



**Third Quarter and
Nine Months Financial
Statement for the Period
Ended 30 September 2017**

7 November 2017

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Third Quarter and Nine Months Financial Statement for the Period Ended 30 September 2017
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)
	2017	2016		2017	2016	
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	27,053	28,062	(3.6)	91,161	76,650	18.9
Cost of works	(24,413)	(23,984)	1.8	(74,551)	(65,501)	13.8
Gross profit	2,640	4,078	(35.3)	16,610	11,149	49.0
Other income	271	310	(12.6)	731	2,191	(66.6)
Expenses						
- Administrative	(2,064)	(2,311)	(10.7)	(7,455)	(6,641)	12.3
- Finance	(20)	(19)	5.3	(58)	(51)	13.7
Share of results of associated companies and joint ventures	299	215	39.1	2,619	483	442.2
Profit before income tax	1,126	2,273	(50.5)	12,447	7,131	74.5
Income tax expense	(384)	(297)	29.3	(1,700)	(813)	109.1
Net profit	742	1,976	(62.4)	10,747	6,318	70.1
Gross profit margin	9.8%	14.5%		18.2%	14.5%	
Net profit margin	2.7%	7.0%		11.8%	8.2%	
Effective tax rate	34.1%	13.1%		13.7%	11.4%	
Net profit attributable to:						
Equity holders of the Company	742	1,976	(62.4)	10,747	6,318	70.1



(i) Consolidated Statement of comprehensive income for the third quarter and nine months ended 30 September 2017

Note	The Group			The Group		
	Third Quarter ended 30 Sep		Increase/ (Decrease)	Nine Months ended 30 Sep		Increase/ (Decrease)
	2017	2016		2017	2016	
	\$'000	\$'000	%	\$'000	\$'000	%
Net profit	742	1,976	(62.4)	10,747	6,318	70.1
Other comprehensive income:						
Financial assets, available-for-sale						
- Fair value gains, i	-	1	n.m.	5	24	(79.2)
- net of tax						
- Reclassification	(6)	-	n.m.	(6)	-	n.m.
	(6)	1		(1)	24	
Total comprehensive income	736	1,977	(62.8)	10,746	6,342	69.4
Total comprehensive income attributable to:						
Equity holders of the Company	736	1,977	(62.8)	10,746	6,342	69.4

Note:

(i) Fair value gains were mainly attributable to higher quoted prices of financial assets, available-for-sale.

n.m. : not meaningful



(ii) Additional disclosures

Profit before income tax was arrived at:

	The Group			The Group		
	Third Quarter ended 30 Sep		Increase/ (Decrease)	Nine Months ended 30 Sep		Increase/ (Decrease)
	2017	2016		2017	2016	
	\$'000	\$'000	%	\$'000	\$'000	%
<u>After charging:-</u>						
Non-audit fee paid to the auditors of the Company	7	6	16.7	20	23	(13.0)
Amortisation of intangible assets	1	2	(50.0)	3	8	(62.5)
Depreciation of property, plant and equipment	120	167	(28.1)	344	485	(29.1)
Non-trade receivables written off	-	-	-	27	2	1,250.0
Directors' remuneration						
- Directors of the Company	752	867	(13.3)	3,207	2,460	30.4
- Other Directors	110	107	2.8	326	321	1.6
Directors' fee	45	45	-	135	135	-
Interest paid and payable						
- Finance lease liabilities	20	19	5.3	58	51	13.7
Available-for-sale financial assets						
- Loss on disposal	3	-	n.m.	3	-	n.m.
- Reclassification from other comprehensive income upon disposal	6	-	n.m.	6	-	n.m.
Employees compensation cost	681	640	6.4	2,135	2,059	3.7
<u>Included in the cost of works are the following:-</u>						
Depreciation of property, plant and equipment	598	552	8.3	1,710	1,570	8.9
Amortisation of intangible assets	1	18	(94.4)	3	50	(94.0)
Employees compensation cost	6,601	6,580	0.3	20,002	19,073	4.9

Notes:

n.m. - not meaningful



	The Group			The Group		
	Third Quarter ended 30 Sep		Increase/ (Decrease)	Nine Months ended 30 Sep		Increase/ (Decrease)
	2017	2016		2017	2016	
	\$'000	\$'000	%	\$'000	\$'000	%
Note						
<u>After crediting:-</u>						
Interest income						
- Bank deposits	207	171	21.1	549	453	21.2
- Financial asset, available for-sale	10	12	(16.7)	36	38	(5.3)
Net gain on disposal of property, plant and equipment	26	18	44.4	7	54	(87.0)
Technical management consultancy fee	-	-	-	-	1,229	n.m.
(Loss)/gain on foreign exchange	(59)	30	(296.7)	(181)	(128)	41.4
Rental income from investment properties	61	47	29.8	156	142	9.9
Government grant	43	20	115.0	142	368	(61.4)

Notes:

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

n.m. - not meaningful.



(iii) Extraordinary/Exceptional items

Nil

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

The Group	
30 Sep 2017	30 Sep 2016
\$'000	\$'000

Tax expense attributable to profit is made up of:

- Profit from current financial period:

- Current income tax - Singapore
- Deferred income tax

1,642	792
58	22
1,700	814

- Over-provision of deferred income tax in prior financial periods:

- Current income tax - Singapore
- Deferred income tax

-	(1)
-	-
-	(1)
1,700	813



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 2017	31 Dec 2016	30 Sep 2017	31 Dec 2016
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current assets					
	Cash and cash equivalents	75,588	74,685	3,484	3,771
	Trade and other receivables	30,492	30,202	5,355	10,107
	Construction contract works-in-progress	1,891	1,502	-	-
		107,971	106,389	8,839	13,878
Non-current assets					
	Investments in subsidiary corporations	-	-	17,522	17,522
	Investments in joint ventures	7,472	5,604	-	-
	Investments in associated companies	1,641	973	-	-
	Investment properties	7,350	5,080	-	-
	Other receivables	22,110	24,026	18,456	18,194
	Financial assets, available-for-sale	-	1,015	-	-
	Property, plant and equipment	19,632	19,417	5,298	5,211
	Intangible assets	1,707	1,713	7	10
		59,912	57,828	41,283	40,937
	Total assets	167,883	164,217	50,122	54,815
LIABILITIES					
Current liabilities					
	Trade and other payables	41,616	43,740	7,850	8,413
	Finance lease liabilities	1,152	1,120	-	-
	Current income tax liabilities	1,939	1,953	41	19
		44,707	46,813	7,891	8,432
Non-current liabilities					
	Finance lease liabilities	1,634	2,028	-	-
	Deferred income tax liabilities	999	953	4	5
		2,633	2,981	4	5
	Total liabilities	47,340	49,794	7,895	8,437
	NET ASSETS	120,543	114,423	42,227	46,378
EQUITY					
Capital and reserves attributable to equity holders of the Company					
	Share capital	36,832	36,832	36,832	36,832
	Other reserves	1,372	1,373	-	-
	Retained profits	82,339	76,218	5,395	9,546
	Total equity	120,543	114,423	42,227	46,378
	Net tangible assets	118,836	112,710	42,220	46,368



Notes to Statements of Financial Position:

(i) Trade and other receivables

	The Group		The Company	
	30 Sep 2017	31 Dec 2016	30 Sep 2017	31 Dec 2016
	\$'000	\$'000	\$'000	\$'000
Trade receivables				
- Non-related parties	7,002	9,135	-	-
- Subsidiary corporations	-	-	5,271	10,036
	7,002	9,135	5,271	10,036
Construction contracts				
- Due from customers	18,992	16,592	-	-
- Retentions	1,792	2,135	-	-
	20,784	18,727	-	-
Non-trade receivables				
- Subsidiary corporations	-	-	726	729
- Joint venture partner	3	6	-	-
- Non-related parties	3	105	-	4
	6	111	726	733
Less: Allowance for impairment of receivables	-	-	(688)	(688)
Non-trade receivables - net	6	111	38	45
Advances to sub-contractors	270	386	-	-
Deposits	1,667	956	7	7
Prepayments	763	887	39	19
	30,492	30,202	5,355	10,107

The non-trade amounts due from subsidiary corporations and a joint venture partner are unsecured, interest-free and repayable on demand.

(ii) Investments in subsidiary corporations

	The Company	
	30 Sep 2017	31 Dec 2016
	\$'000	\$'000
Equity investments at cost	17,522	17,522



Name of subsidiary corporations	Principal activities	Country of incorporation	Equity holding	
			30 Sep 2017	31 Dec 2016

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 & Trading Pte Ltd ^{(@)(*)}	Provision of transport and logistics services	Singapore	100%	100%

(@) Audited by Nexia TS Public Accounting Corporation.

(*) 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.



(iii) Investments in joint ventures

The Group	
30 Sep 2017	31 Dec 2016
\$'000	\$'000

Interests in joint ventures

Beginning of financial period/year	5,604	2,988
Share of profit of joint ventures	1,951	2,707
Notional fair value of loan (net)	(83)	(91)
End of financial period/year	<u>7,472</u>	<u>5,604</u>

Name of joint ventures	Principal activities	Country of incorporation	Equity holding	
			30 Sep 2017	31 Dec 2016

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%
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(@) Audited by Heng Lee Seng LLP.

(#) Audited by Nexia TS Public Accounting Corporation.

(^) Audited by Ernst & Young LLP.

(*) Newly registered on 4 May 2015 and not required to be audited in the country of establishment.

(1) CS-OKP Construction and Development Pte Ltd ("CS-OKP"), incorporated in Singapore on 1 December 2009, remained inactive as at 30 September 2017. 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 (2016: \$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.

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

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

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

The Group		
	30 Sep 2017	31 Dec 2016
	\$'000	\$'000
Assets		
- Current assets	111,017	293,295
Liabilities		
- Current liabilities	(7,605)	(188,759)
- Non-current liabilities	(47,964)	(67,144)
Net assets	<u>55,448</u>	<u>37,392</u>
Revenue	292,026	344,337
Expenses	(269,963)	(311,727)
Profit before income tax	<u>22,063</u>	<u>32,610</u>
Income tax expense	(3,811)	(5,789)
Net profit	<u>18,252</u>	<u>26,821</u>

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



(iv) Investments in associated companies

The Group	
30 Sep 2017	31 Dec 2016
\$'000	\$'000

Interests in associated companies

Beginning of financial period/year	973	651
Share of profit of associated companies	668	322
End of financial period/year	1,641	973

Name of associated companies	Principal activities	Country of incorporation	Equity holding	
			30 Sep 2017	31 Dec 2016

Held by subsidiary corporations

CS Amber Development Pte Ltd ^{(@)(1)}	Property development	Singapore	10%	10%
United Singapore Builders Pte Ltd ^{(#)(2)}	General contractors	Singapore	25%	25%

(@) Audited by PricewaterhouseCoopers LLP.

(#) Audited by Nexia TS Public Accounting Corporation.

- (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 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 had 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.



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 2017	31 Dec 2016
	\$'000	\$'000
Assets		
- Current assets	294,582	284,362
- Non-current assets	523	638
Liabilities		
- Current liabilities	(25,571)	(24,770)
- Non-current liabilities	(276,205)	(272,771)
Net liabilities	(6,671)	(12,541)
Revenue		
Revenue	125,697	52,358
Expenses		
Expenses	(119,600)	(51,678)
Profit before income tax	6,097	680
Income tax expense	(226)	(79)
Net profit	5,871	601

The Group has not recognised its share of profits of an associated company amounting to \$320,014 (31 December 2016: loss of \$69,060) because the Group's cumulative share of unrecognised losses with respect to that entity amount to \$210,164 (31 December 2016: \$530,178) at the balance sheet date.

(v) Investment properties

	The Group	The Group
	30 Sep 2017	31 Dec 2016
	\$'000	\$'000
Beginning of financial period/year	5,080	5,250
Additions	2,270	-
Fair value loss recognised in profit and loss	-	(170)
End of financial period/year	7,350	5,080

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.



(vi) Other receivables (non-current)

	The Group		The Company	
	30 Sep 2017	31 Dec 2016	30 Sep 2017	31 Dec 2016
	\$'000	\$'000	\$'000	\$'000
Loan to associated company				
- CS Amber Development Pte Ltd	19,680	19,680	-	-
Less: Allowance for impairment	(1,408)	(1,408)	-	-
	18,272	18,272	-	-
Loan to joint venture				
- Lakehomes Pte Ltd	3,838	5,754	-	-
Loan to subsidiary corporation	-	-	18,456	18,194
	<u>22,110</u>	<u>24,026</u>	<u>18,456</u>	<u>18,194</u>

The loan to associated company is unsecured, interest-free and will be repayable in full on 26 June 2018. The Group charged interest at 2.0% per annum above SIBOR with effect 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 loans made to joint venture and subsidiary corporation 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.



(vii) Financial assets, available-for-sale (non-current)

The Group	
30 Sep 2017	31 Dec 2016
\$'000	\$'000

Beginning of financial period/year	1,015	990
Fair value gains recognised in other comprehensive income	5	25
Disposals	(1,020)	-
End of financial period/year	-	1,015

Financial assets, available-for-sale are analysed as follows:

Listed debt securities

- Bonds with fixed interest of 5.125% p.a. without fixed maturity - Singapore	-	1,015
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The fair values of listed debt securities are based on available market or common reference prices provided by the bank.



(viii) Intangible assets

The Group		The Company	
30 Sep 2017	31 Dec 2016	30 Sep 2017	31 Dec 2016
\$'000	\$'000	\$'000	\$'000

Composition:

Goodwill arising on consolidation	1,688	1,688	-	-
Computer software licences	19	25	7	10
	<u>1,707</u>	<u>1,713</u>	<u>7</u>	<u>10</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>
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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

<i>Cost</i>				
Beginning of financial period/year	388	369	55	55
Additions	-	19	-	-
End of financial period/year	<u>388</u>	<u>388</u>	<u>55</u>	<u>55</u>
<i>Accumulated amortisation</i>				
Beginning of financial period/year	363	286	45	34
Amortisation charge	6	77	3	11
End of financial period/year	<u>369</u>	<u>363</u>	<u>48</u>	<u>45</u>
Net book value	<u>19</u>	<u>25</u>	<u>7</u>	<u>10</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.



(ix) Trade and other payables

	The Group		The Company	
	30 Sep 2017	31 Dec 2016	30 Sep 2017	31 Dec 2016
	\$'000	\$'000	\$'000	\$'000
Trade payables				
- Non-related parties	27,435	25,849	73	141
Non-trade payables				
- Subsidiary corporations	-	-	5,341	5,347
- Joint venture partner	50	50	-	-
	50	50	5,341	5,347
Construction contracts				
- Advances received	263	1,840	-	-
Accrued operating expenses	13,692	15,861	2,436	2,925
Other payables	176	140	-	-
	<u>41,616</u>	<u>43,740</u>	<u>7,850</u>	<u>8,413</u>

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



(x) Other reserves

The Group	
30 Sep 2017	31 Dec 2016
\$'000	\$'000

(a) **Composition:**

Fair value reserve	-	1
Asset revaluation reserve	1,372	1,372
	<u>1,372</u>	<u>1,373</u>

(b) **Movements:**

Fair value reserve

Beginning of financial period /year	1	(24)
Financial asset – available-for-sale		
-Fair value gains	5	25
Reclassification to profit or loss	(6)	
End of financial period/year	<u>-</u>	<u>1</u>

Asset revaluation reserve

Beginning and end of financial period/year	<u>1,372</u>	<u>1,372</u>
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Other reserves are non-distributable.



Explanatory Notes:

(i) Current assets

Current assets increased by \$1.6 million, from \$106.4 million as at 31 December 2016 to \$108.0 million as at 30 September 2017. The increase was attributable to:

- (a) an increase in cash and cash equivalents of \$0.9 million. This was due mainly to the cash generated from operations for the nine months ended 30 September 2017 of \$7.4 million, which was partially offset by cash used in investing activities of \$0.9 million, cash used in payment of dividends to shareholders of \$4.6 million, and repayment of finance lease liabilities and servicing of interest payments of \$1.0 million;
- (b) an increase in construction contract work-in-progress of \$0.4 million following the increase in revenue; and
- (c) an increase in trade and other receivables of \$0.3 million. The increase was due mainly to (1) higher accrued receivables on construction contracts following higher revenue recognised and (2) higher deposits due to downpayments made to secure the purchase of plant and equipment, which were partially offset by (3) a decrease in trade receivables due to settlement of billings by a customer and (4) a decrease in retention monies due to release of retention monies by a customer.

(ii) Non-current assets

Non-current assets increased by \$2.1 million, from \$57.8 million as at 31 December 2016 to \$59.9 million as at 30 September 2017. The increase was attributable to:

- (a) an increase in investment properties of \$2.2 million resulting from the purchase of the property at 7 Woodlands Industrial Park E2 Singapore 757450 during the third quarter ended 30 September 2017;
- (b) an increase in investments in joint ventures of \$1.9 million due mainly to the share of profit from Lakehomes Pte. Ltd., the developer for the LakeLife Executive Condominium, based on the recognition of profits from units of the development which are ready for handover;
- (c) an increase in investments in associated companies of \$0.7 million arising from the share of profit of an associated company, United Singapore Builders Pte Ltd; and
- (d) an increase in property, plant and equipment of \$0.2 million resulting from the purchase of new plant and equipment, which was partially offset by the disposal and depreciation of property, plant and equipment,

which were partially offset by:

- (e) a decrease in financial assets, available-for-sale of \$1.0 million resulting from the sale of a financial asset, available-for-sale; and
- (f) a decrease in other receivables of \$1.9 million arising from (i) the repayment of loan of \$2.0 million and a notional fair value adjustment of \$0.1 million of the remaining loan to a joint venture, Lakehomes Pte Ltd,

during the nine months ended 30 September 2017.

(iii) Current liabilities

Current liabilities decreased by \$2.1 million, from \$46.8 million as at 31 December 2016 to \$44.7 million as at 30 September 2017. The decrease was due mainly to lower accrued operating expenses related to project costs.



(iv) Non-current liabilities

Non-current liabilities decreased by \$0.4 million, from \$3.0 million as at 31 December 2016 to \$2.6 million as at 30 September 2017. The decrease was due mainly to a decrease in finance lease liabilities as a result of repayment of finance lease liabilities during the nine months ended 30 September 2017.

(v) Shareholders' equity

Shareholders' equity, comprising share capital, other reserves and retained profits, increased by \$6.1 million, from \$114.4 million as at 31 December 2016 to \$120.5 million as at 30 September 2017. The increase was largely attributable to:

- (a) the profit generated from operations of \$10.7 million for the nine months ended 30 September 2017,

which was partially offset by:

- (b) the dividend payment to shareholders of \$4.6 million (2016: \$4.6 million) during the nine months ended 30 September 2017.

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 2017		As at 31 Dec 2016	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
1,152	-	1,120	-

- (b) Amount repayable after one year

As at 30 Sep 2017		As at 31 Dec 2016	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
1,634	-	2,028	-

- (c) Details of any collateral

The above secured borrowings of the Group relate to finance lease liabilities secured by way of corporate guarantees issued by the Company and charges over the property, plant and equipment under the finance leases.



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	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Net profit	742	1,976	10,747	6,318
Adjustments for:				
- Income tax expense	384	297	1,700	813
- Depreciation of property, plant and equipment	718	719	2,054	2,055
- Amortisation of intangible assets	2	20	6	58
- Gain on disposal of property, plant and equipment	(26)	(18)	(7)	(54)
- Loss on disposal of financial asset, available-for-sale	3	-	3	-
- Share of profit of investments accounted for using the equity method	(299)	(215)	(2,619)	(483)
- Interest income	(217)	(183)	(585)	(491)
- Interest expense	20	19	58	51
Operating cash flow before working capital changes	1,327	2,615	11,357	8,267
Change in working capital				
- Trade and other receivables	(3,270)	(4,583)	(290)	506
- Construction contract work-in-progress	(505)	(44)	(389)	2,978
- Trade and other payables	(1,302)	3,942	(2,124)	8,076
Cash (used in)/generated from operations	(3,750)	1,930	8,554	19,827
- Interest received	207	171	549	453
- Income tax paid	(711)	(189)	(1,658)	(443)
Net cash (used in)/generated from operating activities	(4,254)	1,912	7,445	19,837
Cash flows from investing activities				
- Additions to property, plant and equipment	(372)	(596)	(1,713)	(1,122)
- Additions to intangible assets	-	-	-	(19)
- Additions to investment properties	(2,270)	-	(2,270)	-
- Disposal of property, plant and equipment	26	34	35	102
- Advance to a joint venture	-	-	-	(160)
- Repayment of loan by a joint venture	2,000	-	2,000	-
- Disposal of financial asset, available-for-sale	1,000	-	1,000	-
- Interest received	10	12	36	38
Net cash generated from/(used in) from investing activities	394	(550)	(912)	(1,161)



Consolidated statements of cash flows (Cont'd)

	The Group		The Group	
	Third Quarter ended 30 Sep		Nine Months ended 30 Sep	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Cash flows from financing activities				
- Repayment of finance lease liabilities	(366)	(596)	(946)	(1,210)
- Interest paid	(20)	(19)	(58)	(51)
- Dividend paid to shareholders	-	(1,542)	(4,626)	(4,626)
- Bank deposits pledged	-	(15)	17	656
Net cash used in financing activities	(386)	(2,172)	(5,613)	(5,231)
Net (decrease)/increase in cash and cash equivalents	(4,246)	(810)	920	13,445
Cash and cash equivalents at the beginning of the financial period	75,278	63,763	70,112	49,508
Cash and cash equivalents at the end of the financial period	71,032	62,953	71,032	62,953

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 2017	30 Sep 2016
	\$'000	\$'000
Cash at bank and on hand	16,772	15,720
Short-term bank deposits	58,816	51,758
Short-term bank deposits pledged to banks	75,588	67,478
Cash and cash equivalents per consolidated statement of cash flows	(4,556)	(4,525)
	71,032	62,953

Bank deposits of \$4,556,398 (30 September 2016: \$4,524,604) are pledged to banks for banking facilities of certain subsidiary corporations.



(ii) **Review of Cash Flows for the nine months ended 30 September 2017**

Net cash generated from operating activities

Our Group reported net cash generated from operating activities of \$7.4 million in the nine months ended 30 September 2017, a decrease of \$12.4 million from net cash generated from operating activities of \$19.8 million in the nine months ended 30 September 2016. The decrease was due mainly to:

- (a) a decrease in net working capital inflow of \$14.4 million; and
- (b) an increase in income tax paid of \$1.2 million during the nine months ended 30 September 2017,

which were partially offset by:

- (c) an increase in cash generated from operating activities before working capital changes of \$3.1 million; and
- (d) an increase in interest received of \$0.1 million,

during the nine months ended 30 September 2017.

Net cash used in investing activities

Net cash used in investing activities of \$0.9 million was due to:

- (a) the purchase of new property, plant and equipment of \$1.7 million; and
- (b) the purchase of an investment property at 7 Woodlands Industrial Park E2 Singapore 757450 for \$2.2 million during the nine months ended 30 September 2017,

which were partially offset by:

- (c) a repayment of loan by a joint venture, Lakehomes Pte Ltd, of \$2.0 million; and
- (d) the proceeds received from the disposal of financial asset, available-for-sale of \$1.0 million during the nine months ended 30 September 2017.

Net cash used in financing activities

Net cash of \$5.6 million was used in financing activities in the nine months ended 30 September 2017. The major outflows for the nine months ended 30 September 2017 related to (1) dividend payments to shareholders of \$4.6 million, (2) repayment of finance lease liabilities of \$0.9 million, and (3) interest payments of \$58,000.

Overall, free cash and cash equivalents stood at \$71.0 million as at 30 September 2017, an increase of \$8.0 million, from \$63.0 million as at 30 September 2016. This works out to cash of 23.0 cents per share as at 30 September 2017 as compared to 20.4 cents per share as at 30 September 2016 (based on 308,430,594 issued shares as at 30 September 2017 and 30 September 2016).



(iii) **Review of cash flows for third quarter ended 30 September 2017**

Net cash (used in)/generated from operating activities

Our Group's net cash used in operating activities for the third quarter ended 30 September 2017 was \$4.3 million as compared to net cash generated from operating activities of \$1.9 million for the third quarter ended 30 September 2016. The \$6.2 million decrease was due mainly to:

- (a) a decrease in cash generated from operating activities before working capital changes of \$1.3 million;
- (b) a decrease in net working capital inflow of \$4.4 million; and
- (c) an increase in income tax paid of \$0.5 million,

for the third quarter ended 30 September 2017.

Net cash generated from/(used in) investing activities

Net cash generated from investing activities was \$0.4 million for the third quarter ended 30 September 2017, compared with net cash used in investing activities of \$0.6 million for the third quarter ended 30 September 2016.

The major inflows for the third quarter ended 30 September 2017 related to the repayment of loan by a joint venture, Lakehomes Pte Ltd, of \$2.0 million and the proceeds received from the disposal of financial asset, available-for-sale of \$1.0 million. The inflows were partially offset by the purchase of new property, plant and equipment of \$0.4 million and investment property of \$2.2 million during the third quarter ended 30 September 2017.

Net cash used in financing activities

The net cash used in financing activities was \$0.4 million for the third quarter ended 30 September 2017, compared with \$2.2 million for the third quarter ended 30 September 2016. The major outflows in the third quarter ended 30 September 2016 related to interim dividends of \$1.5 million paid to shareholders and repayment of finance lease liabilities and interest payments of \$0.7 million.



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	Fair value reserve	Asset revaluation reserve	Retained profits	Total
\$'000	\$'000	\$'000	\$'000	\$'000

The Group

As at 1 Jan 2017	36,832	1	1,372	76,218	114,423
Total comprehensive income for the period	-	(7)	-	5,053	5,046
As at 31 Mar 2017	36,832	(6)	1,372	81,271	119,469
Total comprehensive income for the period	-	12	-	4,952	4,964
Dividend relating to FY2016	-	-	-	(4,626)	(4,626)
As at 30 Jun 2017	36,832	6	1,372	81,597	119,807
Total comprehensive income for the period	-	(6)	-	742	736
As at 30 Sep 2017	36,832	-	1,372	82,339	120,543



Attributable to equity holders of the Company				
Share capital	Fair value reserve	Asset revaluation reserve	Retained profits	Total
\$'000	\$'000	\$'000	\$'000	\$'000

The Group

As at 1 Jan 2016	36,832	(24)	1,372	66,507	104,687
Total comprehensive income for the period	-	(2)	-	1,853	1,851
As at 31 Mar 2016	36,832	(26)	1,372	68,360	106,538
Total comprehensive income for the period	-	25	-	2,489	2,514
Dividend relating to FY2015	-	-	-	(3,084)	(3,084)
As at 30 Jun 2016	36,832	(1)	1,372	67,765	105,968
Total comprehensive income for the period	-	1	-	1,976	1,977
Interim dividend relating to FY2016	-	-	-	(1,542)	(1,542)
As at 30 Sep 2016	36,832	-	1,372	68,199	106,403



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

The Company

As at 1 Jan 2017	36,832	9,546	46,378
Total comprehensive income for the period	-	134	134
As at 31 Mar 2017	36,832	9,680	46,512
Total comprehensive income for the period	-	167	167
Dividend relating to FY2016	-	(4,626)	(4,626)
As at 30 Jun 2017	36,832	5,221	42,053
Total comprehensive income for the period	-	174	174
As at 30 Sep 2017	36,832	5,395	42,227



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

The Company

As at 1 Jan 2016	36,832	6,997	43,829
Total comprehensive income for the period	-	522	522
As at 31 Mar 2016	36,832	7,519	44,351
Total comprehensive income for the period	-	1,643	1,643
Dividend relating to FY2015	-	(3,084)	(3,084)
As at 30 Jun 2016	36,832	6,078	42,910
Total comprehensive income for the period	-	132	132
Interim dividend relating to FY2016	-	(1,542)	(1,542)
As at 30 Sep 2016	36,832	4,668	41,500



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 2017.

Under the Share Buy Back Mandate which was approved by the Shareholders on 24 April 2017, no shares were bought back by the Company during the third quarter ended 30 September 2017.

There were no outstanding convertibles issued or treasury shares held by the Company and no subsidiary holdings as at 30 September 2017 and 30 September 2016.

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 2017	31 Dec 2016
Total number of issued shares (excluding treasury shares)	308,430,594	308,430,594

1(d)(iv) A statement showing all sales, transfers, 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 2016.

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 mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2017 or later periods and which the Group has not early adopted.

Effective for annual periods beginning on and or after 1 January 2017

- Improvements to FRSs (December 2016)
 - Amendments to FRS 112 Disclosure of Interest in Other Entities

Effective for annual periods beginning on and or after 1 January 2018

- FRS 109 Financial Instruments
- FRS 115 Revenue from Contracts with Customers
- Amendments to FRS 40: Transfers of Investment Property
- Amendments to FRS 102: Classification and Measurement of Share-based Payment Transactions
- Amendments to FRS 104: Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts
- Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers
- Improvements to FRSs (December 2016)
 - Amendment to FRS 28 Investments in Associates and Joint Ventures
 - Amendment to FRS 101 First-Time Adoption of Financial Reporting Standards
- INT FRS 122 Foreign Currency Transactions and Advance Consideration

Effective for annual periods beginning on and or after 1 January 2019

- FRS 116 Leases
- INT FRS 123: Uncertainty over Income Tax Treatments Illustrative Examples

Effective date to be determined*

- Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group anticipates that the adoption of the above FRSs and amendments to FRS will not result in any substantial change to the Group's accounting policies or any material impact on the financial statements of the Group for the current period.

* 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 ("ASC") 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)
	2017	2016		2017	2016	
	\$'000	\$'000	%	\$'000	\$'000	%
Net profit attributable to equity holders of the Company (\$'000)	742	1,976	(62.4)	10,747	6,318	70.1
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)	0.24	0.64	(62.5)	3.48	2.05	69.8
Diluted earnings per share (cents)	0.24	0.64	(62.5)	3.48	2.05	69.8

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 2017	As at 31 Dec 2016	As at 30 Sep 2017	As at 31 Dec 2016	The Group	The Company
Net tangible assets (\$'000)	118,836	112,710	42,220	46,368	5.4	(8.9)
Number of shares	308,430,594	308,430,594	308,430,594	308,430,594	-	-
NTA per share (cents)	38.53	36.54	13.69	15.03	5.4	(8.9)



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. We specialise 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 two core business segments: Construction and Maintenance.

Income Statement Review (Nine months ended 30 September 2017 vs nine months ended 30 September 2016)

	The Group					
	Current nine months ended 30 Sep 2017		Previous nine months ended 30 Sep 2016		Increase / (Decrease)	
	\$'000	%	\$'000	%	\$'000	%
Construction	60,649	66.5	64,318	83.9	(3,669)	(5.7)
Maintenance	30,512	33.5	12,332	16.1	18,180	147.4
Total Revenue	91,161	100.0	76,650	100.0	14,511	18.9

Revenue

Our Group reported a 18.9% or \$14.5 million increase in revenue to \$91.2 million in the nine months ended 30 September 2017 as compared to \$76.7 million in the nine months ended 30 September 2016. The increase was due mainly to a 147.4% increase in revenue from the maintenance segment to \$30.5 million, partially offset by a 5.7% decrease in revenue from the construction segment to \$60.6 million.

The increase in revenue from the maintenance segment was due mainly to the higher percentage of revenue recognised from a number of both existing and newly awarded maintenance projects as they progressed to a more active phase in the nine months ended 30 September 2017.



The decrease in revenue from the construction segment was largely attributable to a lower percentage of revenue recognised from a few construction projects which were reaching completion, coupled with reduced revenue generated from a construction project at the Pan-Island Expressway exit to Tampines Expressway during the nine months ended 30 September 2017.

The construction segment continues to be the major contributor to our Group's revenue. On a segmental basis, our core construction segment and maintenance segment accounted for 66.5% (2016: 83.9%) and 33.5% (2016: 16.1%) respectively of our Group's revenue for the nine months ended 30 September 2017.

Cost of works

Our cost of works increased by 13.8% or \$9.1 million from \$65.5 million for the nine months ended 30 September 2016 to \$74.6 million for the nine months ended 30 September 2017. The increase in cost of works was due mainly to:

- (a) additional cost of \$3.1 million arising from a construction project at the Pan-Island Expressway exit to Tampines Expressway;
- (b) a penalty of \$0.3 million paid for a worksite incident in September 2015;
- (c) an increase in labour costs due to salary adjustments during the nine months ended 30 September 2017;
- (d) 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 2017;
- (e) an increase 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 subcontracted to external parties, during the nine months ended 30 September 2017; and
- (f) an increase in preliminary costs and overheads such as professional and legal fees, depreciation of property, plant and machinery, hiring costs and transportation costs during the nine months ended 30 September 2017. The professional fees related to the engagement of consultants to design the construction methods for our on-going projects. Hiring and transportation costs related to the rental of additional heavy equipment and machineries to support existing projects during the nine months ended 30 September 2017.

Gross profit and gross profit margin

Our gross profit increased by 49.0% or \$5.5 million from \$11.1 million for the nine months ended 30 September 2016 to \$16.6 million for the nine months ended 30 September 2017.

Our gross profit margin improved from 14.5% for the nine months ended 30 September 2016 to 18.2% for the nine months ended 30 September 2017.

The higher gross profit and gross profit margin for the nine months ended 30 September 2017 as compared to the nine months ended 30 September 2016 were largely attributable to higher gross profit margins generated from certain construction and maintenance projects.



Other income

Other income decreased by \$1.5 million or 66.6% from \$2.2 million for the nine months ended 30 September 2016 to \$0.7 million for the nine months ended 30 September 2017. The decrease was due mainly to:

- (a) a technical management consultancy fee of \$1.2 million received in relation to a piling project in Jakarta, Indonesia during the nine months ended 30 September 2016, which did not recur in the nine months ended 30 September 2017;
- (b) a decrease in government grants of \$0.2 million received which comprised wage credit payouts received from the Inland Revenue Authority of Singapore and incentives received from the Building and Construction Authority's Construction Engineering Capability Development Programme (CED Programme);
- (c) a loss in foreign exchange resulting from the weakening of the US Dollar and Indonesian Rupiah against the Singapore Dollar during the nine months ended 30 September 2017; and
- (d) a decrease in sale of construction materials and equipment hiring income from the rental of equipment and machinery during the nine months ended 30 September 2017.

Administrative expenses

Administrative expenses increased by \$0.8 million or 12.3% from \$6.6 million for the nine months ended 30 September 2016 to \$7.4 million for the nine months ended 30 September 2017. The increase was largely attributable to (1) higher directors' remuneration (including profit sharing) accrued as a result of the higher profit generated by the Group for the nine months ended 30 September 2017, and (2) the increase in staff costs due to salary adjustments.

Finance expenses

Finance expenses increased by \$7,000 due mainly to an increase in finance leases for the purpose of financing the acquisition of plant and equipment to support new projects during the nine months ended 30 September 2017.



Share of results of associated companies and joint ventures

	The Group	
	Nine months ended 30 Sep 2017	Nine months ended 30 Sep 2016
	\$'000	\$'000
Share of profits of associated companies ^(a)	668	401
Share of profits of joint ventures ^(b)	1,951	82
	2,619	483

(a) Share of profits of associated companies

The \$0.3 million increase in the share of profit of associated companies was due mainly to our associated company, United Singapore Builders Pte Ltd, recognising further profits for a construction project during the nine months ended 30 September 2017.

(b) Share of profits of joint ventures

The share of profit of joint ventures increased by \$1.9 million due mainly to:

- (i) the recognition of profit of \$1.8 million from Lakehomes Pte. Ltd., the developer for the LakeLife Executive Condominium, based on the recognition of profits from units of the development which were ready for handover during the nine months ended 30 September 2017; and
- (ii) the recognition of profit of \$0.1 million for a construction project undertaken by Chye Joo – Or Kim Peow JV during the nine months ended 30 September 2017.

Profit before income tax

Profit before income tax increased by \$5.3 million or 74.5% from \$7.1 million for the nine months ended 30 September 2016 to \$12.4 million for the nine months ended 30 September 2017. The increase was due mainly to (1) the increase in gross profit of \$5.5 million, and (2) the increase in share of profit of associated companies and joint ventures of \$2.1 million, which were partially offset by (3) the increase in administrative expenses of \$0.8 million and (4) the decrease in other income of \$1.5 million, as explained above.

Income tax expense

Income tax expense increased by \$0.9 million or 109.1% from \$0.8 million in the nine months ended 30 September 2016 to \$1.7 million in the nine months ended 30 September 2017 due mainly to higher profit before income tax, as explained above.

The effective tax rates for the nine months ended 30 September 2017 and nine months ended 30 September 2016 were 13.7% and 11.4% respectively.



The effective tax rate for the nine months ended 30 September 2017 was lower than the statutory tax rate of 17.0% due mainly to (1) the profit before income tax of \$12.4 million which comprised share of profit of associated companies and joint ventures of \$2.6 million, which was already taxed at the associated company and joint venture levels, (2) statutory stepped income tax exemption and (3) a tax rebate of 20% on the corporate tax payable.

The effective tax rate for the nine months ended 30 September 2016 was lower than the statutory tax rate of 17.0%, due mainly to (1) enhanced tax deductions under the Productivity and Innovation Credit Scheme, (2) statutory stepped income tax exemption and (3) a tax rebate of 50% on the corporate tax payable.

Net profit

Overall, net profit increased by \$4.4 million or 70.1%, from \$6.3 million for the nine months ended 30 September 2016 to \$10.7 million for the nine months ended 30 September 2017, following the increase in profit before income tax of \$5.3 million which was partially offset by the increase in income tax expense of \$0.9 million, as explained above.

Our net profit margin increased from 8.2% for the nine months ended 30 September 2016 to 11.8% for the nine months ended 30 September 2017.

Income Statement Review (Third Quarter ended 30 September 2017 vs Third Quarter ended 30 September 2016)

	The Group					
	Current third quarter ended 30 Sep 2017		Previous third quarter ended 30 Sep 2016		Increase / (Decrease)	
	\$'000	%	\$'000	%	\$'000	%
Construction	17,627	65.2	23,205	82.7	(5,578)	(24.0)
Maintenance	9,426	34.8	4,857	17.3	4,569	94.1
Total Revenue	27,053	100.0	28,062	100.0	(1,009)	(3.6)

Revenue

Our Group registered revenue of \$27.1 million in the third quarter ended 30 September 2017 as compared to \$28.1 million in the third quarter ended 30 September 2016. The decrease in revenue from the construction segment was partially offset by an increase in revenue from the maintenance segment.

The decrease in revenue from the construction segment was largely attributable to a lower percentage of revenue recognised from a few construction projects which were reaching completion, coupled with no revenue generated from a construction project at the Pan-Island Expressway exit to Tampines Expressway during the third quarter ended 30 September 2017.



The increase in revenue from the maintenance segment was due mainly to the higher percentage of revenue recognised from a number of both existing and newly awarded maintenance projects as they progressed to a more active phase during the third quarter ended 30 September 2017.

Cost of works

Our cost of works increased by 1.8% or \$0.4 million from \$24.0 million for the third quarter ended 30 September 2016 to \$24.4 million for the third quarter ended 30 September 2017. The increase in cost of works was due mainly to:

- (a) an additional cost of \$3.1 million arising from a construction project at the Pan-Island Expressway exit to Tampines Expressway;
- (b) a penalty of \$0.3 million paid for a worksite incident in September 2015;
- (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 third quarter ended 30 September 2017; and
- (d) an increase in labour costs due to salary adjustment during the third quarter ended 30 September 2017,

which were partially offset by:

- (e) 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 subcontracted to external parties, during the third quarter ended 30 September 2017.

Gross profit and gross profit margin

Our gross profit decreased by \$1.5 million or 35.3% from \$4.1 million for the third quarter ended 30 September 2016 to \$2.6 million for the third quarter ended 30 September 2017.

Our gross profit margin dropped from 14.5% for the third quarter ended 30 September 2016 to 9.8% for the third quarter ended 30 September 2017.

The lower gross profit and gross profit margin for the third quarter ended 30 September 2017 as compared to the third quarter ended 30 September 2016 were largely attributable to the additional cost arising from a construction project in the third quarter ended 30 September 2017.

Other income

Other income remained at \$0.3 million for the third quarter ended 30 September 2017 and 30 September 2016.

Administrative expenses

Administrative expenses decreased by \$0.2 million or 10.7% from \$2.3 million for the third quarter ended 30 September 2016 to \$2.1 million for the third quarter ended 30 September 2017. The decrease was largely attributable to the lower directors' remuneration (including profit sharing) as a result of the lower profit generated by the Group during the third quarter ended 30 September 2017.



Finance expenses

Finance expenses remained relatively constant at \$20,000 and \$19,000 for third quarter ended 30 September 2017 and 2016 respectively.

Share of results of associated companies and joint ventures

The \$0.1 million increase in the share of profits of investments in the third quarter ended 30 September 2017 was due mainly to some of the associated companies and joint ventures recognising higher construction profits during the third quarter ended 30 September 2017.

Profit before income tax

Profit before income tax decreased by \$1.2 million or 50.5% from \$2.3 million in the third quarter ended 30 September 2016 to \$1.1 million in the third quarter ended 30 September 2017. The decrease was due mainly to (1) the decrease in gross profit of \$1.5 million, which was partially offset by (2) the increase in share of results of investments of \$0.1 million and (3) the decrease in administrative expenses of \$0.2 million, as explained above.

Income tax expense

Income tax expense for the third quarter ended 30 September 2017 increased by \$0.1 million or 29.3% from \$0.3 million for the third quarter ended 30 September 2016 to \$0.4 million for the third quarter ended 30 September 2017.

The effective tax rates for the third quarter ended 30 September 2017 and third quarter ended 30 September 2016 were 34.1% and 13.1% respectively.

The effective tax rate for the third quarter ended 30 September 2017 was higher than the statutory tax rate of 17% due mainly to certain non-deductible items added back for tax purposes.

The effective tax rate for the third quarter ended 30 September 2016 was lower than the statutory tax rate of 17.0%, due mainly to incentives from enhanced deduction for staff training, rental of qualified construction equipment and automation equipment expenditure under the Productivity and Innovation Credit scheme.

Net profit

Overall, for the third quarter ended 30 September 2017, net profit decreased by \$1.3 million or 62.4% to \$0.7 million as compared to \$2.0 million for the third quarter ended 30 September 2016, following the decrease in profit before income tax of \$1.2 million, coupled with the increase in income tax expense of \$0.1 million, as explained above.

Our net profit margin decreased from 7.0% for the third quarter ended 30 September 2016 to 2.7% for the third quarter ended 30 September 2017.

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 2017 from what was previously discussed under paragraph 10 of the Company's financial statements for the second quarter ended 30 June 2017.



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 advance estimates, Singapore's economy expanded by 4.6% on a year-on-year ("y-o-y") basis in the third quarter of 2017, which is higher than the 2.9% growth in the previous quarter.

Industry Outlook

The construction sector contracted by 6.3% in the third quarter on a y-o-y basis, following the 6.8% decline in the second quarter. The sector was weighed down primarily by continued weakness in private sector construction activities. On a quarter-on-quarter seasonally adjusted annualised basis, the sector contracted by 9.2%, compared to the 2.4% growth in the preceding quarter.

The total value of construction projects carried out in the first eight months of 2017 reached \$12.6 billion, according to the Building and Construction Authority's forecast and actual construction demand data released on 14 August 2017. Demand from the public sector will stay healthy given that the government is bringing forward \$700.0 million worth of public amenities projects to this year and next. This is on top of another \$700.0 million worth of public infrastructure contracts that it announced in March this year, which will also be brought forward to 2017 and 2018.

Over the medium to long term, the average construction demand is projected to be between \$26.0 billion and \$35.0 billion per year for the period of 2018 to 2019, and between \$26.0 billion and \$37.0 billion annually for the period of 2020 to 2021.

Under the private residential property segment, Urban Redevelopment Authority's third quarter of 2017 flash estimates reflected an increase of 0.5% in private residential property prices as compared to the 0.1% decline in the second quarter of 2017.

Company Outlook and Order Book Update

The operating environment remains challenging due to keen competition. However, the Group stays optimistic as it continues to be supported by a pipeline of projects.

As at 30 September 2017, the Group's net construction order book came to \$288.0 million (30 September 2016: \$366.6 million), with projects extending till 2020.

On the property development and investment front, the Group has a 10% minority investment in CS Amber Development Pte Ltd, the developer of our first residential property project – Amber Skye – and a subsidiary corporation of CS Land Pte. Ltd.. Amber Skye obtained the Temporary Occupation Permit on 27 April 2017. More than 60% of the units had been sold and efforts in marketing the remaining units of the 109-unit freehold development will continue.

The Group also holds a 10% stake in Lakehomes Pte Ltd – a property development joint venture – which launched the LakeLife Executive Condominium ("EC") located in Jurong. LakeLife EC has obtained the Temporary Occupation Permit on 30 December 2016 and units were handed over to buyers during the nine months ended 30 September 2017.

Meanwhile, the Group continues to work closely with the authorities on the on-going investigations relating to the worksite incident at the Pan-Island Expressway exit to Tampines Expressway. The Group will continue to provide all necessary assistance and support to ensure that the needs of the affected workers are fully taken care of.



11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared/recommended for the third quarter ended 30 September 2017.

13. Interested person transactions disclosure

Name of Interested Person	Aggregate value of all interested person transactions during three months ended 30 September 2017 (excluding transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions during three months ended 30 September 2017 conducted under shareholders' mandate pursuant to Rule 920
	\$'000	\$'000
Niru & Co LLC - Professional fees	41	-

Notes:

(a) Mr Nirumalan s/o V Kanapathi Pillai, who is the independent director of the Company, is the Managing Director of Niru & Co LLC, which provides legal and professional services to the Group.

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 2017

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 2017 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
7 November 2017