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**First Quarter  
Financial Statements  
for the Period Ended  
31 March 2019**

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**6 May 2019**

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**First Quarter Financial Statements for the Period Ended 31 March 2019**
**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**
**1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year**

	The Group		Increase/ (Decrease)
	Current first quarter ended 31 Mar 2019	Previous first quarter ended 31 Mar 2018	
	\$'000	\$'000	
<b>Revenue</b>	19,175	23,041	(16.8)
Cost of sales	(15,462)	(17,410)	(11.2)
<b>Gross profit</b>	<b>3,713</b>	<b>5,631</b>	(34.1)
Other gains, net	600	129	365.1
Expenses			
- Administrative	(2,090)	(2,428)	(13.9)
- Finance	(362)	(25)	1,348.0
Share of (loss)/profit of associated companies and joint ventures	(531)	51	(1,141.2)
<b>Profit before income tax</b>	<b>1,330</b>	<b>3,358</b>	(60.4)
Income tax expense	(124)	(530)	(76.6)
<b>Net profit</b>	<b>1,206</b>	<b>2,828</b>	(57.4)
Gross profit margin	19.4%	24.4%	
Net profit margin	6.3%	12.3%	
Effective tax rate	9.3%	15.8%	
Net profit attributable to:			
Equity holders of the Company	1,068	2,843	(62.4)
Non-controlling interests	138	(15)	1,020.0
	1,206	2,828	(57.4)



(i) Consolidated statement of comprehensive income for the first quarter ended 31 March 2019

		The Group		
	Note	Current first quarter ended 31 Mar 2019	Previous first quarter ended 31 Mar 2018	Increase/ (Decrease)
		\$'000	\$'000	%
<b>Net profit</b>		1,206	2,828	(57.4)
Other comprehensive income:				
Currency translation differences arising from consolidation	i	17	-*	n.m.
<b>Total comprehensive income, net of tax</b>		1,223	2,828	(56.8)
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company		1,077	2,843	(62.1)
Non-controlling interests		146	(15)	1,073.3
		1,223	2,828	(56.8)

Note:

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

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

n.m. – not meaningful



(ii) Additional disclosures

Profit before income tax was arrived at:

		The Group		
	Note	Current first quarter ended 31 Mar 2019	Previous first quarter ended 31 Mar 2018	Increase/ (Decrease)
		\$'000	\$'000	%
<u>After charging:</u>				
Non-audit fee paid to the auditors of the Company		3	8	(62.5)
Amortisation of intangible assets		2	1	100.0
Depreciation of property, plant and equipment		113	113	-
Directors' remuneration				
- Directors of the Company		679	860	(21.0)
- Other directors		113	116	(2.6)
Directors' fee		45	45	-
Loss/(gain) on disposal of property, plant and equipment (net)		12	(15)	(180.0)
(Gain)/loss on foreign exchange	i	(234)	394	(159.4)
Interest paid and payable				
- Finance lease liabilities		33	25	32.0
- Bank borrowing		251	-	n.m.
- Notional interest on loan		78	-	n.m.
Employees compensation		719	921	(21.9)
<u>After crediting:</u>				
Interest income				
- Bank deposits		273	218	25.2
Government grant		29	237	(87.8)
<u>Included in the cost of sales are the following:</u>				
Depreciation of property, plant and equipment		721	717	0.6
Amortisation of intangible assets		5	3	66.7
Employees compensation		6,328	6,203	2.0

Note:

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

n.m. – not meaningful



(iii) Extraordinary/Exceptional items

Nil

(iv) Income tax expense

The Group	
31 Mar 2019	31 Mar 2018
\$'000	\$'000

Tax expense attributable to profit is made up of:

- Profit from current financial period:

- Current income tax
- Deferred income tax

230	489
(14)	29
216	518

- (Over)/under provision in prior financial periods

- Current income tax
- Deferred income tax

-	12
(92)	-
(92)	12
124	530



**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		31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
		\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
	Cash and cash equivalents	71,596	74,275	4,447	4,071
i	Trade and other receivables	4,552	3,598	12,184	12,537
ii	Contract assets	14,988	18,575	-	-
		91,136	96,448	16,631	16,608
<b>Non-current assets</b>					
iii	Investments in subsidiary corporations	-	-	19,219	19,219
iv	Investments in joint ventures	1,268	1,252	-	-
v	Investments in associated companies	2,916	3,462	-	-
vi	Investment properties	50,003	49,586	-	-
vii	Other receivables	15,352	13,493	8,871	8,796
	Property, plant and equipment	13,984	14,055	5,128	5,155
viii	Right-of-use assets	6,892	6,554	-	-
ix	Intangible assets	1,782	1,789	2	3
		92,197	90,191	33,220	33,173
<b>Total assets</b>		183,333	186,639	49,851	49,781
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
x	Trade and other payables	19,236	24,378	3,339	3,489
	Lease liabilities	1,432	1,307	-	-
xi	Bank borrowing	776	768	-	-
	Current income tax liabilities	1,511	1,182	43	29
		22,955	27,635	3,382	3,518
<b>Non-current liabilities</b>					
x	Other payables	8,227	8,068	-	-
	Lease liabilities	2,277	2,126	-	-
xi	Bank borrowing	23,947	23,902	-	-
	Deferred income tax liabilities	1,106	1,310	2	2
		35,557	35,406	2	2
<b>Total liabilities</b>		58,512	63,041	3,384	3,520
<b>NET ASSETS</b>		<b>124,821</b>	<b>123,598</b>	<b>46,467</b>	<b>46,261</b>
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
	Share capital	36,832	36,832	36,832	36,832
xii	Other reserves	3,013	3,004	-	-
	Retained profits	85,694	84,626	9,635	9,429
		125,539	124,462	46,467	46,261
<b>Non-controlling interests</b>		(718)	(864)	-	-
<b>Total equity</b>		124,821	123,598	46,467	46,261
<b>Net tangible assets</b>		<b>123,039</b>	<b>121,809</b>	<b>46,465</b>	<b>46,258</b>



**Notes to Statements of Financial Position:**

(i) Trade and other receivables

	The Group		The Company	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
	\$'000	\$'000	\$'000	\$'000
Trade receivables				
- Non-related parties	1,411	953	-	2
- Subsidiary corporations	-	-	6,994	7,347
	1,411	953	6,994	7,349
- Retentions	266	337	-	-
Non-trade receivables				
- Subsidiary corporations	-	-	5,840	5,835
- Associated companies	3	3	-	-
- Joint venture	2	5	-	-
- Non-related parties	945	521	-	-
	950	529	5,840	5,835
Less: Allowance for impairment of receivables	-	-	(688)	(688)
Non-trade receivables - net	950	529	5,152	5,147
Advance to suppliers	235	268	-	-
Deposits	877	721	7	7
Prepayments	813	790	31	34
	<u>4,552</u>	<u>3,598</u>	<u>12,184</u>	<u>12,537</u>

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

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





(ii) Contract assets

The Company		
31 Mar 2019	31 Dec 2018	
\$'000	\$'000	
<u>Unbilled revenue</u>		
Construction contracts – Due from customers	13,650	17,281
Construction contract work-in-progress	1,338	1,294
	<u>14,988</u>	<u>18,575</u>

(iii) Investments in subsidiary corporations

The Company		
31 Mar 2019	31 Dec 2018	
\$'000	\$'000	
<u>Equity investments at cost</u>		
Beginning and end of the financial period/year	17,632	17,632
<u>Allowance for impairment</u>		
Beginning and end of the financial period/year	(110)	(110)
<u>Loan to a subsidiary corporation</u>		
Beginning and end of the financial period/year	1,697	1,697
	<u>19,219</u>	<u>19,219</u>



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

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 (Singapore) 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%	100%
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%

Held by OKP Land Pte Ltd

Raffles Prestige Capital Pte Ltd <sup>(@)</sup>	Investment holding	Singapore	51%	51%
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Held by Raffles Prestige Capital Pte Ltd

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

(#) Audited by Nexia Perth Services Pty Ltd.

(\*) Dormant company.

(&) On 14 July 2015, OKP (Oil & Gas) Infrastructure Pte Ltd was granted a licence to operate a representative foreign construction service company in Jakarta, Indonesia. The said licence expired on 8 July 2018.



(iv) Investments in joint ventures

The Group	
31 Mar 2019	31 Dec 2018
\$'000	\$'000

**Interests in joint ventures**

Beginning of financial period/year	1,252	5,495
Share of profit of joint ventures	15	57
Notional fair value of loan (net)	1	-
Dividend received	-	(4,300)
End of financial period/year	1,268	1,252

Details of the joint ventures are as follows:

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

Held by subsidiary corporations

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%	50%
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- (@) Audited by Heng Lee Seng LLP.  
 (#) Audited by Nexia TS Public Accounting Corporation.  
 (^) Audited by Ernst & Young LLP.  
 (\*) Registered on 4 May 2015.

- (1) CS-OKP Construction and Development Pte Ltd (“CS-OKP”), incorporated in Singapore on 1 December 2009, remained inactive as at 31 March 2019. CS-OKP is a joint venture company of OKP Technical Management Pte Ltd (“OKPTM”), a wholly-owned subsidiary corporation, and CS Mining Pte Ltd, a subsidiary corporation of China Sonangol International Limited, with a share capital of \$100,000 consisting of 100 ordinary shares. OKPTM has a 50% equity interest at a cost of \$50,000 (2018: \$50,000) in CS-OKP.
- (2) On 8 December 2010, Or Kim Peow Contractors (Pte) Ltd (“OKPC”), a wholly-owned subsidiary corporation, entered into a joint venture agreement with Soil-Build (Pte) Ltd (“SBPL”), incorporated in Singapore and a subsidiary corporation of Soilbuild Construction Group Ltd., to form a 50:50 joint venture company. On the same date, the joint venture company, Forte Builder Pte. Ltd. (“FBPL”) was incorporated in Singapore with a share capital of \$1,000,000 consisting of 1,000,000 ordinary shares. OKPC has a 50% equity interest at a cost of \$500,000 in FBPL. The principal activity of FBPL is the construction of the condominium housing development, comprising one (1) 36-storey block of 54 residential units at Angullia Park.



- (3) On 15 August 2013, a joint venture company, Lakehomes Pte. Ltd. ("LH") was incorporated in Singapore with a share capital of \$1,000,000 consisting of 1,000,000 ordinary shares. OKP Land Pte Ltd ("OKPL"), a wholly-owned subsidiary corporation, has a 10% equity interest at a cost of \$100,000 in LH. The principal activity of LH is to develop a land parcel into an executive condominium at Yuan Ching Road/Tao Ching Road. On 13 September 2013, OKPL entered into a joint venture agreement with BBR Development Pte Ltd, Evia Real Estate (5) Pte Ltd, CNH Investment Pte Ltd and Ho Lee Group Pte Ltd for the aforesaid executive condominium development.
- (4) On 4 May 2015, a joint venture partnership, Chye Joo - Or Kim Peow JV was registered to execute the improvement to Bukit Timah First Diversion Canal Contract 3 (Holland Green to Clementi Road) awarded by the Public Utilities Board.

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

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

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

The Group		
	31 Mar 2019	31 Dec 2018
	\$'000	\$'000
Assets		
- Current assets	21,007	24,855
Liabilities		
- Current liabilities	(15,092)	(18,987)
Net assets	5,915	5,868
Revenue	5,872	31,029
Expenses	(5,825)	(30,801)
Profit before income tax	47	228
Income tax expense	-	(143)
Net profit	47	85

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



(v) Investments in associated companies

The Group	
31 Mar 2019	31 Dec 2018
\$'000	\$'000

**Interests in associated companies**

Beginning of financial period/year	3,462	3,175
Additions	-	450
Notional fair value of loan, representing Additional capital contribution	-	15
Share of loss of associated companies	(546)	(178)
End of financial period/year	2,916	3,462

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

Held by subsidiary corporations

CS Amber Development Pte Ltd <sup>(@)(1)</sup>	Property development	Singapore	10%	10%
Chong Kuo Development Pte Ltd <sup>(&amp;)(3)</sup>	Property development	Singapore	22.5%	22.5%
USB Holdings Pte Ltd <sup>(&amp;)(4)</sup>	Investment holding and property development	Singapore	25%	25%

Held by USB Holdings Pte Ltd

United Singapore Builders Pte Ltd <sup>(#)(2)</sup>	General contractors	Singapore	100%	100%
USB (Phoenix) Pte Ltd <sup>(#)(5)</sup>	Property development	Singapore	100%	100%

(@) Audited by Heng Lee Seng LLP.

(#) Audited by Nexia TS Public Accounting Corporation.

(&) Audited by Ernst & Young LLP

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

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

- (2) On 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.

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

- (3) On 20 February 2018, an associated company, Chong Kuo Development Pte. Ltd. ("ChongKuo") was incorporated in Singapore with a share capital of \$2,000,000 consisting of 2,000,000 ordinary shares. OKP Land Pte Ltd ("OKPL"), a wholly-owned subsidiary corporation, has a 22.5% equity interest at a cost of \$450,000 in ChongKuo. The principal activity of ChongKuo is to develop a residential condominium on the land parcel at Chong Kuo Road.
- (4) On 29 March 2018, OKP Investments (Singapore) Pte Ltd ("OKPIS"), a wholly-owned subsidiary corporation, together with Ho Lee Group Pte Ltd, HSB Holdings Pte. Ltd. and B&D Investment and Property Pte. Ltd. incorporated USB Holdings Pte. Ltd. ("USBH"). The principal business activities of USBH are investment holding and property development.
- (5) On 23 August 2018, USBH incorporated a wholly-owned subsidiary corporation, USB (Phoenix) Pte. Ltd. ("USB Phoenix"). USB Phoenix has been incorporated with an issued and paid-up share capital of \$2, comprising 2 ordinary shares held by USBH. The principal business activity of USB Phoenix is to redevelop the property at 71-85 Phoenix Avenue, Phoenix Heights, Singapore.

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

	The Group	
	31 Mar 2019	31 Dec 2018
	\$'000	\$'000
Assets		
- Current assets	242,574	224,900
- Non-current assets	338	19,297
Liabilities		
- Current liabilities	(90,346)	(16,744)
- Non-current liabilities	(151,805)	(212,367)
Net assets	<u>761</u>	<u>15,086</u>
Revenue	15,626	30,872
Expenses	(16,843)	(29,791)
(Loss)/profit before income tax	<u>(1,217)</u>	<u>1,081</u>
Income tax expense	-	213
Net (loss)/profit	<u>(1,217)</u>	<u>1,294</u>

The Group has not recognised its share of losses of an associated company, Chong Kuo Development Pte. Ltd. amounting to \$86,916 (31 December 2018: nil) as the Group's cumulative share of losses exceeded its interest in that entity and the Group has no obligation in respect of those losses. The cumulative unrecognised losses with respect to this entity amounted to \$86,916 (31 December 2018: nil) at the balance sheet date.



(vi) Investment properties

	The Group	
	31 Mar 2019	31 Dec 2018
	\$'000	\$'000
Beginning of financial period/year	49,586	7,200
Additions	-	46,330
Currency translation differences	417	(2,071)
Net fair value loss recognised in profit and loss	-	(1,873)
End of financial period/year	<u>50,003</u>	<u>49,586</u>

The investment properties are leased to non-related parties.

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

(vii) Other receivables (non-current)

	The Group		The Company	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
	\$'000	\$'000	\$'000	\$'000
Loan to associated companies				
- CS Amber Development Pte Ltd	11,180	11,180	-	-
- Chong Kuo Development Pte Ltd	3,803	3,803	-	-
- USB Holdings Pte Ltd	3,412	1,662	-	-
Less: Notional fair value of loan (net)	(1,635)	(1,744)	-	-
	<u>16,760</u>	<u>14,901</u>	<u>-</u>	<u>-</u>
Less: Allowance for impairment	(1,408)	(1,408)	-	-
	<u>15,352</u>	<u>13,493</u>	<u>-</u>	<u>-</u>
Loan to subsidiary corporation	-	-	8,871	8,796
	<u>15,352</u>	<u>13,493</u>	<u>8,871</u>	<u>8,796</u>

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

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



(viii) Leases

The Group	
31 Mar 2019	31 Dec 2018
\$'000	\$'000

(a) Amounts recognised in the balance sheet

Right-of-use assets

Office unit	598	485
Plant and machinery	4,523	4,688
Motor vehicles	1,216	1,269
Use of state land for worksites	555	112
	<u>6,892</u>	<u>6,554</u>

Lease liabilities

Current	1,432	1,307
Non-current	2,277	2,126
	<u>3,709</u>	<u>3,433</u>

(b) Amounts recognised in the profit or loss

Depreciation of right-of-use assets

Office unit	66	453
Plant and machinery	165	507
Motor vehicles	54	215
Use of state land for worksites	50	30
	<u>335</u>	<u>1,205</u>

Lease liabilities

Interest expense (included in finance costs)	33	109
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(ix) Intangible assets

The Group		The Company	
31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
\$'000	\$'000	\$'000	\$'000

Composition:

Goodwill arising on consolidation	1,688	1,688	-	-
Computer software licences	94	101	2	3
	<u>1,782</u>	<u>1,789</u>	<u>2</u>	<u>3</u>

(a) Goodwill arising on consolidation

*Cost/net book value*

Beginning and end of financial period/year	<u>1,688</u>	<u>1,688</u>	<u>-</u>	<u>-</u>
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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	497	428	55	55
Additions	-	69	-	-
End of financial period/year	<u>497</u>	<u>497</u>	<u>55</u>	<u>55</u>
<i>Accumulated amortisation</i>				
Beginning of financial period/year	396	379	52	49
Amortisation charge	7	17	1	3
End of financial period/year	<u>403</u>	<u>396</u>	<u>53</u>	<u>52</u>
Net book value	<u>94</u>	<u>101</u>	<u>2</u>	<u>3</u>

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



(x) Trade and other payables

	The Group		The Company	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
	\$'000	\$'000	\$'000	\$'000
<u>Current</u>				
Trade payables				
- Non-related parties	12,466	13,713	70	93
Non-trade payables				
- Subsidiary corporations	-	-	1,947	1,947
- Joint venture	50	50	-	-
- Non-controlling interest	326	324	-	-
- Non-related parties	600	462	-	-
	976	836	1,947	1,947
Accrued operating expenses	5,794	9,829	1,322	1,449
	<u>19,236</u>	<u>24,378</u>	<u>3,339</u>	<u>3,489</u>
<u>Non-current</u>				
Non-trade payables				
- Loan from non-controlling interest	9,489	9,489	-	-
- Less: Notional fair value of loan	(1,262)	(1,421)	-	-
	<u>8,227</u>	<u>8,068</u>	<u>-</u>	<u>-</u>

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

Loan from non-controlling interest is unsecured and interest-free and for the purpose of funding the subsidiary corporation for operating and development activities.



(xi) Bank borrowing

The Group	
31 Mar 2019	31 Dec 2018
\$'000	\$'000
<u>Current</u>	
Secured bank loan	776
	768
<u>Non-current</u>	
Secured bank loan	23,947
	23,902
	24,723
	24,670

The secured bank term loan is mainly secured by:

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

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

(xii) Other reserves

The Group	
31 Mar 2019	31 Dec 2018
\$'000	\$'000
<b>(a) Composition:</b>	
Asset revaluation reserve	1,372
Currency translation reserve	(15)
Capital reserve	1,656
	3,013
	3,004
<b>(b) Movements</b>	
<b>Asset revaluation reserve</b>	
Beginning and end of financial period/year	1,372
	1,372
<b>Currency translation reserve</b>	
Beginning of financial period/year	(24)
	-
Currency translation differences arising from consolidation	17
Less: Non-controlling interests	(8)
	9
	(24)
End of financial period/year	(15)
	(24)



(xii) Other reserves (cont'd)

The Group	
31 Mar 2019	31 Dec 2018
\$'000	\$'000

(b) **Movements (cont'd)**

**Capital reserve**

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

Other reserves are non-distributable.

**Explanatory Notes:**

(i) Current assets

Current assets decreased by \$5.3 million, from \$96.4 million as at 31 December 2018 to \$91.1 million as at 31 March 2019. The decrease was attributable to:

- (a) a decrease in cash and cash equivalents of \$2.8 million. This was due mainly to (1) cash used in investing activities of \$2.2 million and (2) cash used in financing activities of \$0.9 million, which were partially offset by cash generated from operating activities of \$0.3 million; and
- (b) a decrease in contract assets of \$3.5 million, due mainly to a decrease in amount due from customers of \$3.6 million which related to work done but not billed in March 2019,

which were partially offset by:

- (c) an increase in trade and other receivables of \$1.0 million as at 31 March 2019.

(ii) Non-current assets

Non-current assets increased by \$2.0 million, from \$90.2 million as at 31 December 2018 to \$92.2 million as at 31 March 2019. The increase was attributable to:

- (a) an increase in investment properties of \$0.4 million resulting from an exchange realignment relating to the property at 6-8 Bennett Street, East Perth, Western Australia due to appreciation of Australian dollar against the Singapore dollar during the first quarter ended 31 March 2019;
- (b) an increase in other receivables of \$1.8 million due to an advance to an associated company, USB Holdings Pte Ltd as at 31 March 2019;
- (c) an increase in right-of-use assets of \$0.3 million resulting from the purchase of new plant and equipment under hire purchase to support the new and existing projects,

which were partially offset by:

- (d) a decrease in investments in associated companies of \$0.5 million arising from the share of loss of the associated companies during the first quarter ended 31 March 2019.



(iii) Current liabilities

Current liabilities decreased by \$4.6 million, from \$27.6 million as at 31 December 2018 to \$23.0 million as at 31 March 2019. The decrease was attributable to:

- (a) a decrease in trade and other payables of \$5.0 million arising from (1) lower accrued operating expenses related to project costs and (2) settlement of some major trade payables,

which was partially offset by:

- (b) an increase in current income tax liabilities of \$0.3 million due to tax provision resulting from profits generated during the first quarter ended 31 March 2019; and
- (c) an increase in finance lease liabilities of \$0.1 million as a result of the purchase of plant and machinery to support new projects during the first quarter ended 31 March 2019.

(iv) Non-current liabilities

Non-current liabilities increased by \$0.2 million, from \$35.4 million as at 31 December 2018 to \$35.6 million as at 31 March 2019. The increase was due mainly to an increase in finance lease liabilities as a result of the purchase of plant and machinery to support new projects during the first quarter ended 31 March 2019.

(v) Shareholders' equity

Shareholders' equity, comprising share capital, other reserves and retained profits, increased by \$1.2 million, from \$123.6 million as at 31 December 2018 to \$124.8 million as at 31 March 2019. The increase was largely attributable to:

- (a) the profit generated from operations of \$1.1 million in the first quarter ended 31 March 2019; and
- (b) an interest in non-controlling interest of \$0.1 million due to the profits of Raffles Prestige Capital Pte Ltd for the first quarter ended 31 March 2019.



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

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

As at 31 Mar 2019			As at 31 Dec 2018		
	\$'000			\$'000	
	Secured	Unsecured		Secured	Unsecured
Lease liabilities	1,432	-	Lease liabilities	1,307	-
Bank borrowing	776	-	Bank borrowing	768	-
Total	2,208	-	Total	2,075	-

(b) Amount repayable after one year

As at 31 Mar 2019			As at 31 Dec 2018		
	\$'000			\$'000	
	Secured	Unsecured		Secured	Unsecured
Lease liabilities	2,277	-	Lease liabilities	2,126	-
Bank borrowing	23,947	-	Bank borrowing	23,902	-
Total	26,224	-	Total	26,028	-

(c) Details of any collateral

The above secured borrowings of the Group relate to:

- (1) lease liabilities of \$3.7 million secured by way of corporate guarantees issued by the Company and charges over the property, plant and equipment under the finance leases; and
- (2) bank term loan of \$24.7 million secured by first legal mortgage over an investment property of the Group, the Group's shares in a subsidiary corporation and corporate guarantee of the Company.



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

Consolidated statement of cash flows for the first quarter ended 31 March:

	The Group	
	Current first quarter ended 31 Mar 2019	Previous first quarter ended 31 Mar 2018
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Net profit	1,206	2,828
Adjustments for:		
- Income tax expense	124	530
- Depreciation of property, plant and equipment	834	830
- Amortisation of intangible assets	7	4
- Loss/(gain) on disposal of property, plant and equipment (net)	12	(15)
- Share of results of associated companies and joint ventures	531	(51)
- Interest income	(273)	(218)
- Interest expense	284	25
- Foreign exchange differences	178	-
<b>Operating cash flow before working capital changes</b>	2,903	3,933
Change in working capital		
- Trade and other receivables	(941)	737
- Contract assets	3,587	2,014
- Trade and other payables	(5,519)	(5,673)
<b>Cash generated from operations</b>	30	1,011
- Interest received	265	218
- Income tax paid	-	(88)
<b>Net cash provided by operating activities</b>	295	1,141
<b>Cash flows from investing activities</b>		
- Additions to property, plant and equipment	(474)	(838)
- Disposal of property, plant and equipment	34	15
- Investment in an associated company	-	(450)
- Advance to an associated company	(1,750)	(2,318)
- Interest received	-	-
<b>Net cash used in investing activities</b>	(2,190)	(3,591)



The Group	
Current first quarter ended 31 Mar 2019	Previous first quarter ended 31 Mar 2018
\$'000	\$'000

#### Cash flows from financing activities

- Repayment of lease liabilities
- Advance from a non-controlling interest
- Repayment of bank borrowing
- Interest paid
- Bank deposits pledged

(396)	(420)
-	9,926
(194)	-
(284)	(19)
(10)	2

#### Net cash (used in)/provided by financing activities

(884)	9,489
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#### Net increase in cash and cash equivalents

(2,779)	7,039
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Cash and cash equivalents at beginning of financial period

69,231	81,551
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Effects of currency translation on cash and cash equivalents

90	(308)
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#### Cash and cash equivalents at end of financial period

66,542	88,282
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#### Explanatory Notes:

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

	The Group	
	31 Mar 2019	31 Mar 2018
	\$'000	\$'000
Cash at bank and on hand	22,262	39,277
Short-term bank deposits	49,334	53,559
Bank deposits pledged	71,596	92,836
	(5,054)	(4,554)
Cash and cash equivalents per consolidated statement of cash flows	66,542	88,282

Bank deposits of \$5,054,259 (31 March 2018: \$4,553,700) are pledged to banks for banking facilities of certain subsidiary corporations.





(ii) **Review of Cash Flows for first quarter ended 31 March 2019**

Net cash provided by operating activities

The Group reported net cash provided by operating activities of \$0.3 million in the first quarter ended 31 March 2019, a decrease of \$0.8 million from net cash provided by operating activities of \$1.1 million in the first quarter ended 31 March 2018. The \$0.8 million decrease in net cash provided by operating activities was due mainly to:

- (a) a decrease in cash generated from operating activities before working capital changes of \$1.0 million,

which was partially offset by:

- (b) a decrease in income tax paid of \$0.1 million; and
- (c) an increase in interest received of \$0.1 million during the first quarter ended 31 March 2019.

Net cash used in investing activities

Net cash of \$2.2 million used in investing activities was due to:

- (a) the purchase of new property, plant and equipment of \$0.4 million;
- (b) an advance of \$1.8 million extended to an associated company, USB Holdings Pte Ltd, for the purpose of purchasing the land parcel, construction and working capital needs.

Net cash used in financing activities

Net cash of \$0.9 million was used in financing activities in the first quarter ended 31 March 2019. The major outflows for the three months ended 31 March 2019 related to:

- (a) the repayment of finance lease liabilities of \$0.3 million;
- (b) the repayment of bank borrowing of \$0.2 million;
- (c) interest payments of \$0.3 million and
- (d) the repayment of lease liabilities of \$0.1 million,

during the first quarter ended 31 March 2019.

Overall, free cash and cash equivalents stood at \$66.5 million as at 31 March 2019, a decrease of \$21.8 million, from \$88.3 million as at 31 March 2018. This works out to cash of 21.6 cents per share as at 31 March 2019 as compared to 28.6 cents per share as at 31 March 2018 (based on 308,430,594 shares issued as at 31 March 2019 and 31 March 2018).



**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

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

The Group

<b>As at 1 Jan 2019</b>	36,832	1,656	1,372	(24)	84,626	124,462	(864)	123,598
Profit for the period	-	-	-	-	1,068	1,068	138	1,206
Other comprehensive income for the period	-	-	-	9	-	9	8	17
	-	-	-	9	1,068	1,077	146	1,223
<b>As at 31 Mar 2019</b>	36,832	1,656	1,372	(15)	85,694	125,539	(718)	124,821
<b>As at 1 Jan 2018</b>	36,832	-	1,372	-	84,309	122,513	-	122,513
Total comprehensive income for the period	-	-	-	-*	2,843	2,843	(15)	2,828
<b>As at 31 Mar 2018</b>	36,832	-	1,372	-*	87,152	125,356	(15)	125,341

Note:

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



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

The Company

<b>As at 1 Jan 2019</b>	36,832	9,429	46,261
Total comprehensive income for the period	-	206	206
<b>As at 31 Mar 2019</b>	<b>36,832</b>	<b>9,635</b>	<b>46,467</b>
<b>As at 1 Jan 2018</b>	36,832	11,782	48,614
Total comprehensive income for the period	-	143	143
<b>As at 31 Mar 2018</b>	<b>36,832</b>	<b>11,925</b>	<b>48,757</b>



**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

There have been no changes in the issued share capital of the Company since 31 December 2018.

Under the Share Buy Back Mandate which was approved by the Shareholders on 26 April 2018, no shares were bought back by the Company during the first quarter ended 31 March 2019.

There were no outstanding convertibles issued or treasury shares held by the Company and no subsidiary holdings as at 31 March 2019 and 31 March 2018.

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

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

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

Not applicable.

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

Not applicable

**2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice**

The figures have not been audited or reviewed.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.



**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

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

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

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

Effective for annual periods beginning on or after 1 January 2019

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

Effective for annual periods beginning on or after 1 January 2021

- SFRS(I) 17 Insurance Contracts

Effective date: to be determined\*

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

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

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



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

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

	The Group		
	Current first quarter ended 31 Mar 2019	Previous first quarter ended 31 Mar 2018	Increase/ (Decrease) %
Net profit attributable to equity holders of the Company (\$'000)	1,068	2,843	(62.4)
Weighted average number of ordinary shares in issue	308,430,594	308,430,594	-
Basic earnings per share (cents per share)	0.35	0.92	(62.0)
Diluted earnings per share (cents per share)	0.35	0.92	(62.0)

**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 31 Mar 2019	As at 31 Dec 2018	As at 31 Mar 2019	As at 31 Dec 2018	The Group	The Company
Net tangible assets (\$'000)	123,039	121,809	46,465	46,258	1.0	0.4
Number of shares	308,430,594	308,430,594	308,430,594	308,430,594	-	-
NTA per share (cents)	39.89	39.49	15.06	15.00	1.0	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 and gas-related infrastructure for petrochemical plants and oil storage terminals as well as the maintenance of roads and road-related facilities and building construction-related works. We tender for both public and private civil engineering and infrastructure construction projects. We have expanded our core business to include property development and investment.

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

### Income Statement Review (First Quarter of 2019 vs First Quarter of 2018)

	The Group					
	Current first quarter ended 31 March 2019		Previous first quarter ended 31 March 2018		Increase / (Decrease)	
	\$'000	%	\$'000	%	\$'000	%
Construction	12,365	64.5	13,076	56.8	(711)	(5.4)
Maintenance	5,431	28.3	9,881	42.9	(4,450)	(45.0)
Rental income	1,379	7.2	84	0.3	1,295	1,541.7
<b>Total Revenue</b>	<b>19,175</b>	<b>100.0</b>	<b>23,041</b>	<b>100.0</b>	<b>(3,866)</b>	<b>(16.8)</b>

### Revenue

Our Group registered a revenue of \$19.2 million in the first quarter ended 31 March 2019 compared to \$23.0 million recorded in the first quarter ended 31 March 2018. The decrease was due mainly to (i) a 45.0% decrease in revenue from the maintenance segment to \$5.4 million and (ii) a 5.4% decrease in revenue from the construction segment to \$12.4 million, partially offset by a 1,541.7% increase in rental income.



The decrease in revenue from the construction segment was largely attributable to (1) a lower percentage of revenue recognised from a few construction projects which were reaching completion and (2) a lower percentage of revenue recognised from a few newly-awarded construction projects during the first quarter ended 31 March 2019.

The decrease in revenue from the maintenance segment was largely attributable to a lower percentage of revenue recognised from a few newly-awarded maintenance projects during the first quarter ended 31 March 2019.

The increase in rental income generated from investment properties was due mainly to rental income generated from the newly purchased property at 6-8 Bennett Street, East Perth, Western Australia based on the current occupancy rate of approximately 68.0%.

Both the construction and maintenance segments are the major contributors to our Group's revenue. On a segmental basis, construction, maintenance and rental income accounted for 64.5% (31 March 2018: 56.8%), 28.3% (31 March 2018: 42.9%) and 7.2% (31 March 2018: 0.3%) of our Group's revenue respectively for the first quarter ended 31 March 2019.

#### Cost of sales

	The Group			
	Current first quarter ended 31 March 2019	Previous first quarter ended 31 March 2018	Increase / (Decrease)	
	\$'000	\$'000	\$'000	%
Construction	15,021	17,398	(2,377)	(13.7)
Maintenance				
Rental income	441	12	429	3,575.0
<b>Total cost of sales</b>	<b>15,462</b>	<b>17,410</b>	<b>(1,948)</b>	<b>(11.2)</b>

Our cost of sales decreased by 11.2% or \$1.9 million from \$17.4 million for the first quarter ended 31 March 2018 to \$15.5 million for the first quarter ended 31 March 2019. The decrease in cost of sales was due mainly to the decrease in sub-contracting costs which were mainly costs incurred for specialised works such as bored piling, asphalt works, mechanical and electrical works, soil-testing, landscaping and metalworks which are usually sub-contracted to external parties.





### Gross profit and gross profit margin

Consequently, our gross profit for the first quarter ended 31 March 2019 decreased by 34.1% or \$1.9 million from \$5.6 million for the first quarter ended 31 March 2018 to \$3.7 million for the first quarter ended 31 March 2019.

Our gross profit margin decreased from 24.4% for the first quarter ended 31 March 2018 to 19.4% for the first quarter ended 31 March 2019.

The lower gross profit margin was due largely to lower profit margins for new and some current projects as a result of a more competitive pricing environment and rising manpower costs during the first quarter ended 31 March 2019.

### Other gains, net

Other gains (net) increased by \$0.5 million or 365.1% from \$0.1 million for the first quarter ended 31 March 2018 to \$0.6 million for the first quarter ended 31 March 2019. The increase was largely attributable to gain from foreign exchange resulting mainly from the strengthening of the Australian dollar against the Singapore dollar during the first quarter ended 31 March 2019.

### Administrative expenses

Administrative expenses decreased by \$0.3 million or 13.9% from \$2.4 million for the first quarter ended 31 March 2018 to \$2.1 million for the first quarter ended 31 March 2019. The decrease was largely due to lower directors' remuneration (including profit sharing) accrued as a result of the lower profit generated by the Group for the first quarter ended 31 March 2019.

### Finance expenses

	The Group	
	Current first quarter ended 31 March 2019	Previous first quarter ended 31 March 2018
	\$'000	\$'000
Lease liabilities	33	25
Notional interest on loan	78	-
Bank borrowing	251	-
	<u>362</u>	<u>25</u>

Finance expenses increased by \$0.3 million or 1,348.0% from \$25,000 for the first quarter ended 31 March 2018 to \$0.4 million for the first quarter ended 31 March 2019. The increase was due to interest expenses of \$0.3 million incurred on a bank term loan for the purchase of an investment property at 6-8 Bennett Street, East Perth, Western Australia.



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

The Group		
Current first quarter ended 31 March 2019	Previous first quarter ended 31 March 2018	
\$'000	\$'000	
Share of profit of joint ventures	15	35
Share of loss of associated companies	(546)	16
	(531)	51

The share of loss of associated companies was due mainly to losses incurred by the Group's 22.5% held associated company, Chong Kuo Development Pte Ltd, and the Group's 25% held associated company, USB Holdings Pte Ltd, during the first quarter ended 31 March 2019.

### Profit before income tax

Profit before income tax decreased by \$2.0 million or 60.4% from \$3.3 million in the first quarter ended 31 March 2018 to \$1.3 million in the first quarter ended 31 March 2019. The decrease was due mainly to (1) the decrease in gross profit of \$1.9 million, (2) the increase in share of losses of associated companies and joint ventures of \$0.6 million and (3) the increase in finance expenses of \$0.3 million. The decrease was partially offset by (1) the decrease in administrative expenses of \$0.3 million and (2) the increase in other gains of \$0.5 million, as explained above.

### Income tax expense

Income tax expense decreased by \$0.4 million or 76.6% from \$0.5 million in the first quarter ended 31 March 2018 to \$0.1 million in the first quarter ended 31 March 2019.

The effective tax rate for the first quarter ended 31 March 2019 was 9.3%, which was lower than the statutory tax rate of 17.0%, due mainly to an overprovision of deferred tax amounting to \$0.1 million.

The effective tax rate for the first quarter ended 31 March 2018 was 15.8%, which was lower than the statutory tax rate of 17.0%, due mainly to (1) statutory stepped income tax exemption and (2) a tax rebate of 40% on the corporate tax payable.

### Non-controlling interests

Non-controlling interests of \$0.1 million was due to profits from our subsidiary corporation, Raffles Prestige Capital Pte Ltd, in the first quarter ended 31 March 2019.



### Net profit

Overall, net profit decreased by \$1.6 million or 57.4%, from \$2.8 million for the first quarter ended 31 March 2018 to \$1.2 million for the first quarter ended 31 March 2019, following the decrease in profit before income tax of \$2.0 million which was partially offset by the decrease in income tax expense of \$0.4 million, as explained above.

Our net profit margin decreased from 12.3% for the first quarter ended 31 March 2018 to 6.3% for the first quarter ended 31 March 2019.

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

There is no material deviation in the actual results for the first quarter ended 31 March 2019 from what was previously discussed under paragraph 10 of the announcement of the Company's financial statements for the financial year ended 31 December 2018.

**10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

#### **Economic Outlook**

According to the advance estimates from Ministry of Trade and Industry ("MTI"), Singapore's economy grew by 1.3% on a year-on-year ("y-o-y") basis in the first quarter of 2019, moderating from the 1.9% growth in the fourth quarter of last year. On a quarter-on-quarter ("q-o-q") seasonally-adjusted annualised basis, the economy expanded by 2.0%, faster than the 1.4% growth in the previous quarter.

#### **Industry Outlook**

On the construction front, the sector grew by 1.4% on a y-o-y basis in the first quarter of 2019, representing a turnaround from the 1.0% decline in the previous quarter. This also marked the first quarter of positive growth following 10 consecutive quarters of decline. The sector's recovery was boosted by an improvement in private sector construction activities. On a q-o-q seasonally-adjusted annualised basis, the construction sector recorded a 7.8% growth, extending the 5.1% expansion in the previous quarter.

The Building and Construction Authority ("BCA") projected the total value of construction contracts to be awarded in 2019 to reach between \$27.0 billion and \$32.0 billion, with 60.0% of the projects coming from the public sector, amounting to between \$16.5 billion and \$19.5 billion. Public sector construction demand is mainly supported by major infrastructure and pipeline industrial building projects. These projects include big infrastructure projects such as the Cross-Island Line, developments at Jurong Lake District and Changi Airport Terminal 5.

The construction demand for private sector is expected to remain steady at between \$10.5 billion and \$12.5 billion in 2019, supported by projects including the redevelopment of past en-bloc sales sites concluded prior to the second half of 2018 and new industrial developments.

Over the medium term, BCA anticipates steady improvement in the construction demand, with a projection of between \$27.0 billion and \$34.0 billion per year for the period of 2020 to 2021 and between \$28.0 billion and \$35.0 billion annually for the period of 2022 to 2023.



With respect to the private residential property segment, the Urban Redevelopment Authority's ("URA") 1Q2019 flash estimates reflected a 0.6% decrease in private residential property prices compared to the 0.1% decrease in the previous quarter.

### **Company Outlook And Order Book Update**

Looking ahead, the Group remains cautiously optimistic of industry prospects, as it remains supported by a healthy pipeline of construction projects in the near-to-medium term. The Group's order book stands at \$291.6 million, with visibility extending to 2023.

On the property development front, the Group has successfully launched The Essence, a 84-unit condominium along Chong Kuo Road in March 2019.

The 74-unit residential project Phoenix Heights in Bukit Panjang is also on track, having received the necessary regulatory approvals from the Singapore Land Authority for development and the grant of a fresh 99-year lease extension.

The Group's overseas property at 6-8 Bennett Street in Perth, Australia continues to contribute significant rental income in the first quarter of FY2019.

Moving forward, the Group will continue to sharpen its competitive edge in its core civil engineering business whilst improving productivity and efficiency. The Group will also remain focused on the smooth execution and delivery of its existing projects. At the same time, the Group will keep a look out for appropriate opportunities to broaden its foothold in property development and investment through strategic tie-ups with experienced partners, both locally and abroad.

## **11. Dividend**

### ***(a) Current Financial Period Reported On***

Any dividend declared for the current financial period reported on?

None.

### ***(b) Corresponding Period of the Immediately Preceding Financial Year***

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

None.

### ***(c) Date payable***

Not applicable.

### ***(d) Books closure date***

Not applicable.

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

No dividend has been declared/recommended for the first quarter ended 31 March 2019.

The final one-tier tax exempt dividend of 0.7 cent per ordinary share and special one-tier tax exempt dividend of 0.3 cent per ordinary share for the financial year ended 31 December 2018 was approved at the Company's Seventeenth Annual General Meeting on 29 April 2019. Payment of the dividends will be made on 17 May 2019.



**13. Interested person transactions disclosure**

There was no interested person transaction, as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited, entered into by the Group during the first quarter ended 31 March 2019.

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

**14. Use of proceeds as at 31 March 2019**

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

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

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

The unutilised proceeds are deposited with a bank pending deployment.

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

The Board of Directors of OKP Holdings Limited confirms that, to the best of their knowledge, nothing has come to their attention which may render the financial statements for the first quarter ended 31 March 2019 to be false or misleading in any material aspect.

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

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

**BY ORDER OF THE BOARD**

Or Toh Wat  
Group Managing Director  
6 May 2019