



**Third Quarter and
Nine Months Financial
Statement for the Period
Ended 30 September 2016**

8 November 2016

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Third Quarter and Nine Months Financial Statement for the Period Ended 30 September 2016
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)
	2016	2015		2016	2015	
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	28,062	24,208	15.9	76,650	78,794	(2.7)
Cost of works	(23,984)	(21,189)	13.2	(65,501)	(68,869)	(4.9)
Gross profit	4,078	3,019	35.1	11,149	9,925	12.3
Other income	310	98	216.3	2,191	1,574	39.2
Expenses						
- Administrative	(2,311)	(1,994)	15.9	(6,641)	(6,030)	10.1
- Finance	(19)	(15)	26.7	(51)	(46)	10.9
Share of results of associated companies and joint ventures	215	(49)	538.8	483	55	778.2
Profit before income tax	2,273	1,059	114.6	7,131	5,478	30.2
Income tax expense	(297)	(62)	379.0	(813)	(408)	99.3
Net profit	1,976	997	98.2	6,318	5,070	24.6
Gross profit margin	14.5%	12.5%		14.5%	12.6%	
Net profit margin	7.0%	4.1%		8.2%	6.4%	
Effective tax rate	13.1%	5.9%		11.4%	7.4%	
Net profit attributable to:						
Equity holders of the Company	1,976	997	98.2	6,318	5,071	24.6
Non-controlling interests	-	-	-	-	(1)	n.m.
	1,976	997	98.2	6,318	5,070	24.6

n.m. : not meaningful.



(i) Consolidated Statement of comprehensive income for the third quarter and nine months ended 30 September 2016

Note	The Group			The Group		
	Third Quarter ended 30 Sep		Increase/ (Decrease)	Nine Months ended 30 Sep		Increase/ (Decrease)
	2016	2015		2016	2015	
	\$'000	\$'000	%	\$'000	\$'000	%
Net profit	1,976	997	98.2	6,318	5,071	24.6
Other comprehensive income:						
Financial assets, available-for-sale - Fair value gains/ (losses), net of tax	1	(43)	102.3	24	(33)	172.7
Total comprehensive income	1,977	954	107.2	6,342	5,038	25.9
Total comprehensive income attributable to:						
Equity holders of the Company	1,977	954	107.2	6,342	5,039	25.9
Non-controlling interests	-	-	-	-	(1)	n.m.
	1,977	954	107.2	6,342	5,038	25.9

Note:

(i) Fair value gains/(losses) 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)
	2016	2015		2016	2015	
	\$'000	\$'000	%	\$'000	\$'000	%
<u>After charging:-</u>						
Non-audit fee paid to the auditors of the Company	6	8	(25.0)	23	21	9.5
Amortisation of intangible assets	2	2	-	8	6	33.3
Depreciation of property, plant and equipment	167	160	4.4	485	481	0.8
Non-trade receivables written off	-	-	-	2	-	n.m.
Directors' remuneration						
- Directors of the Company	867	705	23.0	2,460	2,234	10.1
- Other Directors	107	109	(1.8)	321	327	(1.8)
Directors' fee	45	45	-	135	135	-
Interest paid and payable						
- Finance lease liabilities	19	15	26.7	51	46	10.9
Employees compensation cost	640	579	10.5	2,059	1,663	23.8
<u>Included in the cost of works are the following:-</u>						
Depreciation of property, plant and equipment	552	618	(10.7)	1,570	1,789	(12.2)
Amortisation of intangible assets	18	16	12.5	50	47	6.4
Employees compensation cost	6,580	6,139	7.2	19,073	17,451	9.3

n.m. - not meaningful



Note	The Group			The Group		
	Third Quarter ended 30 Sep		Increase/ (Decrease)	Nine Months ended 30 Sep		Increase/ (Decrease)
	2016	2015		2016	2015	
	\$'000	\$'000	%	\$'000	\$'000	%
<u>After crediting:-</u>						
Interest income						
- Bank deposits	171	90	90.0	453	179	153.0
- Financial asset, available for-sale	12	13	(7.7)	38	38	-
- Other receivables (non-current)	-	-	-	-	88	n.m.
Net gain on disposal of property, plant and equipment	18	29	(37.9)	54	72	(25.0)
(Loss)/gain on foreign exchange	30	128	(76.6)	(128)	201	(163.7)
Non-trade payables written off	-	-	-	-	438	n.m.
Technical management consultancy fee	-	-	-	1,229	-	n.m.
Rental income from investment properties	47	48	(2.1)	142	143	(0.7)
Government grant	20	25	(20.0)	368	199	84.9

Notes:

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

n.m. - not meaningful.



(iii) Extraordinary/Exceptional items

Nil

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

The Group	
30 Sep 2016	30 Sep 2015
\$'000	\$'000

Tax expense attributable to profit is made up of:

- Profit from current financial period:

- Current income tax - Singapore
- Deferred income tax

792	336
22	14
814	350

- (Over)/under provision of deferred income tax in prior financial periods:

- Current income tax - Singapore
- Deferred income tax

(1)	58
-	-
(1)	58
813	408



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 2016	31 Dec 2015	30 Sep 2016	31 Dec 2015
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current assets					
	Cash and cash equivalents	67,478	54,689	3,980	3,283
	Trade and other receivables	23,948	24,454	3,313	6,629
	Construction contract works-in-progress	1,260	4,238	-	-
		92,686	83,381	7,293	9,912
Non-current assets					
	Investments in subsidiary corporations	-	-	17,522	17,522
	Investments in joint ventures	3,003	2,988	-	-
	Investments in associated companies	1,052	651	-	-
	Investment properties	5,250	5,250	-	-
	Other receivables	24,759	24,532	18,107	17,844
	Financial assets, available-for-sale	1,014	990	-	-
	Property, plant and equipment	18,956	18,205	5,293	5,512
	Intangible assets	1,732	1,771	12	20
		55,766	54,387	40,934	40,898
	Total assets	148,452	137,768	48,227	50,810
LIABILITIES					
Current liabilities					
	Trade and other payables	37,391	29,314	6,666	6,867
	Finance lease liabilities	1,110	950	-	-
	Current income tax liabilities	897	549	42	65
		39,398	30,813	6,708	6,932
Non-current liabilities					
	Finance lease liabilities	1,998	1,637	-	-
	Deferred income tax liabilities	653	631	19	49
		2,651	2,268	19	49
	Total liabilities	42,049	33,081	6,727	6,981
	NET ASSETS	106,403	104,687	41,500	43,829
EQUITY					
Capital and reserves attributable to equity holders of the Company					
	Share capital	36,832	36,832	36,832	36,832
	Other reserves	1,372	1,348	-	-
	Retained profits	68,199	66,507	4,668	6,997
	Total equity	106,403	104,687	41,500	43,829
	Net tangible assets	104,671	102,916	41,488	43,809



Notes to Statements of Financial Position:

(i) Trade and other receivables

	The Group		The Company	
	30 Sep 2016	31 Dec 2015	30 Sep 2016	31 Dec 2015
	\$'000	\$'000	\$'000	\$'000
Trade receivables				
- Non-related parties	3,816	2,364	-	-
- Subsidiary corporations	-	-	3,231	6,517
	3,816	2,364	3,231	6,517
Construction contracts				
- Due from customers	15,338	15,901	-	-
- Retentions	2,130	4,533	-	-
	17,468	20,434	-	-
Non-trade receivables				
- Subsidiary corporations	-	-	720	767
- Joint venture partner	3	3	-	-
- Non-related parties	575	76	6	6
	578	79	726	773
Less: Allowance for impairment of receivables	-	-	(688)	(688)
Non-trade receivables - net	578	79	38	85
Deposits	1,030	577	7	7
Prepayments	1,056	1,000	37	20
	<u>23,948</u>	<u>24,454</u>	<u>3,313</u>	<u>6,629</u>

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

(ii) Investments in subsidiary corporations

	The Company	
	30 Sep 2016	31 Dec 2015
	\$'000	\$'000
Equity investments at cost	17,522	17,522



Name of subsidiary corporations	Principal activities	Country of incorporation	Equity holding	
			30 Sep 2016	31 Dec 2015

Held by the Company

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

(@) Audited by Nexia TS Public Accounting Corporation.

(*) Dormant company.

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



(iii) Investments in joint ventures

The Group	
30 Sep 2016	31 Dec 2015
\$'000	\$'000

Interests in joint ventures

Beginning of financial period/year	2,988	3,262
Share of profit of investments accounted for using the equity method	82	48
Notional fair value of loan (net)	(67)	(322)
End of financial period/year	3,003	2,988

Name of joint ventures	Principal activities	Country of incorporation	Equity holding	
			30 Sep 2016	31 Dec 2015

Held by subsidiary corporations

Incorporated joint ventures

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

Unincorporated joint ventures

Chye Joo – Or Kim Peow JV ^{(*)(4)}	Business of general construction	Singapore	50%	50%
ACSET-OKP ^{(&)(5)}	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 and not required to be audited in the country of establishment.

(1) CS-OKP Construction and Development Pte Ltd ("CS-OKP"), incorporated in Singapore on 1 December 2009, remained inactive as at 30 September 2016. 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 (2015: \$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 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 corporation, has a 10% equity interest at a cost of \$100,000 in LH. The principal activity of LH is to develop a land parcel at Yuan Ching Road/Tao Ching Road into an executive condominium. On 13 September 2013, OKPL entered into a joint venture agreement with BBR Development Pte Ltd, Evia Real Estate (5) Pte Ltd, CNH Investment Pte Ltd and Ho Lee Group Pte Ltd for the aforesaid executive condominium development.
- (4) On 4 May 2015, a joint venture partnership, Chye Joo - Or Kim Peow JV was registered to execute the improvement to Bukit Timah First Diversion Canal Contract 3 (Holland Green to Clementi Road) awarded by the Public Utilities Board.
- (5) On 21 September 2015, OKP (Oil & Gas) Infrastructure Pte Ltd ("OKP O&G"), a wholly-owned subsidiary corporation, had through its Jakarta representative office entered into a joint operation agreement with PT Acset Indonusa Tbk, pursuant to which OKP O&G and PT Acset Indonusa Tbk constituted themselves as a joint venture 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 joint operation agreement was terminated on 3 May 2016.

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 limited companies and partnership such that the Group and the parties to the agreements have the rights to the net assets of the 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	
	30 Sep 2016	31 Dec 2015
	\$'000	\$'000
Assets		
- Current assets	259,041	258,830
Liabilities		
- Current liabilities	(63,212)	(66,786)
- Non-current liabilities	(185,032)	(181,533)
Net assets	10,797	10,511
Revenue	29,495	9,244
Expenses	(29,269)	(9,109)
Profit before income tax	226	135
Income tax expense	(1)	(4)
Net profit	225	131

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

The Group has not recognised its share of profits of a joint venture, Lakehomes Pte Ltd amounting to \$6,226 (30 September 2015: \$3,954) as the Group's cumulative share of losses has exceeded its interest in the entity and the Group has no obligation in respect of those losses. The cumulative unrecognised losses of this entity are \$45,330 (30 September 2015: \$51,175) at the balance sheet date.



(iv) Investments in associated companies

The Group	
30 Sep 2016	31 Dec 2015
\$'000	\$'000

Interests in associated companies

Beginning of financial period/year	651	71
Increase in shareholding in an associated company	-	500
Share of profit of associated companies	401	80
End of financial period/year	1,052	651

Name of associated companies	Principal activities	Country of incorporation	Equity holding	
			30 Sep 2016	31 Dec 2015

Held by subsidiary corporations

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

(@) Audited by PricewaterhouseCoopers LLP.

(#) Audited by Nexia TS Public Accounting Corporation.

- (1) On 27 June 2012, OKP Land Pte Ltd ("OKPL"), a wholly-owned subsidiary corporation, entered into an investment agreement with CS Amber Development Pte Ltd ("CSAmber") and 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.



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 2016	31 Dec 2015
	\$'000	\$'000
Assets	277,922	253,975
Liabilities	(289,522)	(256,179)
Revenue	36,811	14,214
Net profit/(loss)	1,543	(3,614)

The Group has not recognised its share of losses of an associated company, CS Amber Development Pte Ltd amounting to \$6,451 (30 September 2015: \$286,177) 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 \$467,569 (30 September 2015: \$352,384) at the balance sheet date.

(v) Investment properties

	The Group	The Group
	30 Sep 2016	31 Dec 2015
	\$'000	\$'000
Beginning of financial period/year	5,250	5,140
Fair value gain recognised in profit and loss	-	110
End of financial period/year	5,250	5,250

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 2016	31 Dec 2015	30 Sep 2016	31 Dec 2015
	\$'000	\$'000	\$'000	\$'000
Loan to associated company				
- CS Amber Development Pte Ltd	19,680	19,680	-	-
Less: Allowance for impairment	(650)	(650)	-	-
	19,030	19,030	-	-
Loan to joint venture				
- Lakehomes Pte Ltd	5,729	5,502	-	-
Loan to subsidiary corporation	-	-	18,107	17,844
	<u>24,759</u>	<u>24,532</u>	<u>18,107</u>	<u>17,844</u>

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



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

The Group	
30 Sep 2016	31 Dec 2015
\$'000	\$'000

Beginning of financial period/year	990	995
Fair value gains/(losses) recognised in other comprehensive income	24	(5)
End of financial period/year	1,014	990

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

Listed debt securities

- Bonds with fixed interest of 5.125% p.a. without fixed maturity - Singapore	1,014	990
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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 2016	31 Dec 2015	30 Sep 2016	31 Dec 2015
\$'000	\$'000	\$'000	\$'000

Composition:

Goodwill arising on consolidation	1,688	1,688	-	-
Computer software licences	44	83	12	20
	<u>1,732</u>	<u>1,771</u>	<u>12</u>	<u>20</u>

(a) Goodwill arising on consolidation

Cost/net book value

Beginning and end of financial period/year	<u>1,688</u>	<u>1,688</u>	<u>-</u>	<u>-</u>
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This represents goodwill on consolidation which is the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired.

(b) Computer software licences

<i>Cost</i>				
Beginning of financial period/year	369	353	55	39
Additions	19	16	-	16
End of financial period/year	<u>388</u>	<u>369</u>	<u>55</u>	<u>55</u>
<i>Accumulated amortisation</i>				
Beginning of financial period/year	286	212	35	24
Amortisation charge	58	74	8	11
End of financial period/year	<u>344</u>	<u>286</u>	<u>43</u>	<u>35</u>
Net book value	<u>44</u>	<u>83</u>	<u>12</u>	<u>20</u>

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



(ix) Trade and other payables

	The Group		The Company	
	30 Sep 2016	31 Dec 2015	30 Sep 2016	31 Dec 2015
	\$'000	\$'000	\$'000	\$'000
Trade payables				
- Non-related parties	20,678	15,549	81	92
Non-trade payables				
- Subsidiary corporations	-	-	5,347	5,347
- Joint venture partner	50	50	-	-
	50	50	5,347	5,347
Construction contracts				
- Advances received	2,629	-	-	-
Accrued operating expenses	13,905	13,581	1,238	1,428
Other payables	129	134	-	-
	<u>37,391</u>	<u>29,314</u>	<u>6,666</u>	<u>6,867</u>

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



(x) Other reserves

The Group	
30 Sep 2016	31 Dec 2015
\$'000	\$'000

(a) **Composition:**

Fair value reserve	-	(24)
Asset revaluation reserve	1,372	1,372
	<u>1,372</u>	<u>1,348</u>

(b) **Movements:**

Fair value reserve

Beginning of financial period /year	(24)	(19)
Financial asset – available-for-sale -Fair value gains/(losses)	24	(5)
End of financial period/year	<u>-</u>	<u>(24)</u>

Asset revaluation reserve

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



Explanatory Notes:

(i) Current assets

Current assets increased by \$9.3 million, from \$83.4 million as at 31 December 2015 to \$92.7 million as at 30 September 2016. The increase was attributable to:

- (a) an increase in cash and cash equivalents of \$12.8 million. This was due mainly to the cash generated from operations for the nine months ended 30 September 2016 of \$19.8 million, which was partially offset by cash used in investing activities of \$1.2 million, cash used in payment of dividends to shareholders of \$4.6 million, and repayment of finance lease liabilities and servicing of interest payments of \$1.2 million,

which was partially offset by:

- (b) a decrease in construction contract work-in-progress of \$3.0 million due mainly to lower unbilled amounts expected to be collected from customers for contract work performed up till 30 September 2016 as compared to 31 December 2015; and
- (c) a decrease in trade and other receivables of \$0.5 million due to release of retention monies by a customer, which was partially offset by an increase in trade receivables. This related to revenue that had been billed, arising from progress claims certified by customers during the nine months ended 30 September 2016.

(ii) Non-current assets

Non-current assets increased by \$1.4 million, from \$54.4 million as at 31 December 2015 to \$55.8 million as at 30 September 2016. The increase was attributable to:

- (a) an increase in property, plant and equipment of \$0.8 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 other receivables of \$0.2 million arising from a loan of \$0.16 million and a notional fair value adjustment of loan extended to a joint venture, Lakehomes Pte Ltd; and
- (c) an increase in investments in associated companies of \$0.4 million arising from the share of profit of an associated company, United Singapore Builders Pte Ltd,

during the nine months ended 30 September 2016.

(iii) Current liabilities

Current liabilities increased by \$8.6 million, from \$30.8 million as at 31 December 2015 to \$39.4 million as at 30 September 2016. The increase was due mainly to:

- (a) an increase in trade and other payables of \$8.1 million arising from (1) an advance of \$2.6 million received from a customer for an on-going project and (2) billings received from sub-contractors and suppliers for work done and materials supplied towards the end of the month of September 2016;
- (b) 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 2016; and
- (c) an increase in current income tax liabilities of \$0.3 million due to higher tax provision resulting from higher profits generated during the nine months ended 30 September 2016.



(iv) Non-current liabilities

Non-current liabilities increased by \$0.4 million, from \$2.3 million as at 31 December 2015 to \$2.7 million as at 30 September 2016. 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 2016.

(v) Shareholders' equity

Shareholders' equity, comprising share capital, other reserves and retained profits, increased by \$1.7 million, from \$104.7 million as at 31 December 2015 to \$106.4 million as at 30 September 2016. The increase was largely attributable to:

- (a) the profit generated from operations of \$6.3 million for the nine months ended 30 September 2016,

which was partially offset by:

- (b) the dividend payment to shareholders of \$4.6 million (2015: \$0.6 million) during the nine months ended 30 September 2016.

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 2016		As at 31 Dec 2015	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
1,110	-	950	-

- (b) Amount repayable after one year

As at 30 Sep 2016		As at 31 Dec 2015	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
1,998	-	1,637	-

- (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	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Net profit	1,976	997	6,318	5,070
Adjustments for:				
- Income tax expense	297	62	813	408
- Depreciation of property, plant and equipment	719	778	2,055	2,270
- Amortisation of intangible assets	20	18	58	53
- Gain on disposal of property, plant and equipment	(18)	(29)	(54)	(72)
- Share of (profit)/loss of investments accounted for using the equity method	(215)	49	(483)	(55)
- Interest income	(183)	(103)	(491)	(305)
- Interest expense	19	15	51	46
Operating cash flow before working capital changes	2,615	1,787	8,267	7,415
Change in working capital				
- Trade and other receivables	(4,583)	4,305	506	10,056
- Construction contract work-in-progress	(44)	(964)	2,978	2,074
- Trade and other payables	3,942	(578)	8,076	(3,909)
Cash generated from operations	1,930	4,550	19,827	15,636
- Interest received	171	90	453	179
- Income tax paid	(189)	(50)	(443)	(154)
Net cash generated from operating activities	1,912	4,590	19,837	15,661
Cash flows from investing activities				
- Additions to property, plant and equipment	(596)	(231)	(1,122)	(1,095)
- Additions to intangible assets	-	-	(19)	-
- Disposal of property, plant and equipment	34	29	102	97
- Advance to a joint venture	-	-	(160)	-
- Repayment of loans by a joint venture	-	3,950	-	3,950
- Investment in an associated company	-	-	-	(500)
- Interest received	12	13	38	38
Net cash (used in)/generated from investing activities	(550)	3,761	(1,161)	2,490



Consolidated statements of cash flows (Cont'd)

	The Group		The Group	
	Third Quarter ended 30 Sep		Nine Months ended 30 Sep	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Cash flows from financing activities				
- Repayment of finance lease liabilities	(596)	(240)	(1,210)	(779)
- Interest paid	(19)	(15)	(51)	(46)
- Dividend paid to shareholders	(1,542)	(308)	(4,626)	(616)
- Bank deposits pledged	(15)	(8)	656	(59)
Net cash used in financing activities	(2,172)	(571)	(5,231)	(1,500)
Net (decrease)/increase in cash and cash equivalents	(810)	7,780	13,445	16,651
Cash and cash equivalents at the beginning of the financial period	63,763	37,801	49,508	28,930
Cash and cash equivalents at the end of the financial period	62,953	45,581	62,953	45,581

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 2016	30 Sep 2015
	\$'000	\$'000
Cash at bank and on hand	15,720	29,006
Short-term bank deposits	51,758	21,713
Short-term bank deposits pledged to banks	67,478	50,719
	(4,525)	(5,138)
Cash and cash equivalents per consolidated statement of cash flows	62,953	45,581

Bank deposits of \$4,524,604 (30 September 2015: \$5,138,247) are pledged to banks for banking facilities of certain subsidiaries.



(ii) **Review of Cash Flows for the nine months ended 30 September 2016**

Net cash generated from operating activities

Our Group reported net cash generated from operating activities of \$19.8 million in the nine months ended 30 September 2016, an increase of \$4.1 million from net cash generated from operating activities of \$15.7 million in the nine months ended 30 September 2015. The net cash generated from operating activities comprise:

- (a) an increase in cash generated from operating activities before working capital changes of \$0.9 million;
- (b) an increase in net working capital inflow of \$3.2 million; and
- (c) an increase in interest received of \$0.3 million,

which were partially offset by:

- (d) an increase in income tax paid of \$0.3 million during the nine months ended 30 September 2016.

Net cash used in investing activities

Net cash used in investing activities of \$1.2 million was due to:

- (a) the purchase of new property, plant and equipment of \$1.1 million; and
- (b) an advance of \$0.16 million granted to a joint venture, Lakehomes Pte Ltd, during the nine months ended 30 September 2016,

which were partially offset by:

- (c) the proceeds received from the disposal of property, plant and equipment and interest income from the financial asset, available-for-sale during the nine months ended 30 September 2016.

Net cash used in financing activities

Net cash of \$5.2 million was used in financing activities in the nine months ended 30 September 2016. The major outflows for the nine months ended 30 September 2016 related to (1) dividend payments to shareholders of \$4.6 million, (2) repayment of finance lease liabilities of \$1.2 million, and (3) interest payments of \$51,000. The \$5.9 million outflow was partially offset by a decrease in pledged deposit of \$0.7 million as a result of the cancellation of a bank facility during the nine months ended 30 September 2016.

Overall, free cash and cash equivalents stood at \$63.0 million as at 30 September 2016, an increase of \$17.4 million, from \$45.6 million as at 30 September 2015. This works out to cash of 20.4 cents per share as at 30 September 2016 as compared to 14.8 cents per share as at 30 September 2015 (based on 308,430,594 issued shares as at 30 September 2016 and 30 September 2015).



(iii) **Review of cash flows for third quarter ended 30 September 2016**

Net cash generated from operating activities

Our Group's net cash generated from operating activities for the third quarter ended 30 September 2016 was \$1.9 million as compared to \$4.6 million for the third quarter ended 30 September 2015. The \$2.7 million decrease was due mainly to:

- (a) a decrease in net working capital inflow of \$3.5 million; and
- (b) an increase in income tax paid of \$0.1 million,

which were partially offset by:

- (c) an increase in cash generated from operating activities before working capital changes of \$0.8 million; and
- (d) an increase in interest received of \$0.1 million for the third quarter ended 30 September 2016.

Net cash used in investing activities

Net cash used in investing activities was \$0.6 million for the third quarter ended 30 September 2016, compared with net cash generated from investing activities of \$3.8 million for the third quarter ended 30 September 2015.

The major outflows for the third quarter ended 30 September 2016 related to the purchase of new property, plant and equipment, which was partially offset by interest received from financial assets and the proceeds received from the disposal of property, plant and equipment.

Net cash used in financing activities

The net cash used in financing activities was \$2.2 million for the third quarter ended 30 September 2016, compared with \$0.6 million for the third quarter ended 30 September 2015. The major outflows related to interim dividends of \$1.5 million paid to shareholders and repayment of finance lease liabilities and interest payments of \$0.7 million in the third quarter ended 30 September 2016.



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

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



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

As at 1 Jan 2015	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
As at 31 Mar 2015	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)
As at 30 Jun 2015	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)
As at 30 Sep 2015	36,832	(52)	1,372	64,574	102,726	-	102,726



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

The Company

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



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

The Company

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



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 2016.

Under the Share Buy Back Mandate which was approved by the Shareholders on 18 April 2016, no shares were bought back by the Company during the third quarter ended 30 September 2016.

There were no outstanding convertibles issued or treasury shares held by the Company as at 30 September 2016 and 30 September 2015.

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 2016	31 Dec 2015
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 2015.



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 2016 or later periods and which the Group has not early adopted.

- FRS 114 Regulatory Deferral Accounts
- Amendments to FRS 1 Disclosure Initiative
- Amendments to FRS 7: Disclosure Initiative
- Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to FRS 27 Equity Method in Separate Financial Statements
- Amendments to FRS 16 and FRS 38 Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to FRS 16 and FRS 41 Agriculture: Bearer Plants
- Amendments to FRS 111 Accounting for Acquisitions of Interests in Joint Operations
- Amendments to FRS 110, FRS 112 and FRS 28 Investment Entities: Applying the Consolidation Exception
- Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers
- Improvements to FRSs (November 2014)
 - Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations
 - Amendments to FRS 107 Financial Instruments: Disclosures
 - Amendment to FRS 19 Employee Benefits
 - Amendment to FRS 34 Interim Financial Reporting
- FRS 115 Revenue from Contracts with Customers
- FRS 116 Leases
- FRS 109 Financial Instruments
- Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to FRS 102 Classification and Measurement of Share-based Payment Transactions

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)
	2016	2015		2016	2015	
	\$'000	\$'000	%	\$'000	\$'000	%
Net profit attributable to equity holders of the Company (\$'000)	1,976	997	98.2	6,318	5,071	24.6
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)	0.64	0.32	100.0	2.05	1.64	25.0
Diluted earnings per share (cents)	0.64	0.32	100.0	2.05	1.64	25.0

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 2016	As at 31 Dec 2015	As at 30 Sep 2016	As at 31 Dec 2015	The Group	The Company
Net tangible assets (\$'000)	104,671	102,916	41,488	43,809	1.7	(5.3)
Number of shares	308,430,594	308,430,594	308,430,594	308,430,594	-	-
NTA per share (cents)	33.94	33.37	13.45	14.20	1.7	(5.3)



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 and gas related infrastructure for petrochemical plants and oil storage terminals as well as the maintenance of roads and roads related facilities and building construction-related works. We tender for both public and private civil engineering and infrastructure construction projects. We have expanded our core business to include property development and investment.

We have two core business segments: Construction and Maintenance.

Income Statement Review (Nine months ended 30 September 2016 vs nine months ended 30 September 2015)

	The Group					
	Current nine months ended 30 Sep 2016		Previous nine months ended 30 Sep 2015		Increase / (Decrease)	
	\$'000	%	\$'000	%	\$'000	%
Construction	64,318	83.9	57,892	73.5	6,426	11.1
Maintenance	12,332	16.1	20,902	26.5	(8,570)	(41.0)
Total Revenue	76,650	100.0	78,794	100.0	(2,144)	(2.7)

Revenue

Our Group reported a 2.7% or \$2.1 million decrease in revenue to \$76.7 million in the nine months ended 30 September 2016 as compared to \$78.8 million in the nine months ended 30 September 2015. The decrease was due mainly to a 41.0% decrease in revenue from the maintenance segment to \$12.3 million, partially offset by a 11.1% increase in revenue from the construction segment to \$64.3 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 2016.



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 2016.

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 83.9% (2015: 73.5%) and 16.1% (2015: 26.5%) respectively of our Group's revenue for the nine months ended 30 September 2016.

Cost of works

Our cost of works decreased by 4.9% or \$3.4 million from \$68.9 million for the nine months ended 30 September 2015 to \$65.5 million for the nine months ended 30 September 2016. The decrease in cost of works was due mainly to:

- (a) a 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,

which was partially offset by:

- (b) an increase in sub-contracting costs which were mainly costs incurred for specialised works such as bored piling, asphalt works, mechanical and electrical works, soil-testing, landscaping and metalworks which are usually sub-contracted to external parties. Due to the nature of works required, our current projects require a large portion of specialised works during the nine months ended 30 September 2016; and
- (c) an increase in labour costs largely due to the write-back of over-accrued labour costs in the nine months ended 30 September 2015 which did not recur in the nine months ended 30 September 2016.

Gross profit and gross profit margin

Consequently, our gross profit increased by 12.3% or \$1.2 million from \$9.9 million for the nine months ended 30 September 2015 to \$11.1 million for the nine months ended 30 September 2016.

Our gross profit margin improved from 12.6% for the nine months ended 30 September 2015 to 14.5% for the nine months ended 30 September 2016.

The higher gross profit and gross profit margin for the nine months ended 30 September 2016 as compared to the nine months ended 30 September 2015 were largely attributable to the completion of a few maintenance projects which had commanded better gross profit.



Other income

Other income increased by \$0.6 million or 39.2% from \$1.6 million for the nine months ended 30 September 2015 to \$2.2 million for the nine months ended 30 September 2016. The increase was due mainly to:

- (a) a technical management consultancy fee of \$1.2 million received in relation to a piling project in Jakarta, Indonesia during the nine months ended 30 September 2016;
- (b) an increase in interest income received of \$0.3 million due to higher interest earned from higher bank deposits during the nine months ended 30 September 2016; and
- (c) an increase in government grants of \$0.2 million which comprised wage credit payouts received from the Inland Revenue Authority of Singapore and incentives received from the Building and Construction Authority's Construction Engineering Capability Development Programme (CED Programme),

which were partially offset by:

- (d) the write-back of non-trade payables of \$0.4 million during the nine months ended 30 September 2015 which did not recur in the nine months ended 30 September 2016;
- (e) loss in foreign exchange resulting from the weakening of the US Dollar and Indonesian Rupiah against the Singapore Dollar during the nine months ended 30 September 2016; and
- (f) decrease in sale of construction materials and equipment hiring income from the rental of equipment and machinery during the nine months ended 30 September 2016.

Administrative expenses

Administrative expenses increased by \$0.6 million or 10.1% from \$6.0 million for the nine months ended 30 September 2015 to \$6.6 million for the nine months ended 30 September 2016. The increase was largely attributable to (1) higher directors' remuneration (including profit sharing) accrued as a result of the higher profit generated by the Group for the nine months ended 30 September 2016, and (2) the increase in staff costs due to salary adjustments.

Finance expenses

Finance expenses increased by \$5,000 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 2016.



Share of results of associated companies and joint ventures

	The Group	
	Nine months ended 30 Sep 2016	Nine months ended 30 Sep 2015
	\$'000	\$'000
Share of profits of associated companies ^(a)	401	31
Share of profits of joint ventures ^(b)	82	24
	<u>483</u>	<u>55</u>

(a) Share of profits of associated companies

The \$0.4 million increase in the share of profit of associated companies in the nine months ended 30 September 2016 was due mainly to our associated company, United Singapore Builders Pte Ltd, recognising further profits for a construction project secured during the financial year ended 31 December 2015.

(b) Share of profits of joint ventures

The share of profit of joint ventures increased by \$58,000 due mainly to recognition of higher profits for a construction project undertaken by Chye Joo – Or Kim Peow JV during the nine months ended 30 September 2016.

Profit before income tax

Profit before income tax increased by \$1.6 million or 30.2% from \$5.5 million for the nine months ended 30 September 2015 to \$7.1 million for the nine months ended 30 September 2016. The increase was due mainly to (1) the increase in gross profit of \$1.2 million, (2) the increase in other income of \$0.6 million and (3) the increase in share of profit of associated companies and joint ventures of \$0.4 million, which were partially offset by the increase in administrative expenses of \$0.6 million, as explained above.

Income tax expense

Income tax expense increased by \$0.4 million or 99.3% from \$0.4 million in the nine months ended 30 September 2015 to \$0.8 million in the nine months ended 30 September 2016 due mainly to higher profit before income tax, as explained above.

The effective tax rates for the nine months ended 30 September 2016 and nine months ended 30 September 2015 were 11.4% and 7.4% respectively.

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

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%.



Net profit

Overall, for the nine months ended 30 September 2016, net profit increased by \$1.2 million or 24.6%, from \$5.1 million for the nine months ended 30 September 2015 to \$6.3 million for the nine months ended 30 September 2016, following the increase in profit before income tax of \$1.6 million which was partially offset by the increase in income tax expense of \$0.4 million, as explained above.

Our net profit margin increased from 6.4% for the nine months ended 30 September 2015 to 8.2% for the nine months ended 30 September 2016.

Income Statement Review (Third Quarter ended 30 September 2016 vs Third Quarter ended 30 September 2015)

	The Group					
	Current third quarter ended 30 Sep 2016		Previous third quarter ended 30 Sep 2015		Increase / (Decrease)	
	\$'000	%	\$'000	%	\$'000	%
Construction	23,205	82.7	17,486	72.2	5,719	32.7
Maintenance	4,857	17.3	6,722	27.8	(1,865)	(27.7)
Total Revenue	28,062	100.0	24,208	100.0	3,854	15.9

Revenue

Our Group registered revenue of \$28.1 million in the third quarter ended 30 September 2016 as compared to \$24.2 million in the third quarter ended 30 September 2015. The increase in revenue from the construction segment was partially offset by a decrease in revenue from the maintenance segment.

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 during the third quarter ended 30 September 2016.

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 2016.



Cost of works

Our cost of works increased by 13.2% or \$2.8 million from \$21.2 million for the third quarter ended 30 September 2015 to \$24.0 million for the third quarter ended 30 September 2016. The increase in cost of works was due mainly to:

- (a) the increase in labour costs due to salary adjustment during the third quarter ended 30 September 2016; and
- (b) an increase in preliminary costs and overheads such as professional fees during the nine months ended 30 September 2016. The increase in professional fees related to the engagement of consultants to design the construction methods of our on-going projects during the third quarter ended 30 September 2016,

which were partially offset by.

- (c) a 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.

Gross profit and gross profit margin

Consequently, our gross profit increased by \$1.1 million or 35.1% from \$3.0 million for the third quarter ended 30 September 2015 to \$4.1 million for the third quarter ended 30 September 2016.

Our gross profit margin improved from 12.5% for the third quarter ended 30 September 2015 to 14.5% for the third quarter ended 30 September 2016.

The higher gross profit and gross profit margin for the third quarter ended 30 September 2016 as compared to the third quarter ended 30 September 2015 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 2016.

Other income

Other income increased by \$0.2 million or 216.3% from \$0.1 million for the third quarter ended 30 September 2015 to \$0.3 million for the third quarter ended 30 September 2016. The increase was due mainly to (1) higher interest earned from higher bank deposits and (2) an increase in equipment hiring income from the rental of equipment and machinery and sale of construction material during the third quarter ended 30 September 2016.

Administrative expenses

Administrative expenses increased by \$0.3 million or 15.9% from \$2.0 million for the third quarter ended 30 September 2015 to \$2.3 million for the third quarter ended 30 September 2016. The increase was largely attributable to 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 2016.



Finance expenses

Finance expenses increased by \$4,000 due mainly to an increase in finance leases for the purpose of financing the acquisition of plant and equipment to support new and existing projects in the third quarter ended 30 September 2016.

Share of results of associated companies and joint ventures

The \$0.2 million increase in the share of profits of investments in the third quarter ended 30 September 2016 was due mainly to some of the associated companies and joint ventures recognising higher construction profits during the third quarter ended 30 September 2016.

Profit before income tax

Profit before income tax increased by \$1.2 million or 114.6% from \$1.1 million in the third quarter ended 30 September 2015 to \$2.3 million in the third quarter ended 30 September 2016. The increase was due mainly to (1) the increase in gross profit of \$1.1 million, (2) the increase in other income of \$0.2 million and (3) the increase in share of results of investments of \$0.2 million, which were partially offset by the increase in administrative expenses of \$0.3 million, as explained above.

Income tax expense

Income tax expense for the third quarter ended 30 September 2016 increased by \$0.2 million or 379.0% from \$62,000 for the third quarter ended 30 September 2015 to \$0.3 million for the third quarter ended 30 September 2016.

The effective tax rates for the third quarter ended 30 September 2016 and third quarter ended 30 September 2015 were 13.1% and 5.9% respectively.

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

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.

Net profit

Overall, for the third quarter ended 30 September 2016, net profit increased by \$1.0 million or 98.2% to \$2.0 million as compared to \$1.0 million for the third quarter ended 30 September 2015, following the increase in profit before income tax of \$1.2 million which was partially offset by the increase in income tax expense of \$0.2 million, as explained above.

Our net profit margin increased from 4.1% for the third quarter ended 30 September 2015 to 7.0% for the third quarter ended 30 September 2016.

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 2016 from what was previously discussed under paragraph 10 of the Company's financial statements for the second quarter ended 30 June 2016.



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 advance estimates from the Ministry of Trade and Industry (“MTI”), the Singapore economy grew by 0.6% on a year-on-year basis (“y-o-y”) during the third quarter of 2016. This was sharply lower as compared to the growth of 2.0% registered during the immediate preceding quarter.

Industry outlook

The construction sector recorded a marginally slower growth rate of 2.5% on a y-o-y basis during the third quarter of 2016, as compared to 2.6% registered during the previous quarter. This was primarily due to the slowdown in construction activities in the private sector. Similarly, the sector’s pace of growth decelerated on a quarter-on-quarter basis, expanding only 0.5% compared to the 1.1% growth in the immediate preceding quarter.

The total worth of public sector projects reached \$18.65 billion in the first eight months of 2016 based on the Building and Construction Authority’s (“BCA”) forecast and actual construction demand released on 11 August 2016. Public sector building demand is likely to remain buoyant given the anticipated flow of projects in the coming years from housing and neighbourhood upgrading, MRT and transport infrastructure, and utilities. The BCA also estimated the total construction contracts to be awarded in 2016 to be between \$27.0 billion and \$32.0 billion, with about 65.0% coming from the public sector.

Over the medium-to-longer-term, major projects, including those relating to the North-South Corridor and the Changi Airport Terminal 5, are also expected to boost overall demand. Average construction demand is projected to be between \$26.0 billion and \$35.0 billion annually for 2017 and 2018, and \$26.0 billion to \$37.0 billion per year for 2019 and 2020.

Company outlook and order book update

There continues to be some pressure on our operations due to increasing business costs and a lower supply of skilled and experienced manpower. However, we are optimistic on the outlook, given the positive industry prospects over the long-term. We are also well-supported by the \$101.8 million worth of projects secured in 2016. The pipeline includes the new JTC contract worth \$19.3 million won in the third quarter of 2016. Going forward, we will remain active in tendering for new large-scale infrastructure projects in Singapore.

As at 30 September 2016, our net construction order book stood at \$366.6 million (30 September 2015: \$266.4 million), with revenue visibility extending to 2019.

Under the property development and investment segment, we hold a 10% minority interest in CS Amber Development Pte Ltd, which is the developer of our first residential property project - Amber Skye - and a subsidiary of China Sonangol Land Pte. Ltd.. We also hold a 10% stake in Lakehomes Pte Ltd – a property development joint venture – that launched the Lake Life Executive Condominium.

We remain committed to enhancing our capabilities and building on our established track record in the field of civil engineering. To broaden our revenue streams, we will continue to seek new business opportunities 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 2016.

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 during the third quarter ended 30 September 2016.

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 2016

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 2016 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
8 November 2016