Moving forward, the Group will continue to strengthen its capabilities in its core civil engineering business in order to remain as the preferred civil engineering contractor across various industries, locally and abroad. The Group remains fully committed to the smooth execution and delivery of its existing projects.

As part of the Group's long-term strategy to diversify earnings and build a recurring income stream, the Group will continue to explore other business opportunities to broaden its foothold in property development and investment through strategic tie-ups with experienced partners.



11. Dividend

(a) Current Financial Period Reported On

Any dividend declared 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/recommendedd, a statement to that effect and the reason(s) for the decision

No dividend has been declared/recommendedd for the third quarter ended 30 September 2019 to preserve the Group's working capital for opportunities that may arise.

13. Interested person transactions disclosure

There was no interested person transaction, as defined in Chapter 9 of the Listing Manual of the Singapore Exchanged Securities Trading Limited, entered into by the Group or by the Company during the nine months ended 30 September 2019.

The Company does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920.



14. Use of proceeds as at 30 September 2019

Exercise of 61,139,186 warrants at \$0.20 for each share as at 4 January 2013 raising net proceeds of \$12.2 million

Use of proceeds	Amount allocated (\$'million)	Amount utilised (\$'million)	Balance amount (\$'million)
To be used as general working capital for the Company	12.22	10.72	1.50

The amount of \$10.72 million had been utilised to fund the investment in and the loan to CS Amber Development Pte Ltd, an associated company of the Group.

The unutilised proceeds are deposited with a bank pending deployment.

15. Confirmation pursuant to Rule 705(5) of the Listing Manual

The Board of Directors of OKP Holdings Limited confirms that, to the best of their knowledge, nothing has come to their attention which may render the financial statements for the third quarter and nine months ended 30 September 2019 to be false or misleading in any material aspect.

16. Confirmation that the issuer has procured undertakings from all its directors and executive officers

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 pursuant to Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Or Toh Wat
Group Managing Director
4 November 2019