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**Third Quarter and  
Nine Months Financial  
Statement for the Period  
Ended 30 September 2015**

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**30 October 2015**

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**Third Quarter and Nine Months Financial Statement for the Period Ended 30 September 2015**
**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)
	2015	2014		2015	2014	
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Revenue</b>	24,208	26,158	(7.5)	78,794	83,822	(6.0)
Cost of works	(21,189)	(24,033)	(11.8)	(68,869)	(76,736)	(10.3)
<b>Gross profit</b>	<b>3,019</b>	<b>2,125</b>	42.1	<b>9,925</b>	<b>7,086</b>	40.1
Other income	98	328	(70.1)	1,574	1,004	56.8
Expenses						
- Administrative	(1,994)	(2,079)	(4.1)	(6,030)	(6,336)	(4.8)
- Finance	(15)	(13)	15.4	(46)	(40)	15.0
Share of results of associated companies and joint ventures	(49)	(23)	(113.0)	55	87	(36.8)
<b>Profit before income tax</b>	<b>1,059</b>	<b>338</b>	213.3	<b>5,478</b>	<b>1,801</b>	204.2
Income tax expense	(62)	(58)	6.9	(408)	(111)	267.6
<b>Net profit</b>	<b>997</b>	<b>280</b>	256.1	<b>5,070</b>	<b>1,690</b>	200.0
Gross profit margin	12.5%	8.1%		12.6%	8.5%	
Net profit margin	4.1%	1.1%		6.4%	2.0%	
Effective tax rate	5.9%	17.2%		7.4%	6.2%	
Net profit attributable to:						
Equity holders of the Company	997	281	254.8	5,071	1,692	199.7
Non-controlling interests	-	(1)	n.m.	(1)	(2)	(50.0)
	997	280	256.1	5,070	1,690	200.0

n.m. : not meaningful.



(i) Consolidated Statement of comprehensive income for the third quarter and nine months ended 30 September 2015

Note	The Group			The Group		
	Third Quarter ended 30 Sep		Increase/ (Decrease)	Nine Months ended 30 Sep		Increase/ (Decrease)
	2015	2014		2015	2014	
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Net profit</b>	997	280	256.1	5,071	1,690	200.0
Other comprehensive income:						
Financial assets, available-for-sale						
- Fair value (losses)/ gains, net of tax	(43)	(26)	(65.4)	(33)	23	(243.5)
- Reclassification	-	-	-	-	(44)	n.m.
<b>Total comprehensive income</b>	<b>954</b>	<b>254</b>	275.6	<b>5,038</b>	<b>1,669</b>	201.9
<b>Total comprehensive income attributable to:</b>						
Equity holders of the Company	954	255	274.1	5,039	1,671	201.6
Non-controlling interests	-	(1)	n.m.	(1)	(2)	(50.0)
	954	254	275.6	5,038	1,669	201.9

Note:

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

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)
	2015	2014		2015	2014	
	\$'000	\$'000	%	\$'000	\$'000	%
<u>After charging:-</u>						
Non-audit fee paid to the auditors of the Company	8	7	14.3	21	23	(8.7)
Amortisation of intangible assets	2	2	-	6	6	-
Depreciation of property, plant and equipment	160	155	3.2	481	473	1.7
Directors' remuneration						
- Directors of the Company	705	659	7.0	2,234	1,977	13.0
- Other Directors	109	107	1.9	327	320	2.2
Directors' fee	45	45	-	135	135	-
Interest paid and payable						
- Finance lease liabilities	15	13	15.4	46	40	15.0
Employees compensation cost	579	500	15.8	1,663	1,715	(3.0)
<u>Included in the cost of works are the following:-</u>						
Depreciation of property, plant and equipment	618	581	6.4	1,789	1,651	8.4
Amortisation of intangible assets	16	16	-	47	47	-
Employees compensation cost	6,139	6,368	(3.6)	17,451	19,095	(8.6)



	The Group			The Group		
	Third Quarter ended 30 Sep		Increase/ (Decrease)	Nine Months ended 30 Sep		Increase/ (Decrease)
	2015	2014		2015	2014	
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Note</b>						
<u>After crediting:-</u>						
Interest income						
- Bank deposits	90	22	309.1	179	90	98.9
- Financial asset, held-to-maturity	-	7	n.m.	-	18	n.m.
- Financial asset, available for-sale	13	13	-	38	46	(17.4)
- Other receivables (non-current)	-	121	n.m.	88	363	(75.8)
Net gain on disposal of property, plant and equipment	29	12	141.7	72	131	(45.0)
Gain on foreign exchange	128	39	228.2	201	14	1335.7
Non-trade payables written off	-	-	-	438	-	n.m.
Financial assets, available-for-sale						
- Profit on disposal	-	28	n.m.	-	28	n.m.
- Reclassification from other comprehensive income upon disposal	-	-	-	-	51	n.m.
Rental income from investment properties	48	45	6.7	143	70	104.3
Government grant	25	24	4.2	199	128	55.5

Notes:

(i) Gain on foreign exchange mainly arose from the revaluation of assets denominated in United States dollar 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 2015	30 Sep 2014
\$'000	\$'000

Tax expense attributable to profit is made up of:

- Profit from current financial period:

- Current income tax - Singapore
- Deferred income tax

336	157
14	93
350	250

- Under/(over) provision of deferred income tax in prior financial periods

- Current income tax - Singapore
- Deferred income tax

58	(48)
-	(91)
58	(139)
408	111



**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 2015	31 Dec 2014	30 Sep 2015	31 Dec 2014
		\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
		50,719	34,009	3,684	3,672
		24,057	34,113	2,777	2,517
		3,880	5,954	-	-
		<b>78,656</b>	<b>74,076</b>	<b>6,461</b>	<b>6,189</b>
<b>Non-current assets</b>					
		-	-	17,522	17,522
		2,988	3,262	-	-
		602	71	-	-
		5,140	5,140	-	-
		25,159	28,722	17,757	17,495
		962	995	-	-
		18,656	18,487	5,592	5,831
		1,775	1,828	9	15
		<b>55,282</b>	<b>58,505</b>	<b>40,880</b>	<b>40,863</b>
		<b>133,938</b>	<b>132,581</b>	<b>47,341</b>	<b>47,052</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
		27,400	31,309	6,474	6,316
		954	722	-	-
		412	171	39	21
		<b>28,766</b>	<b>32,202</b>	<b>6,513</b>	<b>6,337</b>
<b>Non-current liabilities</b>					
		1,872	1,513	-	-
		574	561	57	87
		<b>2,446</b>	<b>2,074</b>	<b>57</b>	<b>87</b>
		<b>31,212</b>	<b>34,276</b>	<b>6,570</b>	<b>6,424</b>
		<b>102,726</b>	<b>98,305</b>	<b>40,771</b>	<b>40,628</b>
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
		36,832	36,832	36,832	36,832
		1,320	1,353	-	-
		64,574	60,070	3,939	3,796
		<b>102,726</b>	<b>98,255</b>	<b>40,771</b>	<b>40,628</b>
		-	<b>50</b>	-	-
		<b>102,726</b>	<b>98,305</b>	<b>40,771</b>	<b>40,628</b>
		<b>100,951</b>	<b>96,427</b>	<b>40,762</b>	<b>40,613</b>





**Notes to Statements of Financial Position:**

(i) Trade and other receivables

	The Group		The Company	
	30 Sep 2015	31 Dec 2014	30 Sep 2015	31 Dec 2014
	\$'000	\$'000	\$'000	\$'000
Trade receivables				
- Non-related parties	3,407	8,354	-	-
- Subsidiaries	-	-	2,700	2,450
	3,407	8,354	2,700	2,450
Construction contracts				
- Due from customers	14,927	18,643	-	-
- Retentions	4,421	4,968	-	-
	19,348	23,611	-	-
Non-trade receivables				
- Subsidiaries	-	-	716	717
- Joint venture partner	3	6	-	-
- Non-related parties	70	1,970	6	4
	73	1,976	722	721
Less: Allowance for impairment of receivables	-	(1,474)	(688)	(688)
Non-trade receivables - net	73	502	34	33
Deposits	626	1,030	7	11
Prepayments	603	616	36	23
	<u>24,057</u>	<u>34,113</u>	<u>2,777</u>	<u>2,517</u>

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

(ii) Investments in subsidiaries

	The Company	
	30 Sep 2015	31 Dec 2014
	\$'000	\$'000
Equity investments at cost	17,522	17,522



Name of subsidiaries	Principal activities	Country of incorporation	Equity holding	
			30 Sep 2015	31 Dec 2014

Held by the Company

Or Kim Peow Contractors (Pte) Ltd <sup>(@)</sup>	Business of road and building construction and maintenance	Singapore	100%	100%
Eng Lam Contractors Co. (Pte) Ltd <sup>(@)</sup>	Business of road construction and maintenance	Singapore	100%	100%
OKP Technical Management Pte Ltd <sup>(@)(*)</sup>	Provision of technical management and consultancy services	Singapore	100%	100%
OKP Investments (China) Pte Ltd <sup>(@)(*)</sup>	Investment holding	Singapore	100%	100%
OKP (Oil & Gas) Infrastructure Pte Ltd <sup>(@)(&amp;)</sup>	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 <sup>(@)(*)(^)</sup>	Provision of rental services and investment holding	Singapore	100%	55%
OKP Land Pte Ltd <sup>(@)</sup>	Investment holding and property development	Singapore	100%	100%
OKP Transport & Trading Pte Ltd <sup>(@)(*)</sup>	Provision of transport and logistics services	Singapore	100%	100%

(@) Audited by Nexia TS Public Accounting Corporation.

(\*) Dormant company.

(^) On 2 June 2015, the Group acquired the remaining 45% of the issued shares of United Pavement Specialists Pte Ltd ("UPS") for a nominal consideration. As a consequence of this acquisition, the Group's interest in UPS had increased from 55% to 100%. The Group had derecognised non-controlling interests of \$49,027 and recorded an increase in equity attributable to owners of the parent of \$49,027.

(&) On 14 July 2015, OKP (Oil & Gas) Infrastructure Pte Ltd had been granted a licence to operate a representative foreign construction service company in Jakarta, Indonesia.



(iii) Investments in joint ventures

The Group	
30 Sep 2015	31 Dec 2014
\$'000	\$'000

**Equity investment at cost**

Beginning of financial period/year	3,262	3,118
Share of profit	24	315
Notional fair value of loan (net)	(298)	(171)
End of financial period/year	2,988	3,262

Name of joint ventures	Principal activities	Country of incorporation	Equity holding	
			30 Sep 2015	31 Dec 2014

Held by the subsidiaries

Incorporated joint ventures

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

Unincorporated joint ventures

Chye Joo – Or Kim Peow JV <sup>(*)(4)</sup>	Business of general construction	Singapore	50%	-
Acset OKP <sup>(&amp;)(5)</sup>	Business of general construction	Indonesia, Jakarta	50%	-

- (@) Audited by Heng Lee Seng LLP.  
 (#) Audited by Nexia TS Public Accounting Corporation.  
 (^) Audited by Ernst & Young LLP.  
 (\*) Newly registered on 4 May 2015.  
 (&) Established on 21 September 2015.

- (1) CS-OKP Construction and Development Pte Ltd (“CS-OKP”), incorporated in Singapore on 1 December 2009, remained inactive as at 30 September 2015. CS-OKP is a joint venture company of OKP Technical Management Pte Ltd (“OKPTM”), a wholly-owned subsidiary, and CS Mining Pte Ltd, a subsidiary 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 (2014: \$50,000) in CS-OKP.



- (2) On 8 December 2010, Or Kim Peow Contractors (Pte) Ltd (“OKPC”), a wholly-owned subsidiary, entered into a joint venture agreement with Soil-Build (Pte) Ltd (“SBPL”), incorporated in Singapore and a subsidiary of Soilbuild Group Holdings 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, an associated 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, has a 10% equity interest at a cost of \$100,000 in LH. The principal activity of LH is to develop a land parcel at Yuan Ching Road/Tao Ching Road into an executive condominium. On 13 September 2013, OKPL entered into a joint venture agreement with BBR Development Pte Ltd, Evia Real Estate (5) Pte Ltd, CNH Investment Pte Ltd and Ho Lee Group Pte Ltd for the aforesaid executive condominium development.
- (4) On 4 May 2015, a joint venture partnership, Chye Joo - Or Kim Peow JV was registered to execute the improvement to Bukit Timah First Diversion Canal Contract 3 (Holland Green to Clementi Road) awarded by the Public Utilities Board.
- (5) On 21 September 2015, OKP (Oil & Gas) Infrastructure Pte Ltd (“OKP O&G”), a wholly-owned subsidiary, had through its Jakarta representative office entered into a joint operation agreement with PT Ascet Indonusa Tbk, pursuant to which OKP O&G and PT Acset Indonusa Tbk constituted themselves as a joint operation in the name of “ACSET-OKP” in accordance with the joint operation scheme under the laws of the Republic of Indonesia. The joint venture has been established to carry out building and construction works in Jakarta, Indonesia.

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 separate vehicles and provide the Group and the parties to the agreements with rights to the net assets of the entities under the arrangements. Therefore, these arrangements are classified as joint ventures, which are equity accounted.

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

	The Group	
	30 Sep 2015	31 Dec 2014
	\$'000	\$'000
Assets		
- Current assets	259,395	328,341
Liabilities		
- Current liabilities	(63,207)	(18,491)
- Non-current liabilities	(185,718)	(297,572)
Net assets	10,470	12,278
Revenue	3,724	11,194
Expenses	(3,632)	(10,574)
Profit before income tax	92	620
Income tax expense	(2)	(64)
Net profit	90	556

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.

The Group has not recognised its share of profits of a joint venture amounting to \$3,954 (30 September 2014: loss of \$7,681) because the Group’s cumulative share of unrecognised losses with respect to that entity amount to \$51,175 (30 September 2014: \$55,334) at the balance sheet date.



(iv) Investments in associated companies

The Group		
	30 Sep 2015	31 Dec 2014
	\$'000	\$'000
<b>Equity investment at cost</b>		
Beginning of financial period/year	71	95
Incorporation of an associated company	-	200
Additional investment	500	-
Share of profits/(losses)	31	(224)
End of financial period/year	602	71

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 2015	31 Dec 2014
	\$'000	\$'000
Assets	240,511	226,103
Liabilities	(232,390)	(226,735)
Revenue	6,723	1,734
Net loss	(2,723)	(2,331)

The Group has not recognised its share of losses of an associated company amounting to \$286,177 (30 September 2014: \$-) because the Group's cumulative share of losses exceeds its interest in that entity and the Group has no obligation in respect of those losses. The cumulative unrecognised losses with respect to that entity amount to \$352,384 (30 September 2014: \$-) at the balance sheet date.



Name of associated companies	Principal activities	Country of incorporation	Equity holding	
			30 Sep 2015	31 Dec 2014

Held by a subsidiary

CS Amber Development Pte Ltd <sup>(@)(1)</sup>	Property development	Singapore	10%	10%
United Singapore Builders Pte Ltd <sup>(#)(2)</sup>	General contractors	Singapore	25%	20%

(@) 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, 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 share capital 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, 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 5% of the issued share capital of USB by way of acquisition of 50,000 ordinary shares for \$1.00. As at 30 June 2015, 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 capitalisation of advance to USB and its shareholding in USB had increased to 750,000 shares, with shareholding percentage remaining at 25% of the total issued and paid-up capital in USB.

(v) Investment properties

The Group	The Group
30 Sep 2015	31 Dec 2014
\$'000	\$'000

Beginning of financial period/year	5,140	5,020
Fair value gain recognised in profit and loss	-	120
End of financial period/year	5,140	5,140

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 2015	31 Dec 2014	30 Sep 2015	31 Dec 2014
	\$'000	\$'000	\$'000	\$'000
Loan to an associated company				
- CS Amber Development Pte Ltd	19,680	19,593	-	-
Loan to a joint venture				
- Lakehomes Pte Ltd	5,479	9,129	-	-
Loan to a subsidiary	-	-	17,757	17,495
	<u>25,159</u>	<u>28,722</u>	<u>17,757</u>	<u>17,495</u>

The loan to an associated company is unsecured, interest-bearing at 2.0% per annum above SIBOR and will be repayable in full on 26 June 2018. The Group has ceased to charge interest on the loan with effect from 1 March 2015.

The loans made to a joint venture and a subsidiary 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 2015	31 Dec 2014
	\$'000	\$'000
Beginning of financial period/year	995	1,713
Fair value (losses)/gains recognised in other comprehensive income	(33)	32
Disposal	-	(750)
End of financial period/year	<u>962</u>	<u>995</u>

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

Listed debt securities

- Bonds with fixed interest of 5.125% p.a. without fixed maturity	962	995
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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 2015	31 Dec 2014	30 Sep 2015	31 Dec 2014
\$'000	\$'000	\$'000	\$'000

Composition:

Goodwill arising on consolidation	1,688	1,688	-	-
Computer software licences	87	140	9	15
	<u>1,775</u>	<u>1,828</u>	<u>9</u>	<u>15</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

*Cost*

Beginning/end of financial period/year	<u>353</u>	<u>353</u>	<u>39</u>	<u>39</u>
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*Accumulated amortisation*

Beginning of financial period/year	213	142	24	16
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Amortisation charge	53	71	6	8
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End of financial period/year	<u>266</u>	<u>213</u>	<u>30</u>	<u>24</u>
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Net book value	<u>87</u>	<u>140</u>	<u>9</u>	<u>15</u>
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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 2015	31 Dec 2014	30 Sep 2015	31 Dec 2014
	\$'000	\$'000	\$'000	\$'000
Trade payables				
- Non-related parties	15,049	19,777	69	58
Non-trade payables				
- Subsidiaries	-	-	5,347	5,349
- Non-controlling shareholder of a subsidiary	-	450	-	-
- Joint venture partner	50	50	-	-
	50	500	5,347	5,349
Construction contracts				
- Advances received	207	1,138	-	-
Accrued operating expenses	11,971	9,786	1,058	909
Other payables	123	108	-	-
	<u>27,400</u>	<u>31,309</u>	<u>6,474</u>	<u>6,316</u>

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



(x) Other reserves

The Group	
30 Sep 2015	31 Dec 2014
\$'000	\$'000

(a) **Composition:**

Fair value reserve	(52)	(19)
Asset revaluation reserve	1,372	1,372
	<u>1,320</u>	<u>1,353</u>

**Fair value reserve**

Beginning of financial period	(19)	(7)
Financial asset – available-for-sale -Fair value (losses)/gains	(33)	32
Reclassification to profit or loss	-	(51)
Tax on reclassification	-	7
	-	(44)
End of financial period/year	<u>(52)</u>	<u>(19)</u>

**Asset revaluation reserve**

Beginning 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 \$4.6 million, from \$74.1 million as at 31 December 2014 to \$78.7 million as at 30 September 2015. The increase was attributable to:

- (a) an increase in cash and cash equivalents of \$16.7 million. This was due mainly to the cash generated from operations for the nine months ended 30 September 2015 of \$15.7 million and cash generated from investing activities of \$2.5 million, which were partially offset by cash used in financing activities of \$1.5 million,

which was partially offset by:

- (b) a decrease in construction contract work-in-progress of \$2.1 million due mainly to lower unbilled amounts expected to be collected from customers for contract work performed up till 30 September 2015 as compared to 31 December 2014; and
- (c) a decrease in trade and other receivables of \$10.0 million due to settlement of billings by a customer as at 30 September 2015.

### (ii) Non-current assets

Non-current assets decreased by \$3.2 million, from \$58.5 million as at 31 December 2014 to \$55.3 million as at 30 September 2015. The decrease was attributable to:

- (a) a decrease in other receivables of \$3.6 million arising from the repayment of loan of \$3.9 million and a notional fair value adjustment of \$0.3 million of the remaining loan to a joint venture, Lakehomes Pte Ltd, during the nine months ended 30 September 2015; and
- (b) a decrease in investments in joint ventures of \$0.3 million arising from a notional fair value adjustment of loan repaid by Lakehomes Pte Ltd during the nine months ended 30 September 2015,

which were partially offset by:

- (c) 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 during the nine months ended 30 September 2015; and
- (d) an increase in investments in associated companies of \$0.5 million arising from the increase in cost of investment of \$0.5 million by way of capitalisation of advance to an associated company, United Singapore Builders Pte Ltd, during the nine months ended 30 September 2015.

### (iii) Current liabilities

Current liabilities decreased by \$3.5 million, from \$32.2 million as at 31 December 2014 to \$28.7 million as at 30 September 2015. The decrease was due mainly to:

- (a) a decrease in trade and other payables of \$3.9 million due mainly to lower accrued operating expenses related to project costs and settlement of some major trade payables during the nine months ended 30 September 2015,

which was partially offset by:

- (b) an increase in current income tax liabilities of \$0.2 million due to higher tax provision resulting from higher profits generated during the nine months ended 30 September 2015; and
- (c) an increase in finance lease liabilities of \$0.2 million as a result of purchase of plant and machinery to support new projects during the nine months ended 30 September 2015.



(iv) Non-current liabilities

Non-current liabilities increased by \$0.3 million, from \$2.1 million as at 31 December 2014 to \$2.4 million as at 30 September 2015. The increase was due mainly to an increase in finance lease liabilities as a result of purchase of plant and machinery to support new projects during the nine months ended 30 September 2015.

(v) Shareholders' equity

Shareholders' equity, comprising share capital, other reserves, retained profits and non-controlling interests, increased by \$4.4 million, from \$98.3 million as at 31 December 2014 to \$102.7 million as at 30 September 2015. The increase was largely attributable to:

- (a) the profit generated from operations of \$5.0 million for the nine months ended 30 September 2015,

which was partially offset by:

- (b) the dividend payment to shareholders of \$0.6 million during the nine months ended 30 September 2015.

**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 2015		As at 31 Dec 2014	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
954	-	722	-

- (b) Amount repayable after one year

As at 30 Sep 2015		As at 31 Dec 2014	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
1,872	-	1,513	-

- (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	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>				
Net profit	997	280	5,070	1,690
Adjustments for:				
- Income tax expense	62	58	408	111
- Depreciation of property, plant and equipment	778	736	2,270	2,124
- Amortisation of intangible assets	18	18	53	53
- Gain on disposal of property, plant and equipment	(29)	(12)	(72)	(131)
- Share of loss/(profit) of investments accounted for using the equity method	49	23	(55)	(87)
- Gain on disposal of a financial asset, available-for-sale	-	(28)	-	(28)
- Reclassification of adjustment from fair value reserve to profit and loss	-	-	-	(51)
- Interest income	(103)	(163)	(305)	(517)
- Interest expense	15	13	46	40
<b>Operating cash flow before working capital changes</b>	<b>1,787</b>	<b>925</b>	<b>7,415</b>	<b>3,204</b>
Change in working capital				
- Trade and other receivables	4,305	4,257	10,056	959
- Construction contract work-in-progress	(964)	553	2,074	2,531
- Trade and other payables	(578)	(2,750)	(3,909)	(4,015)
<b>Cash used in operations</b>	<b>4,550</b>	<b>2,985</b>	<b>15,636</b>	<b>2,679</b>
- Interest received	90	22	179	90
- Income tax paid	(50)	(153)	(154)	(323)
<b>Net cash generated from operating activities</b>	<b>4,590</b>	<b>2,854</b>	<b>15,661</b>	<b>2,446</b>
<b>Cash flows from investing activities</b>				
- Additions to property, plant and equipment	(231)	(272)	(1,095)	(1,639)
- Disposal of property, plant and equipment	29	12	97	190
- Redemption/disposal of a financial asset, available-for-sale	-	-	-	750
- Redemption/disposal of a financial asset, held-to-maturity	-	528	-	528
- Loan to a joint venture	-	(520)	-	(520)
- Repayment of loan by a joint venture	3,950	-	3,950	-
- Investment in an associated company	-	-	(500)	(200)
- Interest received	13	20	38	64
<b>Net cash generated from/(used in) investing activities</b>	<b>3,761</b>	<b>(232)</b>	<b>2,490</b>	<b>(827)</b>



Consolidated statements of cash flows (Cont'd)

	The Group		The Group	
	Third Quarter ended 30 Sep		Nine Months ended 30 Sep	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from financing activities</b>				
- Repayment of finance lease liabilities	(240)	(193)	(779)	(602)
- Interest paid	(15)	(13)	(46)	(40)
- Dividend paid to shareholders	(308)	-	(616)	(925)
- Bank deposits pledged	(8)	(4)	(59)	(12)
<b>Net cash used in financing activities</b>	(571)	(210)	(1,500)	(1,579)
<b>Net increase in cash and cash equivalents</b>	7,780	2,412	16,651	40
Cash and cash equivalents at the beginning of the financial period	37,801	30,142	28,930	32,514
<b>Cash and cash equivalents at the end of the financial period</b>	45,581	32,554	45,581	32,554

**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 2015	30 Sep 2014
	\$'000	\$'000
Cash at bank and on hand	29,006	18,029
Short-term bank deposits	21,713	19,600
Short-term bank deposits pledged to banks	50,719	37,629
	(5,138)	(5,075)
Cash and cash equivalents per consolidated statement of cash flows	45,581	32,554

Bank deposits of \$5,138,247 (30 September 2014: \$5,074,913) are pledged to banks for banking facilities of certain subsidiaries.



(ii) **Review of Cash Flows for the nine months ended 30 September 2015**

**Net cash generated from operating activities**

Our Group reported net cash generated from operating activities of \$15.7 million in the nine months ended 30 September 2015, an increase of \$13.3 million from net cash generated from operating activities of \$2.4 million in the nine months ended 30 September 2014. The net cash generated from operating activities comprise:

- (a) an increase in cash generated from operating activities before working capital changes of \$4.2 million;
- (b) an increase in net working capital inflow of \$8.8 million;
- (c) an increase in interest received of \$0.1 million; and
- (d) a decrease in income tax paid of \$0.2 million during the nine months ended 30 September 2015.

**Net cash generated from investing activities**

Net cash generated from investing activities of \$2.5 million was due to:

- (a) repayment of loan by a joint venture, Lakehomes Pte Ltd of \$3.9 million during the third quarter ended 30 September 2015; and
- (b) the proceeds received from the disposal of property, plant and equipment and interest income from the financial asset, available-for-sale of \$0.1 million during the nine months ended 30 September 2015,

which were partially offset by:

- (c) the purchase of new property, plant and equipment of \$1.0 million; and
- (d) an investment in an associated company, United Singapore Builders Pte Ltd for \$0.5 million during the nine months ended 30 September 2015,

**Net cash used in financing activities**

Net cash of \$1.5 million was used in financing activities in the nine months ended 30 September 2015. The major outflows for the nine months ended 30 September 2015 related to (1) dividend payments to shareholders of \$0.6 million, (2) repayment of finance lease liabilities of \$0.8 million, and (3) interest payments of \$46,000.

Overall, free cash and cash equivalents stood at \$45.6 million as at 30 September 2015, an increase of \$13.0 million, from \$32.6 million as at 30 September 2014. This works out to cash of 14.8 cents per share as at 30 September 2015 as compared to 10.6 cents per share as at 30 September 2014 (based on 308,430,594 issued shares as at 30 September 2015 and 30 September 2014).



(iii) **Review of cash flows for third quarter ended 30 September 2015**

Net cash generated from operating activities

Our Group's net cash generated from operating activities for the third quarter ended 30 September 2015 was \$4.6 million as compared to \$2.9 million for the third quarter ended 30 September 2014. The \$1.7 million increase was due mainly to:

- (a) an increase in net working capital inflow of \$0.7 million;
- (b) an increase in cash generated from operating activities before working capital changes of \$0.9 million; and
- (c) a decrease of income tax paid of \$0.1 million for the third quarter ended 30 September 2015.

Net cash generated from investing activities

Net cash generated from investing activities was \$3.8 million for the third quarter ended 30 September 2015, compared with net cash used in investing activities of \$0.2 million for the third quarter ended 30 September 2014. The major inflows for the third quarter ended 30 September 2015 related to the repayment of loan by a joint venture, Lakehomes Pte Ltd, of \$3.9 million and the proceeds received from the disposal of property, plant and equipment. The inflows were partially offset the purchase of new property, plant and equipment of \$0.2 million during the third quarter ended 30 September 2015.

Net cash used in financing activities

The net cash used in financing activities was \$0.6 million for the third quarter ended 30 September 2015, compared with \$0.2 million for the third quarter ended 30 September 2014. The major outflows related to interim dividends of \$0.3 million paid to shareholders and repayment of finance lease liabilities and interest payments of \$0.3 million in the third quarter ended 30 September 2015.





**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	Non-controlling interests	Total equity
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

The Group

<b>As at 1 Jan 2015</b>	36,832	(19)	1,372	60,070	98,255	50	98,305
Total comprehensive income for the period	-	(1)	-	1,126	1,125	(1)	1,124
<b>As at 31 Mar 2015</b>	36,832	(20)	1,372	61,196	99,380	49	99,429
Total comprehensive income for the period	-	11	-	2,948	2,959	-	2,959
Effect of changes in shareholdings in a subsidiary	-	-	-	49	49	(49)	-
Dividend relating to FY2014	-	-	-	(308)	(308)	-	(308)
<b>As at 30 Jun 2015</b>	36,832	(9)	1,372	63,885	102,080	-	102,080
Total comprehensive income for the period	-	(43)	-	997	954	-	954
Interim dividend relating to FY2015	-	-	-	(308)	(308)	-	(308)
<b>As at 30 Sep 2015</b>	36,832	(52)	1,372	64,574	102,726	-	102,726



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

The Group

<b>As at 1 Jan 2014</b>	36,832	(7)	1,372	58,454	96,651	52	96,703
Total comprehensive income for the period	-	(29)	-	1,066	1,037	(1)	1,036
<b>As at 31 Mar 2014</b>	36,832	(36)	1,372	59,520	97,688	51	97,739
Total comprehensive income for the period	-	34	-	345	379	-	379
Dividend relating to FY2013	-	-	-	(925)	(925)	-	(925)
<b>As at 30 Jun 2014</b>	36,832	(2)	1,372	58,940	97,142	51	97,193
Total comprehensive income for the period	-	(26)	-	281	255	(1)	254
<b>As at 30 Sep 2014</b>	36,832	(28)	1,372	59,221	97,397	50	97,447



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

The Company

<b>As at 1 Jan 2015</b>	36,832	3,796	40,628	-	40,628
Total comprehensive income for the period	-	180	180	-	180
<hr/>					
<b>As at 31 Mar 2015</b>	36,832	3,976	40,808	-	40,808
Total comprehensive income for the period	-	95	95	-	95
Dividend relating to FY2014	-	(308)	(308)	-	(308)
<hr/>					
<b>As at 30 Jun 2015</b>	36,832	3,763	40,595	-	40,595
Total comprehensive income for the period	-	484	484	-	484
Interim dividend relating to FY2015	-	(308)	(308)	-	(308)
<hr/>					
<b>As at 30 Sep 2015</b>	36,832	3,939	40,771	-	40,771



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

The Company

<b>As at 1 Jan 2014</b>	36,832	3,824	40,656	-	40,656
Total comprehensive income for the period	-	142	142	-	142
<b>As at 31 Mar 2014</b>	36,832	3,966	40,798	-	40,798
Total comprehensive income for the period	-	194	194	-	194
Dividend relating to FY2013	-	(925)	(925)	-	(925)
<b>As at 30 Jun 2014</b>	36,832	3,235	40,067	-	40,067
Total comprehensive income for the period	-	134	134	-	134
<b>As at 30 Sep 2014</b>	36,832	3,369	40,201	-	40,201



**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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**

There have been no changes in the issued share capital of the Company since 30 June 2015.

Under the Share Buy Back Mandate which was approved by the Shareholders on 27 April 2015, no shares were bought back by the Company during the third quarter ended 30 September 2015.

There were no outstanding convertibles issued or treasury shares held by the Company as at 30 September 2015 and 30 September 2014.

**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 2015	31 Dec 2014
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

**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 2014.



**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 2015 or later periods and which the Group has not early adopted.

- Amendments to FRS 19: *Defined Benefit Plans: Employee Contributions* (effective for annual periods beginning on or after 1 January 2015)
- Amendment to FRS 102: *Share-based payment* (effective for annual periods beginning on or after 1 January 2015)
- Amendment to FRS 103: *Business Combinations* (effective for annual periods beginning on or after 1 January 2015)
- Amendments to FRS 108: *Operating Segments* (effective for annual periods beginning on or after 1 January 2015)
- Amendment to FRS 16: *Property, Plant and Equipment* (effective for annual periods beginning on or after 1 January 2015)
- Amendment to FRS 24: *Related Party Disclosures* (effective for annual periods beginning on or after 1 January 2015)
- Amendment to FRS 38: *Intangible Assets* (effective for annual periods beginning on or after 1 January 2015)
- Amendments to FRS 113: *Fair Value Measurement* (effective for annual periods beginning on or after 1 January 2015)
- Amendment to FRS 40: *Investment Property* (effective for annual periods beginning on or after 1 January 2015)

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 nor any material impact on the financial statements of the Group for the current period.



**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)
	2015	2014		2015	2014	
	\$'000	\$'000	%	\$'000	\$'000	%
Net profit attributable to equity holders of the Company (\$'000)	997	281	254.8	5,071	1,692	199.7
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)	0.32	0.09	255.6	1.64	0.55	198.2
Diluted earnings per share (cents)	0.32	0.09	255.6	1.64	0.55	198.2

**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 2015	As at 31 Dec 2014	As at 30 Sep 2015	As at 31 Dec 2014	The Group	The Company
Net tangible assets (\$'000)	100,951	96,427	40,762	40,613	4.7	0.4
Number of shares	308,430,594	308,430,594	308,430,594	308,430,594	-	-
NTA per share (cents)	32.73	31.26	13.22	13.17	4.7	0.4



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 (Nine months ended 30 September 2015 vs nine months ended 30 September 2014)

	The Group					
	Current nine months ended 30 Sep 2015		Previous nine months ended 30 Sep 2014		Increase / (Decrease)	
	\$'000		\$'000		\$'000	%
Construction	57,892	73.5%	53,363	63.7%	4,529	8.5
Maintenance	20,902	26.5%	30,459	36.3%	(9,557)	(31.4)
<b>Total Revenue</b>	<b>78,794</b>	<b>100.0%</b>	<b>83,822</b>	<b>100.0%</b>	<b>(5,028)</b>	<b>(6.0)</b>

### Revenue

Our Group reported a 6.0% or \$5.0 million decrease in revenue to \$78.8 million in the nine months ended 30 September 2015 as compared to \$83.8 million in the nine months ended 30 September 2014. The decrease was due mainly to a 31.4% decrease in revenue from the maintenance segment to \$20.9 million, partially offset by a 8.5% increase in revenue from the construction segment to \$57.9 million.

The decrease in revenue from the maintenance segment was largely attributable to a lower percentage of revenue recognised from a few maintenance projects which were reaching completion during the nine months ended 30 September 2015.





The increase in revenue from the construction segment was due mainly to the higher percentage of revenue recognised from a number of both existing and newly awarded construction projects as they progressed to a more active phase in the nine months ended 30 September 2015.

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 73.5% (2014: 63.7%) and 26.5% (2014: 36.3%) respectively of our Group's revenue for the nine months ended 30 September 2015.

#### Cost of works

Our cost of works decreased by 10.3% or \$7.8 million from \$76.7 million for the nine months ended 30 September 2014 to \$68.9 million for the nine months ended 30 September 2015. The decrease in cost of works was due mainly to:

- (a) the decrease in labour costs due to a write-back of over-accrued labour costs made in 2014 and a drop in headcount, which was partially offset by levy and salary adjustments during the nine months ended 30 September 2015;
- (b) the decrease in the cost of construction materials due to lesser utilisation of materials resulting from the change in construction designs coupled with the decreases in the prices of some raw materials; and
- (c) 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 nine months ended 30 September 2015,

which were partially offset by:

- (d) an increase in preliminary costs and overheads costs such as professional fees and depreciation of property, plant and machinery during the nine months ended 30 September 2015. The increase in professional fees was related to the engagement of consultants to design the construction methods of our on-going projects.

#### Gross profit and gross profit margin

Consequently, our gross profit for the nine months ended 30 September 2015 increased by 40.1% or \$2.8 million from \$7.1 million for the nine months ended 30 September 2014 to \$9.9 million for the nine months ended 30 September 2015.

Our gross profit margin improved from 8.5% for the nine months ended 30 September 2014 to 12.6% for the nine months ended 30 September 2015.

The higher gross profit and gross profit margin for the nine months ended 30 September 2015 as compared to the nine months ended 30 September 2014 were largely attributable to the completion of a few maintenance projects which had commanded better gross profit and the recognition of variation orders for a construction project.



### Other income

Other income increased by \$0.6 million or 56.8% from \$1.0 million for the nine months ended 30 September 2014 to \$1.6 million for the nine months ended 30 September 2015. The increase was due mainly to a write-back of non-trade payables of \$0.4 million during the nine months ended 30 September 2015. This write-back of non-trade payables was a one-time exercise, as a result of the acquisition of the remaining 45% of the issued shares of a subsidiary from the non-controlling shareholders during the second quarter ended 30 June 2015. The remaining \$0.2 million increase in other income was due mainly to the gain from foreign exchange resulting from the strengthening of the US dollar against the Singapore dollar, increase in grants from the government and sale of construction materials during the nine months ended 30 September 2015.

### Administrative expenses

Administrative expenses decreased by \$0.3 million or 4.8% from \$6.3 million for the nine months ended 30 September 2014 to \$6.0 million for the nine months ended 30 September 2015. The decrease was largely attributable to (1) lower professional fees as a result of the conclusion of a suit against a sub-contractor, (2) a write-back of over-accrued employee compensation, and (3) a decrease in tender charges during the nine months ended 30 September 2015. The decrease was partially offset by higher directors' remuneration (including profit sharing) accrued as a result of the higher profit generated by the Group during the nine months ended 30 September 2015.

### Finance expenses

Finance expenses increased by \$6,000 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 2015.

### Share of results of associated companies and joint ventures

	The Group	
	Nine months ended 30 Sep 2015	Nine months ended 30 Sep 2014
	\$'000	\$'000
Share of profits of joint ventures <sup>(a)</sup>	24	280
Share of profits/(losses) of associated companies <sup>(b)</sup>	31	(193)
	55	87

#### (a) Share of profits of joint ventures

The share of profits of joint ventures decreased by \$0.2 million due mainly to the share of lower profits recognised by Forte Builder Pte Ltd ("FBPL"), which was partially offset by Chye Joo - Or Kim Peow JV commencing the recognition of profits for a construction project during the nine months ended 30 September 2015. The building construction project undertaken by FBPL had been substantially completed during the financial year ended 31 December 2014.



(b) Share of profits of associated companies

The increase in the share of profits of associated companies in the nine months ended 30 September 2015 was due mainly to the share of higher profits recognised from our 25% shareholding interest in United Singapore Builders Pte Ltd, which commenced the recognition of profits for a construction project during the nine months ended 30 September 2015.

Profit before income tax

Profit before income tax increased by \$3.7 million or 204.2% from \$1.8 million for the nine months ended 30 September 2014 to \$5.5 million for the nine months ended 30 September 2015. The increase was due mainly to (1) the increase in gross profit of \$2.8 million, (2) the increase in other income of \$0.6 million and (3) the decrease in administrative expenses of \$0.3 million, as explained above.

Income tax expense

Income tax expense increased by \$0.3 million or 267.6% from \$0.1 million in the nine months ended 30 September 2014 to \$0.4 million in the nine months ended 30 September 2015 due mainly to higher profit before income tax, as explained above.

The effective tax rates for the nine months ended 30 September 2015 and nine months ended 30 September 2014 were 7.4% and 6.2% respectively.

Due to the utilisation of capital allowances carried forward from prior years, the effective tax rate of 7.4% for the nine months ended 30 September 2015 was lower than the statutory tax rate of 17.0%.

The effective tax rate for the nine months ended 30 September 2014 was lower than the statutory tax rate of 17.0%. The lower effective tax rate was due mainly to (1) a refund of the over-provision of prior year's taxes from the tax authority, (2) an adjustment for over-provision of deferred tax liability charged in financial year ended 31 December 2013, (3) incentives from enhanced deduction for staff training under the Productivity and Innovation Credit scheme and (4) statutory stepped income exemption for the nine months ended 30 September 2014.

Non-controlling interests

Non-controlling interests related to losses incurred by a subsidiary for the period from 1 January 2015 to 31 May 2015.

Net profit

Overall, for the nine months ended 30 September 2015, net profit increased by \$3.4 million or 200.0%, from \$1.7 million for the nine months ended 30 September 2014 to \$5.1 million for the nine months ended 30 September 2015, following the increase in profit before income tax of \$3.7 million which was partially offset by the increase in income tax expense of \$0.3 million, as explained above.

Our net profit margin increased from 2.0% for the nine months ended 30 September 2014 to 6.4% for the nine months ended 30 September 2015.



**Income Statement Review (Third Quarter ended 30 September 2015 vs Third Quarter ended 30 September 2014)**

	The Group					
	Current third quarter ended 30 Sep 2015		Previous third quarter ended 30 Sep 2014		Increase / (Decrease)	
	\$'000		\$'000		\$'000	%
Construction	17,486	72.2%	17,274	66.0%	212	1.2
Maintenance	6,722	27.8%	8,884	34.0%	(2,162)	(24.3)
<b>Total Revenue</b>	<b>24,208</b>	<b>100.0%</b>	<b>26,158</b>	<b>100.0%</b>	<b>(1,950)</b>	<b>(7.5)</b>

Revenue

Our Group registered revenue of \$24.2 million in the third quarter ended 30 September 2015 as compared to \$26.2 million in the third quarter ended 30 September 2014. The decrease in revenue from the maintenance segment was partially offset by a marginal increase in revenue from the construction segment.

The decrease in revenue from the maintenance segment was largely attributable to a lower percentage of revenue recognised from a few maintenance projects which were reaching completion during the third quarter ended 30 September 2015.

Revenue from the construction segment was \$17.5 million and \$17.3 million in the third quarters ended 30 September 2015 and 30 September 2014 respectively.

Cost of works

Our cost of works decreased by 11.8% or \$2.8 million from \$24.0 million for the third quarter ended 30 September 2014 to \$21.2 million for the third quarter ended 30 September 2015. The decrease in cost of works was due mainly to:

- (a) the decrease in labour costs due to a drop in headcount, which was partially offset by salary adjustment during the third quarter ended 30 September 2015; and
- (b) the decrease in the cost of construction materials due to lesser utilisation of materials resulting from better design and project implementation and decreases in the prices of some raw materials,
- (c) 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 2015,

which were partially offset by:



- (d) an increase in preliminary costs and overheads costs such as professional fees and depreciation of property, plant and machinery during the nine months ended 30 September 2015. The increase in professional fees was related to the engagement of consultants to design the construction methods of our on-going projects during the third quarter ended 30 September 2015.

#### Gross profit and gross profit margin

Consequently, our gross profit increased by \$0.9 million or 42.1% from \$2.1 million for the third quarter ended 30 September 2014 to \$3.0 million for the third quarter ended 30 September 2015.

Our gross profit margin improved from 8.1% for the third quarter ended 30 September 2014 to 12.5% for the third quarter ended 30 September 2015.

The higher gross profit and gross profit margin for the third quarter ended 30 September 2015 as compared to the third quarter ended 30 September 2014 were largely attributable to the completion of a few maintenance projects which had commanded better gross profit margins in the third quarter ended 30 September 2015.

#### Other income

Other income decreased by \$0.2 million or 70.1% from \$0.3 million for the third quarter ended 30 September 2014 to \$0.1 million for the third quarter ended 30 September 2015. The decrease was due mainly to cessation of interest charge on a loan extended to an associated company since 1 March 2015 and a decrease in sale of construction materials during the third quarter ended 30 September 2015.

#### Administrative expenses

Administrative expenses decreased by \$0.1 million or 4.1% from \$2.1 million for the third quarter ended 30 September 2014 to \$2.0 million for the third quarter ended 30 September 2015. The decrease was largely attributable to the lower professional fees as a result of the conclusion of a suit against a sub-contractor. The decrease was partially offset by the higher directors' remuneration (including profit sharing) and staff costs accrued as a result of the higher profit generated by the Group during the third quarter ended 30 September 2015.

#### Finance expenses

Finance expenses increased by \$2,000 due mainly to an increase in finance leases for the purpose of financing the acquisition of plant and equipment to support new projects in the third quarter ended 30 September 2015.

#### Share of results of associated companies and joint ventures

The share of losses of investments in the third quarter ended 30 September 2015 was due mainly to losses incurred by a joint venture during the third quarter ended 30 September 2015.



### Profit before income tax

Profit before income tax increased by \$0.7 million or 213.3% from \$0.3 million in the third quarter ended 30 September 2014 to \$1.0 million in the third quarter ended 30 September 2015. The increase was due mainly to (1) the increase in gross profit of \$0.9 million and (2) the decrease in administrative expenses of \$0.1 million, which were partially offset by (1) the decrease in other income of \$0.2 million and (2) the decrease in share of results of investments of \$26,000, as explained above.

### Income tax expense

Income tax expense remained at \$60,000 for the third quarters ended 30 September 2014 and 30 September 2015.

The effective tax rates for the third quarter ended 30 September 2015 and third quarter ended 30 September 2014 were 5.9% and 17.2% respectively.

The effective tax rate for the third quarter ended 30 September 2015 was lower than the statutory tax rate of 17.0% due to the utilisation of capital allowances carried forward from prior years during the third quarter ended 30 September 2015.

The effective tax rate for the third quarter ended 30 September 2014 was comparable to the statutory tax rate of 17%.

### Net profit

Overall, for the third quarter ended 30 September 2015, net profit increased by \$0.7 million or 256.1% to \$1.0 million as compared to \$0.3 million for the third quarter ended 30 September 2014, following the increase in profit before income tax of \$0.7 million which was partially offset by the increase in income tax expense of \$4,000, as explained above.

Our net profit margin increased from 1.1% for the third quarter ended 30 September 2014 to 4.1% for the third quarter ended 30 September 2015.

## **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 2015 from what was previously discussed under paragraph 10 of the Company's financial statements for the second quarter ended 30 June 2015.



**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

For the third quarter of 2015, advance estimates by the Ministry of Trade and Industry (“MTI”) indicated that Singapore’s economy grew 1.4% on a year-on-year (“y-o-y”) basis. The growth eased from the 2.0% rate achieved in the previous quarter.

Industry outlook

The MTI estimated Singapore’s construction sector to have expanded by 1.6% on a y-o-y basis. This was a moderation from the 2.0% growth registered in the previous quarter, largely as a result of weaker construction activities in the private sector.

Changi Airport’s future Terminal 5 is a large infrastructure project that will include a third runway, taxiways and underground tunnels. The project is expected to cost multi-billion dollars. As such, we expect to benefit from the construction and civil engineering opportunities arising from the project.

The general business environment remains challenging as a result of rising business costs coupled with a tightened labour supply of experienced and skilled manpower.

Company outlook and order book update

We remain optimistic on the outlook for the rest of 2015, given the pipeline of contracts totalling \$196.7 million which were secured during the year. The projects include a \$12.7 million contract by JTC Corporation (“JTC”) for road extension, drain and sewer works at Woodlands Avenue 4, a \$20.4 million contract from JTC for the construction of roads, drains and sewers and soil improvement works at Tuas South Avenue 7/14, two Land Transport Authority (“LTA”) contracts amounting to \$143.9 million for the construction of sheltered linkways, and a \$19.7 million contract from the LTA for the improvement of road related facilities, road structures and road safety schemes in the East Sector of Singapore.

As at the date of this announcement, our net construction order book stood at \$266.4 million (2014: \$186.7 million), with contracts extending to 2019.

For our property development and investment business, we remain committed in our efforts to market the units of the 109-unit freehold residential development, Amber Skye. We hold a 10% minority interest in the property’s developer, CS Amber Development Pte Ltd, which is a subsidiary of China Sonangol Land Pte. Ltd..

In addition, we have a 10% stake in a property development joint venture, Lakehomes Pte Ltd, which had successfully launched the Executive Condominium (“EC”), Lake Life, on 4 October 2014. The EC, located in Jurong, is the first to be developed on the Western side of Singapore in 17 years and has achieved an impressive sell-out rate.

While we continue to build our capabilities and focus on strengthening our core businesses of construction and maintenance, we will also actively seek new opportunities to grow our business in Singapore and overseas.



**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/recommendeded, a statement to that effect**

No dividend has been declared/recommendeded for the third quarter ended 30 September 2015.

**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 third quarter ended 30 September 2015.

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 2015

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 2015 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

Or Toh Wat  
Group Managing Director  
30 October 2015