



**First Quarter
Financial Statement
for the Period Ended
31 March 2018**

7 May 2018

Table of Contents

		<u>Page No</u>
1(a)	Income statement	2
1(a)(i)	Consolidated statement of comprehensive income	3
1(b)(i)	Statements of financial position	6
1(b)(ii)	Borrowings and debts securities	20
1(c)	Consolidated statements of cash flows	21
1(d)(i)	Consolidated statement of changes in equity	24
1(d)(ii)	Changes in share capital	26
1(d)(iii)	Total number of issued shares	26
1(d)(iv)	Statement of sales, transfers, disposals, cancellation and/or use of treasury shares	26
2 & 3	Audit statement	26
4	Accounting policies	26
5	Changes in accounting policies	27
6	Earnings per share	28
7	Net asset value per share	28
8	Review of Group's performance	29
9	Variance from previous prospect statement	32
10	Outlook	33
11 & 12	Dividend	34
13	Interested persons transactions	35
14	Use of proceeds as at 31 March 2018	35
15	Confirmation by the Board on financial results	35
16	Confirmation that the issuer has procured undertakings from all its directors and executive officers	36

First Quarter Financial Statement for the Period Ended 31 March 2018
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		
	Current first quarter ended 31 Mar 2018	Previous first quarter ended 31 Mar 2017	Increase/ (Decrease)
	\$'000	\$'000	%
Revenue	22,957	29,701	(22.7)
Cost of works	(17,398)	(23,758)	(26.8)
Gross profit	5,559	5,943	(6.5)
Other income	607	274	121.5
Other losses	(394)	(99)	298.0
Expenses			
- Administrative	(2,440)	(2,537)	(3.8)
- Finance	(25)	(20)	25.0
Share of profit of associated companies and joint ventures	51	1,959	(97.4)
Profit before income tax	3,358	5,520	(39.2)
Income tax expense	(530)	(467)	13.5
Net profit	2,828	5,053	(44.0)
Gross profit margin	24.2%	20.0%	
Net profit margin	12.3%	17.0%	
Effective tax rate	15.7%	8.5%	
Net profit attributable to:			
Equity holders of the Company	2,843	5,053	(43.7)
Non-controlling interests	(15)	-	n.m.
	2,828	5,053	(44.0)

n.m. – not meaningful.



(i) Consolidated statement of comprehensive income for the first quarter ended 31 March 2018

		The Group		
	Note	Current first quarter ended 31 Mar 2018	Previous first quarter ended 31 Mar 2017	Increase/ (Decrease)
		\$'000	\$'000	%
Net profit		2,828	5,053	(44.0)
Other comprehensive income:				
Currency translation differences relating to financial statements of foreign subsidiary corporations	i	-*	-	-
Financial assets, available-for-sale - Fair value losses, net of tax	ii	-	(7)	n.m.
Total comprehensive income, net of tax		2,828	5,046	(44.0)
Total comprehensive income attributable to:				
Equity holders of the Company		2,843	5,046	(43.7)
Non-controlling interests		(15)	-	n.m.
		2,828	5,046	

Note:

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

(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) Fair value losses were mainly attributable to lower quoted prices of financial assets, available-for-sale.

n.m. – not meaningful



(ii) Additional disclosures

Profit before income tax was arrived at:

		The Group		
	Note	Current first quarter ended 31 Mar 2018	Previous first quarter ended 31 Mar 2017	Increase/ (Decrease)
		\$'000	\$'000	%
<u>After charging:</u>				
Non-audit fee paid to the auditors of the Company		8	7	14.3
Amortisation of intangible assets		1	1	-
Depreciation of property, plant and equipment		113	104	8.7
Directors' remuneration				
- Directors of the Company		860	1,040	(17.3)
- Other directors		116	107	8.4
Directors' fee		45	45	-
Gain/(loss) on disposal of property, plant and equipment (net)		15	(19)	178.9
Loss on foreign exchange	ii	394	99	298.0
Interest paid and payable				
- Finance lease liabilities		19	20	(5.0)
- Lease liabilities	i	6	-	n.m.
Employees compensation		921	787	17.0
<u>After crediting:</u>				
Interest income				
- Bank deposits		218	168	29.8
- Financial assets, available-for-sale		-	13	n.m.
Rental income from investment properties		84	47	78.7
Government grant		237	59	301.7
<u>Included in the cost of works are the following:</u>				
Depreciation of property, plant and equipment		604	540	11.9
Depreciation of right-of-use assets	i	113	-	n.m.
Amortisation of intangible assets		3	1	200.0
Employees compensation		6,203	6,658	(6.8)

Note:

- (i) The Group has chosen to adopt SFRS(I)16 which is effective for annual periods beginning on or after 1 January 2019. Under the new SFRS(I)16, the Group has recognised right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.
- (ii) 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.



(iii) Extraordinary/Exceptional items

Nil

(iv) Income tax expense

The Group	
31 Mar 2018	31 Mar 2017
\$'000	\$'000

Tax expense attributable to profit is made up of:

- Profit from current financial period:

-Current income tax - Singapore

-Deferred income tax

489	464
29	3
518	467

- Under provision in prior financial periods

- Current income tax - Singapore

12	-
530	467



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

	Note	The Group			The Company		
		31 Mar 2018	31 Dec 2017*	1 Jan 2017*	31 Mar 2018	31 Dec 2017*	1 Jan 2017*
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS							
Current assets							
Cash and cash equivalents		92,836	86,107	74,685	3,833	3,547	3,771
Trade and other receivables	i	8,712	9,487	13,610	11,700	11,914	10,107
Contract assets	ii	14,456	16,469	18,094	-	-	-
		116,004	112,063	106,389	15,533	15,461	13,878
Non-current assets							
Investments in subsidiary corporations	iii	-	-	-	19,219	19,219	17,522
Investments in joint ventures	iv	5,530	5,495	5,604	-	-	-
Investments in associated companies	v	3,604	3,175	973	-	-	-
Investment properties	vi	7,200	7,200	5,080	-	-	-
Other receivables	vii	18,955	16,600	24,026	16,883	16,847	18,194
Financial assets, available-for-sale		-	-	1,015	-	-	-
Property, plant and equipment		20,177	20,055	19,417	5,237	5,263	5,211
Right-of-use assets	viii	846	-	-	-	-	-
Intangible assets	ix	1,733	1,737	1,713	5	6	10
		58,045	54,262	57,828	41,344	41,335	40,937
Total assets		174,049	166,325	164,217	56,877	56,796	54,815
LIABILITIES							
Current liabilities							
Trade and other payables	x	31,801	37,820	41,900	8,083	8,146	8,413
Contract liabilities	xi	263	263	1,840	-	-	-
Finance lease liabilities		979	1,067	1,120	-	-	-
Lease liabilities	viii	340	-	-	-	-	-
Current income tax liabilities		2,571	2,159	1,953	34	33	19
		35,954	41,309	46,813	8,117	8,179	8,432
Non-current liabilities							
Other payables	x	9,926	-	-	-	-	-
Finance lease liabilities		1,209	1,414	2,028	-	-	-
Lease liabilities	viii	499	-	-	-	-	-
Deferred income tax liabilities		1,120	1,091	953	3	3	5
		12,754	2,505	2,981	3	3	5
Total liabilities		48,708	43,813	49,794	8,120	8,182	8,437
NET ASSETS		125,341	122,512	114,423	48,757	48,614	46,378
EQUITY							
Capital and reserves attributable to equity holders of the Company							
Share capital		36,832	36,832	36,832	36,832	36,832	36,832
Other reserves	xii	1,372	1,372	1,373	-	-	-
Retained profits		87,152	84,307	76,218	11,925	11,782	9,546
		125,356	122,512	114,423	48,757	48,614	46,378
Non-controlling interests		(15)	-	-	-	-	-
Total equity		125,341	122,512	114,423	48,757	48,614	46,378
Net tangible assets		123,608	120,775	112,710	48,752	48,608	46,368

(*) The Group has applied the new Singapore Financial Reporting Standards (International) ("SFRS(I)") framework for the financial year ending 31 December 2018 and has applied SFRS(I) with 1 January 2017 as the date of transition, which requires the first SFRS(I) financial statements to include an opening SFRS(I) statement of financial position at the date of transition to SFRS(I)s.



Notes to Statements of Financial Position:

(i) Trade and other receivables

	The Group			The Company		
	31 Mar 2018	31 Dec 2017	1 Jan 2017	31 Mar 2018	31 Dec 2017	1 Jan 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade receivables						
- Non-related parties	52	1,809	9,135	-	-	-
- Subsidiary corporations	-	-	-	11,621	11,845	10,036
- Retentions	862	1,796	2,135	-	-	-
	914	3,605	11,270	11,621	11,845	10,036
Non-trade receivables						
- Subsidiary corporations	-	-	-	731	725	729
- Joint venture	6	1	6	-	-	-
- Non-related parties	105	102	105	-	-	4
	111	103	111	731	725	733
Less: Allowance for impairment of receivables	-	-	-	(688)	(688)	(688)
Non-trade receivables - net	111	103	111	43	37	45
Loan to joint venture	3,852	3,852	-	-	-	-
Advance to suppliers	173	72	386	-	-	-
Deposits	2,960	1,162	956	7	7	7
Prepayments	702	693	887	29	25	19
	8,712	9,487	13,610	11,700	11,914	10,107

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

The loan to joint venture is unsecured and interest-free and granted for the purpose of its operating and development activities.



(ii) Contract assets

The Group		
31 Mar 2018	31 Dec 2017	1 Jan 2017
\$'000	\$'000	\$'000

Unbilled revenue

Construction contracts

- Due from customers

13,499 14,999 16,592

Construction contract work-in-progress

957 1,470 1,502

14,456 16,469 18,094

The Group has adopted a new accounting framework SFRS(I)15 Revenue from Contracts with Customers from 1 January 2018 and the impact of adopting the equivalent SFRS(I)15 is disclosed as above. SFRS(I)15 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

(iii) Investments in subsidiary corporations

The Company		
31 Mar 2018	31 Dec 2017	1 Jan 2017
\$'000	\$'000	\$'000

Equity investments at cost

Beginning of financial period/year

17,632 17,632 17,632

Additions

-* - -

End of financial period/year

17,632 17,632 17,632

Allowance for impairment

Beginning and end of financial period/year

(110) (110) (110)

Loan to a subsidiary corporation

Beginning of financial period/year

1,697 - -

Notional fair value of loan

- 1,697 -

End of financial period/year

1,697 1,697 -

19,219 19,219 17,522

Note:

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



Name of subsidiary corporations	Principal activities	Country of incorporation	Equity holding		
			31 Mar 2018	31 Dec 2017	1 Jan 2017

Held by the Company

Or Kim Peow Contractors (Pte) Ltd ^(@)	Business of road and building construction and maintenance	Singapore	100%	100%	100%
Eng Lam Contractors Co. (Pte) Ltd ^(@)	Business of road construction and maintenance	Singapore	100%	100%	100%
OKP Technical Management Pte Ltd ^{(@)(*)}	Provision of technical management and consultancy services	Singapore	100%	100%	100%
OKP Investments (Singapore) Pte Ltd ^{(@)(*)}	Investment holding	Singapore	100%	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%	100%
United Pavement Specialists Pte Ltd ^{(@)(*)}	Provision of rental services and investment holding	Singapore	100%	100%	100%
OKP Land Pte Ltd ^(@)	Investment holding and property development	Singapore	100%	100%	100%
OKP Transport & Pte Ltd ^{(@)(*)}	Provision of transport and logistics services	Singapore	100%	100%	100%
Raffles Prestige Capital Pte Ltd ^(@)	Investment holding	Singapore	51%	-	-

Held by subsidiary corporations

Bennett WA Investment Pty Ltd ^(#)	Property investment	Australia	100%	-	-
--	---------------------	-----------	------	---	---

(@) Audited by Nexia TS Public Accounting Corporation.
 (#) Audited by Nexia Perth
 (*) 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.



(iv) Investments in joint ventures

The Group		
31 Mar 2018	31 Dec 2017	1 Jan 2017
\$'000	\$'000	\$'000

Interests in joint ventures

Beginning of financial period/year	5,495	5,604	2,988
Share of profit of joint ventures	35	1,990	2,707
Notional fair value of loan (net)	-	(99)	(91)
Dividend received	-	(2,000)	-
End of financial period/year	5,530	5,495	5,604

Details of the joint ventures are as follows:

Name of joint ventures	Principal activities	Country of incorporation	Percentage of ownership interest		
			31 Mar 2018	31 Dec 2017	1 Jan 2017

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%	50%
Forte Builder Pte Ltd ^{(#)(2)}	Business of general construction	Singapore	50%	50%	50%
Lakehomes Pte. Ltd. ^{(^)(3)}	Property development	Singapore	10%	10%	10%

Unincorporated joint ventures

Chye Joo – Or Kim Peow JV ^{(*)(4)}	Business of general construction	Singapore	50%	50%	50%
---	----------------------------------	-----------	-----	-----	-----

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

- (1) CS-OKP Construction and Development Pte Ltd (“CS-OKP”), incorporated in Singapore on 1 December 2009, remained inactive as at 31 March 2018. 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 into an executive condominium at Yuan Ching Road/Tao Ching Road. 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 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 partnership 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:

The Group		
	31 Mar 2018	31 Dec 2017
	\$'000	\$'000
Assets		
- Current assets	111,272	110,877
Liabilities		
- Current liabilities	(59,702)	(59,198)
Net assets	51,570	51,679
Revenue	8,258	303,573
Expenses	(7,968)	(281,210)
Profit before income tax	290	22,363
Income tax expense	(45)	(3,881)
Net profit	245	18,482

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		
31 Mar 2018	31 Dec 2017	1 Jan 2017
\$'000	\$'000	\$'000

Interests in associated companies

Beginning of financial period/year	3,175	973	651
Additions	450	-	-
Notional fair value of loan (net)	(37)	1,672	-
Share of profit of associated companies	16	530	322
End of financial period/year	3,604	3,175	973

Name of associated companies	Principal activities	Country of incorporation	Equity holding		
			31 Mar 2018	31 Dec 2017	1 Jan 2017

Held by subsidiary corporations

CS Amber Development Pte Ltd ^{(@)(1)}	Property development	Singapore	10%	10%	10%
United Singapore Builders Pte Ltd ^{(#)(2)}	General contractors	Singapore	25%	25%	25%
Chong Kuo Development Pte Ltd ^{(&)(3)}	Property development	Singapore	22.5%	-	-
USB Holdings Pte Ltd ^{(#)(4)}	Investment holding and Property development	Singapore	25%	-	-

(@) 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 China Sonangol 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.



- (3) 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.
- (4) 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.

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		
	31 Mar 2018	31 Dec 2017
	\$'000	\$'000
Assets		
- Current assets	303,952	288,397
- Non-current assets	447	485
Liabilities		
- Current liabilities	(22,422)	(19,703)
- Non-current liabilities	(286,505)	(276,314)
Net liabilities	(4,528)	(7,135)
Revenue	19,158	183,289
Expenses	(18,079)	(177,788)
Profit before income tax	1,079	5,501
Income tax expense	-	(94)
Net profit	1,079	5,407

The Group has not recognised its share of profit of an associated company, CS Amber Development Pte. Ltd. amounting to \$101,462 (31 December 2017: \$328,889) 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 \$99,827 (31 December 2017: \$201,289) at the balance sheet date.



(vi) Investment properties

	The Group		
	31 Mar 2018	31 Dec 2017	1 Jan 2017
	\$'000	\$'000	\$'000
Beginning of financial period/year	7,200	5,080	5,250
Additions	-	2,270	-
Net fair value loss recognised in profit and loss	-	(150)	(170)
End of financial period/year	7,200	7,200	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.

(vii) Other receivables (non-current)

	The Group			The Company		
	31 Mar 2018	31 Dec 2017	1 Jan 2017	31 Mar 2018	31 Dec 2017	1 Jan 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Loan to associated companies						
- CS Amber Development Pte Ltd	19,680	19,680	19,680	-	-	-
- Chong Kuo Development Pte Ltd	2,318	-	-	-	-	-
- Notional fair value of loan (net)	(1,635)	(1,672)	-	-	-	-
Less: Allowance for impairment	(1,408)	(1,408)	(1,408)	-	-	-
	18,955	16,600	18,272	-	-	-
Loan to joint venture						
- Lakehomes Pte. Ltd.	-	-	5,754	-	-	-
Loan to subsidiary corporations	-	-	-	16,883	16,847	18,194
	18,955	16,600	24,026	16,883	16,847	18,194

The loan to an associated company, CS Amber Development Pte Ltd, 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 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 joint venture, loan to subsidiary corporation and loan to an associated company 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 balance

The Group	
31 Mar 2018	31 Dec 2017
\$'000	\$'000

Right-of-use assets

Property	368	-
Use of state land for worksites	478	-
	<u>846</u>	<u>-</u>

Lease liabilities

Current	340	-
Non-current	499	-
	<u>839</u>	<u>-</u>

(b) Amounts recognised in the statement of profit or loss

Depreciation of right-of-use assets

Property	16	-
Use of state land for worksites	97	-
	<u>113</u>	<u>-</u>

Lease liabilities

Interest expense (included in finance costs)	6	-
--	---	---

The Group has elected to apply SFRS(I)16 Leases for the first time in the 2018 financial report (initial application date: 1 January 2018), as permitted under the specific transition provisions in the standard. In accordance with the transition provisions in SFRS(I)16 (C5)(b) the new rules will be adopted retrospectively with the cumulative effect of initially applying the new standard recognised on 1 January 2018 (i.e. limited retrospective application). Comparatives for the 2017 financial year have therefore not been restated and as a consequence, a third balance sheet is not required in the year of adoption.



(ix) Intangible assets

The Group			The Company		
31 Mar 2018	31 Dec 2017	1 Jan 2017	31 Mar 2018	31 Dec 2017	1 Jan 2017
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Composition:

Goodwill arising on consolidation	1,688	1,688	1,688	-	-	-
Computer software licences	45	49	25	5	6	10
	<u>1,733</u>	<u>1,737</u>	<u>1,713</u>	<u>5</u>	<u>6</u>	<u>10</u>

(a) Goodwill arising on consolidation

Cost/net book value

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

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	428	388	369	55	55	55
Additions	-	40	19	-	-	-
End of financial period/year	<u>428</u>	<u>428</u>	<u>388</u>	<u>55</u>	<u>55</u>	<u>55</u>

Accumulated Amortisation

Beginning of financial period/year	379	363	286	49	45	34
Amortisation charge	4	16	77	1	4	11
End of financial period/year	<u>383</u>	<u>379</u>	<u>363</u>	<u>50</u>	<u>49</u>	<u>45</u>

Net Book Value	<u>45</u>	<u>49</u>	<u>25</u>	<u>5</u>	<u>6</u>	<u>10</u>
----------------	-----------	-----------	-----------	----------	----------	-----------

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



(x) Trade and other payables

	The Group			The Company		
	31 Mar 2018	31 Dec 2017	1 Jan 2017	31 Mar 2018	31 Dec 2017	1 Jan 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Current</u>						
Trade payables						
- Non-related parties	19,208	22,740	25,849	86	98	141
Non-trade payables						
- Subsidiary corporations	-	-	-	5,342	5,342	5,347
- Minority shareholders	271	-	-	-	-	-
- Joint Venture Partner	50	50	50	-	-	-
	321	50	50	5,342	5,342	5,347
Accrued operating expenses	12,039	14,823	15,861	2,655	2,706	2,925
Other payables	233	207	140	-	-	-
	<u>31,801</u>	<u>37,820</u>	<u>41,900</u>	<u>8,083</u>	<u>8,146</u>	<u>8,413</u>
<u>Non-current</u>						
Other payables						
- Advance from a minority shareholder	9,926	-	-	-	-	-

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

(xi) Contract liabilities

	The Group			The Company		
	31 Mar 2018	31 Dec 2017	1 Jan 2017	31 Mar 2018	31 Dec 2017	1 Jan 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Advances received	263	263	1,840	-	-	-

The Group has adopted a new accounting framework SFRS(I)15 Revenue from Contracts with Customers from 1 January 2018 and the impact of adopting the equivalent SFRS(I)15 is disclosed as above. SFRS(I)15 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.



(xii) Other reserves

The Group		
31 Mar 2018	31 Dec 2017	1 Jan 2017
\$'000	\$'000	\$'000

(a) **Composition:**

Currency translation reserve	-*	-	-
Fair value reserve	-	-	1
Asset revaluation reserve	1,372	1,372	1,372
	1,372	1,372	1,373

(b) **Movements**

Fair value reserve

Beginning of financial period/year	-	1	(24)
Financial assets – available-for-sale			
-Fair value gains	-	5	25
Reclassification to profit and loss		(6)	-
End of financial period/year	-	-	1

Asset revaluation reserve

Beginning of financial period/year	1,372	1,372	1,372
------------------------------------	-------	-------	-------

Other reserves are non-distributable.

Note:

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



Explanatory Notes:

(i) Current assets

Current assets increased by \$3.9 million, from \$112.1 million as at 31 December 2017 to \$116.0 million as at 31 March 2018. The increase was attributable to:

- (a) an increase in cash and cash equivalents of \$6.7 million. This was due mainly to the cash generated from operations for the first quarter ended 31 March 2018 of \$0.8 million and cash generated from investing activities of \$6.3 million, which were partially offset by cash used in financing activities of \$0.4 million,

which was partially offset by:

- (b) a decrease in trade and other receivables of \$0.8 million due to settlement of billings by customers as at 31 March 2018; and
- (c) a decrease in contract assets of \$2.0 million due to the (i) decrease in construction contract work-in-progress of \$0.5 million due mainly to lower unbilled amounts expected to be collected from customers for contract work performed up till 31 March 2018 as compared to 31 December 2017 and (ii) decrease in amount due from customers of \$1.5 million following the decrease in revenue.

(ii) Non-current assets

Non-current assets increased by \$3.7 million, from \$54.3 million as at 31 December 2017 to \$58.0 million as at 31 March 2018. The increase was attributable to:

- (a) an increase in property, plant and equipment of \$0.1 million resulting from the purchase of new plant and equipment, which was partially offset by the disposal and depreciation of property, plant and equipment;
- (b) an increase in investments in associated companies of \$0.5 million arising from the cost of investment of \$0.5 million in an associated company, Chong Kuo Development Pte Ltd, and the share of profit of associated company during the first quarter ended 31 March 2018;
- (c) an increase in other receivables of \$2.3 million arising from an advance to an associated company, Chong Kuo Development Pte Ltd, during the first quarter ended 31 March 2018; and
- (d) the recognition of right-of-use assets of \$0.8 million as the Group has applied SFRS(I)16 during the first quarter ended 31 March 2018.

(iii) Current liabilities

Current liabilities decreased by \$5.3 million, from \$41.3 million as at 31 December 2017 to \$36.0 million as at 31 March 2018. The decrease was attributable to:

- (a) a decrease in trade and other payables of \$6.0 million arising from (1) lower accrued operating expenses related to project costs and (2) settlement of some major trade payables during the first quarter ended 31 March 2018,

which was partially offset by:

- (b) an increase in current income tax liabilities of \$0.4 million due to tax provision resulting from profits generated during the first quarter ended 31 March 2018; and
- (c) the recognition of lease liabilities of \$0.3 million arising from the implementation of SFRS(I)16 during the first quarter ended 31 March 2018.



(iv) Non-current liabilities

Non-current liabilities increased by \$10.2 million, from \$2.5 million as at 31 December 2017 to \$12.7 million as at 31 March 2018. The increase was attributable to:

- (a) other payable of \$9.9 million relating to an advance from a minority shareholder extended to a foreign operation for the purpose of purchasing the investment property and working capital needs; and
- (b) the recognition of lease liabilities of \$0.5 million arising from the implementation of SFRS(I)16 during the first quarter ended 31 March 2018,

which were partially offset by:

- (c) a decrease in finance lease liabilities of \$0.2 million as a result of repayment of finance lease liabilities during the first quarter ended 31 March 2018.

(x) Shareholders' equity

Shareholders' equity, comprising share capital, other reserves and retained profits, increased by \$2.8 million, from \$122.5 million as at 31 December 2017 to \$125.3 million as at 31 March 2018. The increase was largely attributable to the profit generated from operations of \$2.8 million for the first quarter ended 31 March 2018.

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 31 Mar 2018		As at 31 Dec 2017	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
979	-	1,067	-

(b) Amount repayable after one year

As at 31 Mar 2018		As at 31 Dec 2017	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
1,209	-	1,414	-

(c) Details of any collateral

The above secured borrowings of the Group relate to finance lease liabilities secured by 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 for the first quarter ended 31 March:

	The Group	
	Current first quarter ended 31 Mar 2018	Previous first quarter ended 31 Mar 2017
	\$'000	\$'000
Cash flows from operating activities		
Net profit	2,828	5,053
Adjustments for:		
- Income tax expense	530	467
- Depreciation of property, plant and equipment	717	644
- Depreciation or right-of-use assets	113	-
- Amortisation of intangible assets	4	2
- (Gain)/loss on disposal of property, plant and equipment (net)	(15)	19
- Share of results of associated companies and joint ventures	(51)	(1,959)
- Interest income	(218)	(181)
- Interest expense	25	20
- Unrealised currency translation gain	-*	-
Operating cash flow before working capital changes	3,933	4,065
Change in working capital		
- Trade and other receivables	737	9,392
- Contract assets	2,014	52
- Trade and other payables	(5,673)	707
Cash generated from operations	1,011	14,216
- Interest received	218	168
- Income tax paid	(88)	-
Net cash provided by operating activities	1,141	14,384
Cash flows from investing activities		
- Additions to property, plant and equipment	(838)	(863)
- Disposal of property, plant and equipment	15	9
- Investment in an associated company	(450)	-
- Advance from a minority shareholder	9,926	-
- Capital contribution for a minority interest for the incorporation of a subsidiary corporation	-*	-
- Advance to an associated company	(2,318)	-
- Interest received	-	13
Net cash generated from/(used in) investing activities	6,335	(841)

Note:

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



The Group	
Current first quarter ended 31 Mar 2018	Previous first quarter ended 31 Mar 2017
\$'000	\$'000

Cash flows from financing activities

- Repayment of finance lease liabilities	(292)	(298)
- Repayment of lease liabilities	(128)	-
- Interest paid	(19)	(20)
- Bank deposits pledged	2	16

Net cash used in financing activities

(437)	(302)
-------	-------

Net increase in cash and cash equivalents

7,039	13,241
-------	--------

Cash and cash equivalents at beginning of financial period

81,551	70,112
--------	--------

Effects of currency translation on cash and cash equivalents

(308)	-
-------	---

Cash and cash equivalents at end of financial period

88,282	83,353
--------	--------

Explanatory Notes:

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

	The Group	
	31 Mar 2018	31 Mar 2017
	\$'000	\$'000
Cash at bank and on hand	39,277	21,303
Short-term bank deposits	53,559	66,608
Bank deposits pledged	92,836 (4,554)	87,911 (4,558)
Cash and cash equivalents per consolidated statement of cash flows	88,282	83,353

Bank deposits of \$4,553,700 (31 March 2017: \$4,557,512) are pledged to banks for banking facilities of certain subsidiary corporations.



(ii) **Review of Cash Flows for first quarter ended 31 March 2018**

Net cash generated from operating activities

Our Group reported net cash generated from operating activities of \$1.1 million in the first quarter ended 31 March 2018, a decrease of \$13.3 million from net cash generated from operating activities of \$14.4 million in the first quarter ended 31 March 2017. The \$13.4 million decrease in net cash generated from operating activities was due mainly to:

- (a) a decrease in cash generated from operating activities before working capital changes of \$0.1 million;
- (b) a decrease in net working capital inflow of \$13.1 million; and
- (c) an increase in income tax paid of \$0.1 million during the first quarter ended 31 March 2018.

Net cash generated from investing activities

Net cash of \$6.3 million generated from investing activities was due to:

- (a) an advance of \$9.9 million received from a minority shareholder which was extended to a foreign operation for the purpose of purchasing the investment property and working capital needs,

which was partially offset by:

- (b) the purchase of new property, plant and equipment of \$0.8 million;
- (c) an advance of \$2.3 million extended to an associated company, Chong Kuo Development Pte Ltd, for the purpose of purchasing the land parcel, construction and working capital needs; and
- (d) investment in Chong Kuo Development Pte Ltd for \$0.5 million during the first quarter ended 31 March 2018.

Net cash used in financing activities

Net cash of \$0.4 million was used in financing activities in the first quarter ended 31 March 2018. The major outflows for the three months ended 31 March 2018 related to repayment of finance lease liabilities of \$0.3 million and repayment of lease liabilities of \$0.1 million.

Overall, free cash and cash equivalents stood at \$88.3 million as at 31 March 2018, an increase of \$4.9 million, from \$83.4 million as at 31 March 2017. This works out to cash of 28.6 cents per share as at 31 March 2018 as compared to 27.0 cents per share as at 31 March 2017 (based on 308,430,594 shares issued as at 31 March 2018 and 31 March 2017).



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	Foreign 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 2018	36,832	-	1,372	-	84,309	122,513	-	122,513
Total comprehensive income for the period	-	-	-	-*	2,843	2,843	(15)	2,828
As at 31 Mar 2018	36,832	-	1,372	-*	87,152	125,356	(15)	125,341
As at 1 Jan 2017	36,832	1	1,372	-	76,218	114,423	-	114,423
Total comprehensive income for the period	-	(7)	-	-	5,053	5,046	-	5,046
As at 31 Mar 2017	36,832	(6)	1,372	-	81,271	119,469	-	119,469

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 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
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



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 31 December 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 first quarter ended 31 March 2018.

There were no outstanding convertibles issued or treasury shares held by the Company and no subsidiary holdings as at 31 March 2018 and 31 March 2017.

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

	31 Mar 2018	31 Dec 2017
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 2017.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted Singapore Financial Reporting Standards (International) (SFRS(I)) on 1 January 2018. In adopting SFRS(I), the Group has applied the specific transition requirements in SFRS(I) 1 *First-time adoption of Singapore Financial Reporting Standards (International)* in preparing the financial information included in this announcement.

The Group has also concurrently applied the following SFRS(I)s, interpretations of SFRS(I) and requirements of SFRS(I)s (collectively "new accounting standards") which are mandatorily effective from 1 January 2018.

SFRS(I):

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes the clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016
- SFRS(I) 9 *Financial Instruments* which includes the amendments to IFRS 4 *insurance contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts* issued by the IASB in September 2016

Requirements in following SFRS(I)s arising from amendments to corresponding IFRSs issued by the IASB in 2016:

- SFRS(I) 2 *Share-based Payment* arising from the amendments to IFRS 2 – *Classification and measurement of share-based payment transactions* issued by the IASB in June 2016;
- SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of investment property* issued by the IASB in December 2016;
- SFRS(I) 1 arising from the amendments to IFRS 1 – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;
- SFRS(I) 1-28 *Investments in Associates and Joint Ventures* arising from the amendments to IAS 28 – *Measuring an associate or joint venture at fair value* issued by the IASB in December 2016; and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

The adoption of the new accounting standards does not have any significant impact on the financial information except for SFRS(I) 15 and SFRS(I) 9.

SFRS(I) 16 *Leases* is effective for annual periods beginning on or after 1 January 2019. The Group has early adopted the new standard which is permitted by the standard.



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			
	Current first quarter ended 31 Mar 2018	Previous first quarter ended 31 Mar 2017	Increase/ (Decrease) %
Net profit attributable to equity holders of the Company (\$'000)	2,843	5,053	(43.7)
Weighted average number of ordinary shares in issue	308,430,594	308,430,594	-
Basic earnings per share (cents per share)	0.92	1.64	(43.9)
Diluted earnings per share (cents per share)	0.92	1.64	(43.9)

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 31 Mar 2018	As at 31 Dec 2017	As at 31 Mar 2018	As at 31 Dec 2017	The Group	The Company
Net tangible assets (\$'000)	123,608	120,775	48,752	48,608	2.4	0.3
Number of shares	308,430,594	308,430,594	308,430,594	308,430,594	-	-
NTA per share (cents)	40.08	39.16	15.81	15.76	2.3	0.3



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 & 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 (First Quarter of 2018 vs First Quarter of 2017)

	The Group					
	Current first quarter ended 31 Mar 2018		Previous first quarter ended 31 Mar 2017		Increase / (Decrease)	
	\$'000	%	\$'000	%	\$'000	%
Construction	13,076	57.0	20,514	69.1	(7,438)	(36.3)
Maintenance	9,881	43.0	9,187	30.9	694	7.6
Total Revenue	22,957	100.0	29,701	100.0	(6,744)	(22.7)

Revenue

Our Group registered a revenue of \$23.0 million in the first quarter ended 31 March 2018 compared to \$29.7 million recorded in the first quarter ended 31 March 2017. The decrease was due mainly to a 36.3% decrease in revenue from the construction segment to \$13.1 million, partially offset by a 7.6% increase in revenue from the maintenance segment to \$9.9 million.

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 during the first quarter ended 31 March 2018, as well as the reduced revenue generated from a construction project at the Pan-Island Expressway exit to Tampines Expressway.



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 first quarter ended 31 March 2018.

On a segmental basis, our core construction segment and maintenance segment accounted for 57.0% (31 March 2017: 69.1%) and 43.0% (31 March 2017: 30.9%), respectively, of our Group's revenue for the first quarter ended 31 March 2018.

Cost of works

Our cost of works decreased by 26.8% or \$6.4 million from \$23.8 million for the first quarter ended 31 March 2017 to \$17.4 million for the first quarter ended 31 March 2018. The decrease in cost of works 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;
- (b) the decrease in the cost of construction materials due to lesser utilisation of materials; and
- (c) the decrease in labour costs during the first quarter ended 31 March 2018.

Gross profit and gross profit margin

Our gross profit for the first quarter ended 31 March 2017 decreased by 6.5% or \$0.3 million from \$5.9 million for the first quarter ended 31 March 2017 to \$5.6 million for the first quarter ended 31 March 2018.

However, our gross profit margin increased from 20.0% for the first quarter ended 31 March 2017 to 24.2% for the first quarter ended 31 March 2018.

The higher gross profit margin was largely attributable to a few maintenance projects which had commanded better gross profit during the first quarter ended 31 March 2018.

Other income

Other income increased by \$0.3 million or 121.5% from \$0.3 million for the first quarter ended 31 March 2017 to \$0.6 million for the first quarter ended 31 March 2018. The increase was largely attributable to:

- (a) an increase in government grants of \$0.2 million received which comprised wage credit payouts received from the Inland Revenue Authority of Singapore (Temporary Employment Credit) and Ministry of Manpower (Special Employment Credit) and incentives received from the Building and Construction Authority that include technology adoption and capability development; and
- (b) an increase in interest income received of \$0.1 million due to higher interest earned from higher bank deposits during the first quarter ended 31 March 2018.



Other losses

The increase in other losses of \$0.3 million was due mainly to loss in foreign exchange resulting from the weakening of the US dollar and Australian dollar against the Singapore dollar in the first quarter ended 31 March 2018.

Administrative expenses

Administrative expenses decreased by \$0.1 million or 3.8% from \$2.5 million for the first quarter ended 31 March 2017 to \$2.4 million for the first quarter ended 31 March 2018. 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 first quarter ended 31 March 2018.

Finance expenses

Finance expenses increased by \$5,000 from \$20,000 for the first quarter ended 31 March 2017 to \$25,000 for the first quarter ended 31 March 2018. The increase was due to the interest from lease liabilities of \$6,000 as the result of implementation of SFRS(I) 16.

Share of profit of associated companies and joint ventures

	The Group	
	31 Mar 2018	31 Mar 2017
	\$'000	\$'000
Share of profit of joint ventures ^(a)	35	1,629
Share of profit of associated companies ^(b)	16	330
	<hr/> 51	<hr/> 1,959

(a) Share of profit of joint ventures

The share of profit of joint ventures decreased by \$1.6 million due mainly to the decrease in share of profit of \$1.6 million from Lakehomes Pte Ltd, the developer for the LakeLife Executive Condominium, based on the recognition of profits from the few remaining units of the development which were ready for handover during the first quarter ended 31 March 2018.

(b) Share of profit of associated companies

The \$0.3 million decrease in the share of profit of associated companies in the first quarter ended 31 March 2018 was due mainly to the decrease in share of profit from our associated company, United Singapore Builders Pte Ltd, during the first quarter ended 31 March 2018.



Profit before income tax

Profit before income tax decreased by \$2.1 million or 39.2% from \$5.5 million in the first quarter ended 31 March 2017 to \$3.4 million in the first quarter ended 31 March 2018. The decrease was due mainly to (1) the decrease in gross profit of \$0.3 million, (2) the increase in other losses of \$0.3 million and (3) the decrease in share of profit of associated companies and joint ventures of \$1.9 million. The decrease was partially offset by (1) the decrease in administrative expenses of \$0.1 million and (2) the increase in other income of \$0.3 million, as explained above.

Income tax expense

Income tax expense increased by \$0.1 million or 13.5% from \$0.4 million in the first quarter ended 31 March 2017 to \$0.5 million in the first quarter ended 31 March 2018.

The effective tax rate for the first quarter ended 31 March 2018 was 15.7%, which 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 40% on the corporate tax payable.

The effective tax rate for the first quarter ended 31 March 2017 was 8.5%, which was lower than the statutory tax rate of 17.0%, due mainly to (1) the profit before income tax of \$5.5 million which comprised share of profit of associated companies and joint ventures of \$2.0 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.

Net profit

Overall, for the first quarter ended 31 March 2018, net profit decreased by \$2.2 million or 44.0%, from \$5.1 million for the first quarter ended 31 March 2017 to \$2.8 million for the first quarter ended 31 March 2018, following the decrease in profit before income tax of \$2.1 million, coupled with the increase in income tax expense of \$0.1 million, as explained above.

Our net profit margin decreased from 17.0% for the first quarter ended 31 March 2017 to 12.3% for the first quarter ended 31 March 2018.

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 first quarter ended 31 March 2018 from what was previously discussed under paragraph 10 of the announcement of the Company's financial statements for the financial year ended 31 December 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 (“MTI”) advance estimates, Singapore’s economy expanded by 4.3% on a year-on-year (“y-o-y”) basis in the first quarter of 2018, which is higher than the 3.6% growth in the fourth quarter of last year.

Industry Outlook

The construction sector contracted by 4.4% on a y-o-y basis in the first quarter, following the 5.0% decline in the previous quarter. The weak performance of the sector was due to a fall in both private sector and public sector construction activities. On a quarter-on-quarter seasonally adjusted annualised basis, the sector grew by 4.1%, a reversal from the 0.2% contraction in the preceding quarter.

The Building and Construction Authority (“BCA”) projected the total value of construction contracts to be awarded in 2018 to reach between \$26.0 billion and \$31.0 billion, with 60% of the projects coming from the public sector, amounting to between \$16.0 billion and \$19.0 billion. These public projects will include major contracts for infrastructure projects such as the North-South Corridor, new MRT works and Deep Tunnel Sewerage System Phase 2 as well as rolling out of the remaining package for Runway 3 by Changi Airport Group.

Over the medium term, BCA anticipates a steady improvement in construction demand, with the public sector continuing to lead the demand. Construction demand is projected to be between \$26.0 billion and \$33.0 billion per year for the period 2019 to 2020, and could pick up to between \$28.0 billion and \$35.0 billion annually for the period 2021 to 2022.

With respect to the private residential property segment, Urban Redevelopment Authority’s (“URA”) first quarter of 2018 flash estimates reflected an increase of 3.1% in private residential property prices, compared to the 0.8% increment in fourth quarter of 2017.

In view of a stronger economic outlook and improved sentiments in the private property market, BCA projected that construction demand from the private sector to improve from \$9.0 billion in 2017 to between \$10.0 billion and \$12.0 billion this year.

Company Outlook And Order Book Update

The operating environment is expected to remain challenging on the back of continued rising costs, competition and shortage of experienced and skilled manpower. However, the Group stays cautiously optimistic as it continues to be supported by a pipeline of projects.

As at 31 March 2018, the Group’s net order book came to \$249.4 million (31 March 2017: \$306.1 million), with projects extending till 2021.

On the property development and investment front, on 7 February 2018, the Group announced that its wholly-owned subsidiary corporation, OKP Land Pte. Ltd. (“OKP Land”), together with Lian Soon Holdings Pte. Ltd. (“Lian Soon”), has won the bid to acquire the land parcel at Chong Kuo Road for \$43.9 million. The 4,288.9-square metre land parcel has a leasehold tenure of 99 years and plans are in place to develop it into a residential condominium of about 85 units, subject to approvals from the relevant authorities.



To further diversify its earnings and build recurrent income, the Group recently expanded its property business beyond Singapore. On 9 April 2018, the Group completed the acquisition of its first overseas property, a freehold office complex, 6-8 Bennett Street, in Perth, Australia for AUD43.5 million. This acquisition is expected to contribute positively to its income for FY2018.

In addition, Amber Skye has obtained the Temporary Occupation Permit on 27 April 2017. In view of the progressive recovery of the property sector, the Group will further step up its efforts to market the remaining units of the 109-unit freehold development, after having sold more than 75% of the units. 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..

As for the project at the Pan Island Expressway exit to Tampines Expressway where the worksite incident had occurred, OKP has restarted road and drainage works along the road surface sections of the project since 27 February 2018 with the approval of the relevant authorities.

Moving forward, the Group will continue to focus on its core civil engineering business; delivering projects and securing opportunities to strengthen its order book. Concurrently, OKP will seek suitable opportunities to enlarge its foothold in property, both locally and abroad, through strategic partnerships.

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 first quarter ended 31 March 2018.

The final one-tier tax exempt dividend of 0.7 cent per ordinary share and special one-tier tax exempt dividend of 1.3 cent per ordinary share for the financial year ended 31 December 2017 was approved at the Company's Sixteenth Annual General Meeting on 26 April 2018. Payment of the dividends will be made on 17 May 2018.

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 first quarter ended 31 March 2018.

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

14. Use of proceeds as at 31 March 2018

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 first quarter ended 31 March 2018 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 May 2018