



**Second Quarter and
Half Year Financial
Statements for the Period
Ended 30 June 2019**

13 August 2019

Table of Contents

		<u>Page No</u>
1(a)	Income statement	2
1(a)(i)	Consolidated statement of comprehensive income	3
1(b)(i)	Statements of financial position	6
1(b)(ii)	Borrowings and debts securities	22
1(c)	Consolidated statements of cash flows	23
1(d)(i)	Consolidated statement of changes in equity	27
1(d)(ii)	Changes in share capital	31
1(d)(iii)	Total number of issued shares	31
1(d)(iv)	Statement of sales, transfers, disposals, cancellations and/or use of treasury shares	31
1(d)(v)	Statement of sales, transfers, disposals, cancellations and/or use of subsidiary holdings	31
2 & 3	Audit statement	31
4	Accounting policies	32
5	Changes in accounting policies	32
6	Earnings per share	33
7	Net asset value per share	33
8	Review of Group's performance	34
9	Variance from previous prospect statement	42
10	Outlook	43
11 & 12	Dividend	45
13	Interested persons transactions	45
14	Use of proceeds as at 30 June 2019	46
15	Confirmation by the Board on financial results	46
16	Confirmation that the issuer has procured undertakings from all its directors and executive officers	46

Second Quarter and Half Year Financial Statement for the Period Ended 30 June 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			The Group		
	Second Quarter ended 30 June		Increase/ (Decrease)	Half Year ended 30 June		Increase/ (Decrease)
	2019	2018		2019	2018	
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	19,363	27,352	(29.2)	38,538	50,393	(23.5)
Cost of sales	(17,122)	(25,536)	(32.9)	(32,584)	(42,947)	(24.1)
Gross profit	2,241	1,816	23.4	5,954	7,446	(20.0)
Other gains, net	642	570	12.6	1,242	699	77.7
Expenses						
- Administrative	(1,969)	(1,916)	2.8	(4,059)	(4,343)	(6.5)
- Finance	(332)	(285)	16.5	(694)	(310)	123.9
Share of (loss)/profit of associated companies and joint ventures	(39)	111	(135.1)	(570)	162	(451.9)
Profit before income tax	543	296	83.4	1,873	3,654	(48.7)
Income tax (expense)/credit	(128)	6	2,233.3	(252)	(524)	(51.9)
Net profit	415	302	37.4	1,621	3,130	(48.2)
Gross profit margin	11.6%	6.6%		15.4%	14.8%	
Net profit margin	2.1%	1.1%		4.2%	6.2%	
Effective tax rate	23.6%	n.m.		13.5%	14.3%	
Net profit attributable to:						
Equity holders of the Company	278	107	159.8	1,346	2,950	(54.4)
Non-controlling interests	137	195	(29.7)	275	180	52.8
	415	302	37.4	1,621	3,130	(48.2)



1(a)(i) Consolidated Statement of comprehensive income for the second quarter and half-year ended 30 June 2019

Note	The Group			The Group		
	Second Quarter ended 30 June		Increase/ (Decrease)	Half Year ended 30 June		Increase/ (Decrease)
	2019	2018		2019	2018	
	\$'000	\$'000	%	\$'000	\$'000	%
Net profit	415	302	37.4	1,621	3,130	(48.2)
Other comprehensive income:						
Currency translation differences relating to financial statements of foreign a subsidiary corporation	(39)	(1)	3,800.0	(22)	(1)	2,100.0
Total comprehensive income, net of tax	376	301	24.9	1,599	3,129	(48.9)
Total comprehensive income attributable to:						
Equity holders of the Company	258	106	143.4	1,335	2,949	(54.7)
Non-controlling interests	118	195	(39.5)	264	180	46.7
	376	301	24.9	1,599	3,129	(48.9)

Note:

- (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.



(i) Additional disclosures

Profit before income tax was arrived at:

Note	The Group			The Group		
	Second Quarter ended 30 June		Increase/ (Decrease)	Half Year ended 30 June		Increase/ (Decrease)
	2019	2018		2019	2018	
	\$'000	\$'000	%	\$'000	\$'000	%
<u>After charging: -</u>						
Non-audit fee paid to the auditors of the Company	6	7	(14.3)	9	15	(40.0)
Amortisation of intangible assets	2	1	100.0	4	2	100.0
Depreciation of property, plant and equipment	115	113	1.8	228	226	0.9
Depreciation of right-of-use assets	3	-	100.0	6	-	n.m.
Directors' remuneration						
- Directors of the Company	625	613	2.0	1,304	1,473	(11.5)
- Other directors	107	111	(3.6)	220	227	(3.1)
Directors' fee	45	45	-	90	90	-
Interest paid and payable						
- Bank borrowing	221	260	(15.0)	472	260	81.5
- Lease liabilities	33	25	32.0	66	50	32.0
- Notional interest on loan	78	-	n.m.	156	-	n.m.
Loss/(gain) on foreign exchange	343	(163)	(310.4)	109	231	(52.8)
Employees compensation	613	692	(11.4)	1,332	1,613	(17.4)
<u>Included in the cost of sales are the following: -</u>						
Depreciation of property, plant and equipment	399	624	(36.1)	785	1,228	(36.1)
Depreciation of right-of-use assets	317	121	162.0	649	234	177.4
Amortisation of intangible assets	5	2	150.0	10	5	100.0
Employees compensation	5,621	6,013	(6.5)	11,949	12,216	(2.2)

Note:

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

n.m. - not meaningful



Note	The Group			The Group		
	Second Quarter ended 30 June		Increase/ (Decrease)	Half Year ended 30 June		Increase/ (Decrease)
	2019	2018		2019	2018	
	\$'000	\$'000	%	\$'000	\$'000	%
<u>After crediting: -</u>						
Interest income - Bank deposits	266	203	31.0	539	421	28.0
Gain/(loss) on disposal of property, plant and equipment (net)	11	24	(54.2)	(1)	39	(102.6)
Government grant	50	154	(67.5)	79	391	(79.8)

(ii) Extraordinary/Exceptional items

Nil

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

The Group	
30 Jun 2019	30 Jun 2018
\$'000	\$'000

Tax expense attributable to profit is made up of:

- Profit from current financial period:

- Current income tax - Singapore
- Deferred income tax

346	451
(2)	61
344	512

- (Over)/under provision in prior financial periods

- Current income tax - Singapore
- Deferred income tax

-	12
(92)	-
(92)	12

252	524
-----	-----



1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

Statements of Financial Position

	Note	The Group		The Company	
		30 Jun 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current assets					
Cash and cash equivalents		65,417	74,275	3,720	4,071
Trade and other receivables	i	8,470	3,598	8,964	12,537
Contract assets	ii	11,050	18,575	-	-
		<u>84,937</u>	<u>96,448</u>	<u>12,684</u>	<u>16,608</u>
Non-current assets					
Investments in subsidiary corporations	iii	-	-	19,219	19,219
Investments in joint ventures	iv	965	1,252	-	-
Investments in associated companies	v	2,670	3,462	-	-
Investment properties	vi	49,160	49,586	-	-
Other receivables	vii	15,451	13,493	8,947	8,796
Property, plant and equipment		13,823	14,055	5,101	5,155
Right-of-use assets	viii	7,131	6,554	-	-
Intangible assets	ix	1,775	1,789	2	3
		<u>90,975</u>	<u>90,191</u>	<u>33,269</u>	<u>33,173</u>
Total assets		<u>175,912</u>	<u>186,639</u>	<u>45,953</u>	<u>49,781</u>
LIABILITIES					
Current liabilities					
Trade and other payables	x	16,278	24,378	2,511	3,489
Lease liabilities	viii	1,400	1,307	-	-
Bank borrowing	xi	760	768	-	-
Current income tax liabilities		821	1,182	24	29
		<u>19,259</u>	<u>27,635</u>	<u>2,535</u>	<u>3,518</u>
Non-current liabilities					
Other payables	x	8,141	8,068	-	-
Lease liabilities	viii	2,027	2,126	-	-
Bank borrowing	xi	23,278	23,902	-	-
Deferred income tax liabilities		1,094	1,310	2	2
		<u>34,540</u>	<u>35,406</u>	<u>2</u>	<u>2</u>
Total liabilities		<u>53,799</u>	<u>63,041</u>	<u>2,537</u>	<u>3,520</u>
NET ASSETS		<u>122,113</u>	<u>123,598</u>	<u>43,416</u>	<u>46,261</u>
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital		36,832	36,832	36,832	36,832
Other reserves	xii	2,993	3,004	-	-
Retained profits		82,888	84,626	6,584	9,429
		<u>122,113</u>	<u>124,462</u>	<u>43,416</u>	<u>46,261</u>
Non-controlling interests		<u>(600)</u>	<u>(864)</u>	<u>-</u>	<u>-</u>
Total equity		<u>122,113</u>	<u>123,598</u>	<u>43,416</u>	<u>46,261</u>
Net tangible assets		<u>120,338</u>	<u>121,809</u>	<u>43,414</u>	<u>46,258</u>



Notes to Statements of Financial Position:

(i) Trade and other receivables

	The Group		The Company	
	30 Jun 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018
	\$'000	\$'000	\$'000	\$'000
Trade receivables				
- Non-related parties	4,974	953	-	2
- Subsidiary corporations	-	-	3,702	7,347
	4,974	953	3,702	7,349
- Retentions	266	337	-	-
Non-trade receivables				
- Subsidiary corporations	-	-	5,905	5,835
- Associated companies	9	3	-	-
- Joint ventures	13	5	-	-
- Non-related parties	584	521	27	-
	606	529	5,932	5,835
Less: Allowance for impairment of receivables	-	-	(688)	(688)
Non-trade receivables - net	606	529	5,244	5,147
Advance to suppliers	222	268	-	-
Deposits	1,440	721	7	7
Prepayments	962	790	11	34
	8,470	3,598	8,964	12,537

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



(ii) Contract assets

The Group	
30 Jun 2019	31 Dec 2018
\$'000	\$'000

Unbilled revenue

Construction contracts due from customers

11,043

17,281

Construction contract work-in-progress

7

1,294

11,050

18,575

(iii) Investments in subsidiary corporations

The Company	
30 Jun 2019	31 Dec 2018
\$'000	\$'000

Equity investments at cost

Beginning and end of financial period/year

17,632

17,632

Allowance for impairment

Beginning and end of financial period/year

(110)

(110)

Loan to a subsidiary corporation

Beginning and end of financial period/year

1,697

1,697

19,219

19,219



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

Held by the Company

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

Held by OKP Land Pte Ltd

Raffles Prestige Capital Pte Ltd ^(@)	Investment holding	Singapore	51%	51%
---	--------------------	-----------	-----	-----

Held by Raffles Prestige Capital Pte Ltd

Bennett WA Investment Pty Ltd ^(#)	Property investment	Australia	51%	51%
--	---------------------	-----------	-----	-----

(@) 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 was valid until 8 July 2018 and was not renewed.



(iv) Investments in joint ventures

The Group	
30 Jun 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	13	57
Dividend received	(300)	(4,300)
End of financial period/year	965	1,252

Details of the joint ventures are as follows:

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

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%
Eng Lam – United E&P JV ^{(&)(5)}	Business of general construction	Singapore	55%	-

- (@) Audited by Heng Lee Seng LLP.
 (#) Audited by Nexia TS Public Accounting Corporation.
 (^) Audited by Ernst & Young LLP.
 (*) Registered on 4 May 2015.
 (&) Registered on 9 April 2019.

- (1) CS-OKP Construction and Development Pte Ltd (“CS-OKP”), incorporated in Singapore on 1 December 2009, remained inactive as at 30 June 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 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 9 April 2019, a joint venture partnership, Eng Lam – United E&P JV was registered to execute two contracts awarded by a government agency.

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 partnerships 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:

	30 Jun 2019	31 Dec 2018
	\$'000	\$'000
Assets		
- Current assets	18,475	24,855
Liabilities		
- Current liabilities	(13,148)	(18,987)
Net assets	5,327	5,868
Revenue	10,657	31,029
Expenses	(10,653)	(30,801)
Profit before income tax	4	228
Income tax credit/(expense)	5	(143)
Net profit	9	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	
30 Jun 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 (net)	(209)	15
Share of loss of associated companies	(583)	(178)
End of financial period/year	<u>2,670</u>	<u>3,462</u>

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

Held by subsidiary corporations

CS Amber Development Pte Ltd (@)(1)	Property development	Singapore	10%	10%
Chong Kuo Development Pte Ltd (&)(2)	Property development	Singapore	22.5%	22.5%
USB Holdings Pte Ltd (#)(3)	Investment holding and property development	Singapore	25%	25%

Held by USB Holdings Pte Ltd

United Singapore Builders Pte Ltd (#)(4)	General contractors	Singapore	100%	100%
USB (Phoenix) Pte Ltd (#)(5)	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 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.
- (3) 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.
- (4) 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 has 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.

- (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	
30 Jun 2019	31 Dec 2018
\$'000	\$'000

Assets		
- Current assets	212,059	224,900
- Non-current assets	49,973	19,297
Liabilities		
- Current liabilities	(24,788)	(16,744)
- Non-current liabilities	(237,740)	(212,367)
Net (liabilities)/assets	(496)	15,086
Revenue		
	28,602	30,872
Expenses		
	(31,116)	(29,791)
(Loss)/profit before income tax	(2,514)	1,081
Income tax credit	-	213
Net (loss)/profit	(2,514)	1,294

The Group has not recognised its share of profit of an associated company, Chong Kuo Development Pte. Ltd. amounting to \$141,377 (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 \$141,377 at the balance sheet date.



(vi) Investment properties

The Group	
30 Jun 2019	31 Dec 2018
\$'000	\$'000

Beginning of financial period/year	49,586	7,200
Additions	-	46,330
Currency translation differences	(426)	(2,071)
Net fair value loss recognised in profit and loss	-	(1,873)
End of financial period/year	49,160	49,586

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	
30 Jun 2019	31 Dec 2018	30 Jun 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)	(1,536)	(1,744)	-	-
	16,859	14,901	-	-
Less: Allowance for impairment	(1,408)	(1,408)	-	-
	15,451	13,493	-	-
Loan to subsidiary corporation	-	-	8,947	8,796
	15,451	13,493	8,947	8,796

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 corporation and loan to other 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

(a) Amounts recognised in the statement of financial position

The Group	
30 Jun 2019	31 Dec 2018
\$'000	\$'000

Right-of-use assets

Office unit	384	485
Plant and machineries	4,821	4,688
Motor vehicles	1,162	1,269
Use of state land for worksites	764	112
	<u>7,131</u>	<u>6,554</u>

Lease liabilities

Current	1,400	1,307
Non-current	2,027	2,126
	<u>3,427</u>	<u>3,433</u>

(b) Amounts recognised in the statement of comprehensive income

Depreciation of right-of-use assets

Office unit	69	453
Plant and machineries	335	507
Motor vehicles	107	215
Use of state land for worksites	144	30
	<u>655</u>	<u>1,205</u>

Lease liabilities

Interest expense (included in finance expenses)	66	109
---	----	-----



(ix) Intangible assets

The Group		The Company	
30 Jun 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018
\$'000	\$'000	\$'000	\$'000

Composition:

Goodwill arising on consolidation	1,688	1,688	-	-
Computer software licences	87	101	2	3
	<u>1,775</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>
--	--------------	--------------	----------	----------

This represents goodwill on consolidation which is the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired.

(b) Computer software licences

Cost

Beginning of financial period/year	497	428	55	55
Additions	-	69	-	-
End of financial period/year	<u>497</u>	<u>497</u>	<u>55</u>	<u>55</u>

Accumulated Amortisation

Beginning of financial period/year	396	379	52	49
Amortisation charge	14	17	1	3
End of financial period/year	<u>410</u>	<u>396</u>	<u>53</u>	<u>52</u>
Net book value	<u>87</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 and are amortised over 5 years.



(x) Trade and other payables

	The Group		The Company	
	30 Jun 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018
	\$'000	\$'000	\$'000	\$'000
<u>Current</u>				
Trade payables				
- Non-related parties	13,355	13,713	50	93
Non-trade payables				
- Subsidiary corporations	-	-	1,947	1,947
- Joint venture	50	50	-	-
- Non-controlling interest	324	324	-	-
- Non-related parties	-	462	-	-
	374	836	1,947	1,947
Accrued operating expenses	2,549	9,829	514	1,449
	<u>16,278</u>	<u>24,378</u>	<u>2,511</u>	<u>3,489</u>
<u>Non-current</u>				
Other payables				
- Loan from non-controlling interest	9,393	9,489	-	-
- Less: Notional fair value of loan	(1,252)	(1,421)	-	-
	<u>8,141</u>	<u>8,068</u>	<u>-</u>	<u>-</u>

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

The non-current loan from non-controlling interest is unsecured and interest-free for the purpose of funding the subsidiary corporation's operating and development activities. The loan is denominated in Australian dollar and is not expected to be repaid within the next 12 months.



(xi) Bank borrowing

The Group	
30 Jun 2019	31 Dec 2018
\$'000	\$'000

Current

Secured bank term loan	760	768
------------------------	-----	-----

Non-current

Secured bank term loan	23,278	23,902
	<u>24,038</u>	<u>24,670</u>

The secured bank term loan is mainly secured by:

- First legal mortgage over an investment property of the Group;
- Certain bank deposit;
- Charge over 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	
30 Jun 2019	31 Dec 2018
\$'000	\$'000

(a) **Composition:**

Asset revaluation reserve	1,372	1,372
Currency translation reserve	(35)	(24)
Capital reserve	1,656	1,656
	<u>2,993</u>	<u>3,004</u>

(b) **Movements**

Asset revaluation reserve

Beginning of financial period/year	<u>1,372</u>	<u>1,372</u>
------------------------------------	--------------	--------------

Currency translation reserve

Beginning of financial period/year	(24)	-
Currency translation differences arising from consolidation	(22)	(47)
Less: Non-controlling interests	11	23
	<u>(11)</u>	<u>(24)</u>
End of financial period/year	<u>(35)</u>	<u>(24)</u>

Capital reserve

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

Other reserves are non-distributable.



Explanatory Notes:

(i) Current assets

Current assets decreased by \$11.5 million, from \$96.4 million as at 31 December 2018 to \$84.9 million as at 30 June 2019. The decrease was attributable to:

- (a) a decrease in cash and cash equivalents of \$8.9 million. This was due mainly to the cash used in operating activities of \$1.1 million, cash used in investing activities of \$2.3 million, and cash used in financing activities of \$5.5 million; and
- (b) a decrease in contract assets of \$7.5 million, due mainly to (1) a decrease in amount due from customers of \$6.2 million which related to work done but not billed in June 2019 and (2) a decrease in construction contract work-in-progress of \$1.3 million due mainly to lower unbilled amounts expected to be collected from customers for contract work performed up to 30 June 2019 as compared to 31 December 2018,

which were partially offset by:

- (c) an increase in trade and other receivables of \$4.9 million due mainly to (1) an increase in trade receivables of \$4.0 million, (2) an increase in deposits of \$0.7 million arising mainly from deposits paid for the purchase of property, plant and equipment, and (3) an increase in \$0.2 million in prepayments,

during the half year ended 30 June 2019.

(ii) Non-current assets

Non-current assets increased by \$0.8 million, from \$90.2 million as at 31 December 2018 to \$91.0 million as at 30 June 2019. The increase was attributable to:

- (a) an increase in other receivables of \$1.9 million due mainly to an advance to an associated company, USB Holdings Pte Ltd; and
- (b) an increase in right-of-use assets of \$0.6 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:

- (c) a decrease 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 depreciation of Australian dollar against the Singapore dollar;
- (d) a decrease in investments in associated companies of \$0.8 million arising from the notional fair value on loan and share of loss of the associated companies;



- (e) a decrease in investments in joint ventures of \$0.3 million arising from dividends received of \$0.3 million; and
- (f) a decrease in property, plant and equipment of \$0.2 million resulting from the disposal and depreciation of property, plant and equipment, which were partially offset by the purchase of new property, plant and equipment,

during the half year ended 30 June 2019.

(iii) Current liabilities

Current liabilities decreased by \$8.3 million, from \$27.6 million as at 31 December 2018 to \$19.3 million as at 30 June 2019. The decrease was due mainly to:

- (a) a decrease in trade and other payables of \$8.1 million arising from (1) lower accrued operating expenses related to project costs and (2) settlement of some major trade and other payables; and
- (b) a decrease in current income tax liabilities of \$0.3 million due to lower tax provision resulting from lower profits generated,

which were partially offset by:

- (c) an increase in lease liabilities of \$0.1 million arising from the purchase of property, plant and equipment,

during the half year ended 30 June 2019.

(iv) Non-current liabilities

Non-current liabilities decreased by \$0.9 million, from \$35.4 million as at 31 December 2018 to \$34.5 million as at 30 June 2019. The decrease was due mainly to a decrease in deferred income tax liabilities of \$0.2 million as well as repayment of lease liabilities and bank borrowing during the half year ended 30 June 2019.

(iv) Shareholders' equity

Shareholders' equity, comprising share capital, other reserves, retained profits and non-controlling interests, decreased by \$1.5 million, from \$123.6 million as at 31 December 2018 to \$122.1 million as at 30 June 2019. The decrease was largely attributable to:

- (a) the dividend payment to shareholders of \$3.1 million,

which was partially offset by:

- (b) the profit generated from operations of \$1.3 million for the half year ended 30 June 2019; and
- (c) a non-controlling interest of \$0.3 million arising from the contribution from Raffles Prestige Capital Pte Ltd,

during the half year ended 30 June 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 30 Jun 2019			As at 31 Dec 2018		
	\$'000	\$'000		\$'000	\$'000
	Secured	Unsecured		Secured	Unsecured
Lease liabilities	1,400	-	Lease liabilities	1,307	-
Bank borrowing	760	-	Bank borrowing	768	-
Total	2,160	-	Total	2,075	-

(b) Amount repayable after one year

As at 30 Jun 2019			As at 31 Dec 2018		
	\$'000	\$'000		\$'000	\$'000
	Secured	Unsecured		Secured	Unsecured
Lease liabilities	2,027	-	Lease liabilities	2,126	-
Bank borrowing	23,278	-	Bank borrowing	23,902	-
Total	25,305	-	Total	26,028	-

(c) Details of any collateral

The above secured borrowings of the Group relate to:

- (1) finance lease liabilities of \$3.4 million secured by way of corporate guarantees of the Company and charges over the property, plant and equipment under the finance leases; and
- (2) bank term loan of \$24.0 million secured by first legal mortgage over an investment property of the Group, certain bank deposits, charge over 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 statements of cash flows

	The Group		The Group	
	Second Quarter ended 30 June		Half year ended 30 June	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Net profit	415	302	1,621	3,130
Adjustments for:				
- Income tax expense/(credit)	128	(6)	252	524
- Depreciation of property, plant and equipment	514	737	1,013	1,454
- Depreciation of right-to-use assets	320	121	655	234
- Amortisation of intangible assets	7	3	14	7
- (Gain)/loss on disposal of property, plant and equipment	(11)	(24)	1	(39)
- Share of results of associated companies and joint ventures	39	(111)	570	(162)
- Interest income	(266)	(203)	(539)	(421)
- Interest expense	410	285	694	310
- Foreign exchange differences	303	1	481	1
Operating cash flow before working capital changes	1,859	1,105	4,762	5,038
Change in working capital				
- Trade and other receivables	(3,935)	(959)	(4,876)	(147)
- Contract assets	3,939	(3,734)	7,526	(1,721)
- Trade and other payables	(2,725)	2,111	(8,244)	(4,024)
- Contract liabilities	-	(263)	-	(263)
Cash used in operations	(862)	(1,740)	(832)	(1,117)
- Interest received	274	203	539	421
- Income tax paid	(828)	(964)	(828)	(1,052)
Net cash used in operating activities	(1,416)	(2,501)	(1,121)	(1,748)
Cash flows from investing activities				
- Additions to property, plant and equipment	(457)	(378)	(931)	(1,216)
- Additions to investment properties	-	(46,330)	-	(46,330)
- Disposal of property, plant and equipment	97	24	131	39
- Investment in an associated company	-	-	-	(450)
- Advance to an associated company	-	(1,057)	(1,750)	(3,375)
- Dividend received from a joint venture	300	300	300	300
- Repayment of loans by a joint venture	-	3,852	-	3,852
- Capital contribution of a non-controlling interest for the incorporation of a subsidiary corporation	-	-	-	-*
Net cash used in investing activities	(60)	(43,589)	(2,250)	(47,180)

Note:

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



Consolidated statements of cash flows (Cont'd)

	The Group		The Group	
	Second Quarter ended 30 June		Half year ended 30 June	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Cash flows from financing activities				
- Repayment of lease liabilities	(823)	(479)	(1,219)	(899)
- Advance from a non-controlling interest	-	-	-	10,314
- Interest paid	(254)	(276)	(538)	(295)
- Repayment of borrowings	(430)	-	(624)	-
- Proceeds from bank borrowing	-	26,338	-	26,338
- Dividend paid to shareholders	(3,084)	(6,169)	(3,084)	(6,169)
- Bank deposits pledged	(11)	(38)	(21)	(36)
Net cash (used in)/generated from financing activities	(4,602)	19,376	(5,486)	29,253
Net decrease in cash and cash equivalents	(6,078)	(26,714)	(8,857)	(19,675)
Cash and cash equivalents at the beginning of the financial period	66,542	88,282	69,231	81,551
Effects of currency translation on cash and cash equivalents	(113)	302	(23)	(6)
Cash and cash equivalents at the end of the financial period	60,351	61,870	60,351	61,870

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 Jun 2019	30 Jun 2018
	\$'000	\$'000
Cash at bank and on hand	15,616	17,968
Short-term bank deposits	49,494	48,124
Trust account – Cash at bank	306	370
	65,416	66,462
Short-term bank deposits pledged to banks	(5,065)	(4,592)
Cash and cash equivalents per consolidated statement of cash flows	60,351	61,870

Bank deposits of \$5,065,080 (30 June 2018: \$4,592,133) are pledged to banks for banking facilities of certain subsidiary corporations.



(ii) **Review of cash flows for the six months ended 30 June 2019**

Net cash used in operating activities

Our Group reported net cash used in operating activities of \$1.1 million in the six months ended 30 June 2019, a decrease of \$0.6 million from net cash used in operating activities of \$1.7 million in the six months ended 30 June 2018. The \$0.6 million decrease was due mainly to:

- (a) a decrease in cash generated from operating activities before working capital changes of \$0.3 million; and
- (b) a decrease in net working capital outflow of \$0.6 million,

which were partially offset by:

- (c) a decrease in income tax paid of \$0.2 million; and
- (d) an increase in interest received of \$0.1 million,

during the six months ended 30 June 2019.

Net cash used in investing activities

Net cash of \$2.3 million used in investing activities was due to:

- (a) the purchase of new property, plant and equipment of \$0.9 million; and
- (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,

which were partially offset by:

- (c) proceeds from disposal of property, plant and equipment of \$0.1 million; and
- (d) dividends of \$0.3 million received from an unincorporated joint venture, Chye Joo-Or Kim Peow JV,

during the six months ended 30 June 2019.

Net cash used in financing activities

Net cash of \$5.5 million was used in financing activities in the six months ended 30 June 2019. This was due mainly to (1) dividend payments to shareholders of \$3.1 million, (2) repayment of lease liabilities of \$1.2 million, (3) interest payments of \$0.6 million, and (4) repayment of borrowings of \$0.6 million, during the six months ended 30 June 2019.

Overall, free cash and cash equivalents stood at \$60.4 million as at 30 June 2019, a decrease of \$1.5 million, from \$61.9 million as at 30 June 2018. This works out to cash of 19.6 cents per share as at 30 June 2019 as compared to 20.1 cents per share as at 30 June 2018 (based on 308,430,594 issued shares as at 30 June 2019 and 30 June 2018).



(iii) **Review of cash flows for second quarter ended 30 June 2019**

Net cash used in operating activities

Our Group's net cash used in operating activities for the second quarter ended 30 June 2019 was \$1.4 million as compared to \$2.5 million for the second quarter ended 30 June 2018. The \$1.1 million decrease was due mainly to:

- (a) an increase in cash generated from operating activities before working capital changes of \$0.8 million;
- (b) a decrease in net working capital outflow of \$0.2 million; and
- (c) a decrease in income tax paid of \$0.1 million,

during the second quarter ended 30 June 2019.

Net cash used in investing activities

Net cash used in investing activities of \$60,000 for the second quarter ended 30 June 2019 was due to the purchase of new property, plant and equipment of \$0.5 million, offset by (i) dividends of \$0.3 million received from an unincorporated joint venture, Chye Joo-Or Kim Peow JV, and (ii) proceeds from disposal of property, plant and equipment of \$97,000 in the second quarter ended 30 June 2019.

Net cash used in financing activities

The net cash used in financing activities was \$4.6 million for the second quarter ended 30 June 2019 as compared with net cash generated from financing activities of \$19.4 million for the second quarter ended 30 June 2018. The major outflow was due mainly to (1) dividend payments to shareholders of \$3.1 million, (2) repayment of lease liabilities of \$0.8 million, (3) interest payments of \$0.3 million and (4) repayment of borrowings of \$0.4 million, in the second quarter ended 30 June 2019.



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 interest	Total equity
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

The Group

As at 1 Jan 2019	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
As at 31 Mar 2019	36,832	1,656	1,372	(15)	85,694	125,539	(718)	124,821
Profit for the period	-	-	-	-	278	278	137	415
Other comprehensive income for the period	-	-	-	(20)	-	(20)	(19)	(39)
	-	-	-	(20)	278	258	118	376
Dividend relating to FY2018	-	-	-	-	(3,084)	(3,084)	-	(3,084)
As at 30 Jun 2019	36,832	1,656	1,372	(35)	82,888	122,713	(600)	122,113



Attributable to equity holders of the Company						
Share Capital	Asset revaluation reserve	Foreign currency translation reserve	Retained profits	Total	Non-controlling interest	Total equity
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

The Group

As at 1 Jan 2018	36,832	1,372	-	84,307	122,511	-	122,511
Total comprehensive income for the period	-	-	-*	2,845	2,845	(15)	2,830
As at 31 Mar 2018	36,832	1,372	-*	87,152	125,356	(15)	125,341
Total comprehensive income for the period	-	-	(1)	106	106	195	301
Dividend relating to FY2017	-	-	-	(6,169)	(6,169)	-	(6,169)
As at 30 Jun 2018	36,832	1,372	(1)	81,089	119,293	180	119,473

Note:

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



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

The Company

As at 1 Jan 2019	36,832	9,429	46,261
Total comprehensive income for the period	-	206	206
As at 31 Mar 2019	36,832	9,635	46,467
Total comprehensive income for the period	-	33	33
Dividend relating to FY2018	-	(3,084)	(3,084)
As at 30 Jun 2019	36,832	6,584	43,416



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

The Company

As at 1 Jan 2018	36,832	11,782	48,614
Total comprehensive income for the period	-	143	143
As at 31 Mar 2018	36,832	11,925	48,757
Total comprehensive income for the period	-	251	251
Dividend relating to FY2017	-	(6,169)	(6,169)
As at 30 Jun 2018	36,832	6,007	42,839



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 March 2019.

Under the Share Buy Back Mandate which was approved by the Shareholders on 29 April 2019, no shares were bought back by the Company during the second quarter ended 30 June 2019.

There were no outstanding convertibles issued or treasury shares held by the Company and no subsidiary holdings as at 30 June 2019 and 30 June 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

	30 Jun 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
- SFRS(I) INT 123 : Uncertainty over Income Tax Treatments

Effective for annual periods beginning on or after 1 January 2020

- Amendments to References to the Conceptual Framework in SFRS(I) Standards
- Amendments to SFRS(I) 3: Definition of a Business
- Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material

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) 1-28 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			The Group		
	Second Quarter ended 30 Jun		Increase/ (Decrease)	Half Year ended 30 Jun		Increase/ (Decrease)
	2019	2018		2019	2018	
	\$'000	\$'000	%	\$'000	\$'000	%
Net profit attributable to equity holders of the Company (\$'000)	278	107	159.8	1,346	2,950	(54.4)
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 per share)	0.09	0.03	200.0	0.44	0.96	(54.2)
Diluted earnings per share (cents per share)	0.09	0.03	200.0	0.44	0.96	(54.2)

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares, excluding treasury shares, of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	The Group		The Company		Increase/ (Decrease) %	
	As at 30 Jun 2019	As at 31 Dec 2018	As at 30 Jun 2019	As at 31 Dec 2018	The Group	The Company
Net tangible assets (\$'000)	120,338	121,809	43,414	46,258	(1.2)	(6.1)
Number of shares	308,430,594	308,430,594	308,430,594	308,430,594	-	-
NTA per share (cents)	39.02	39.49	14.08	15.00	(1.2)	(6.1)



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. It specialises 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 three business segments: Construction, Maintenance and Rental income from investment properties.

Income Statement Review (Half Year ended 30 June 2019 vs Half Year ended 30 June 2018)

	The Group					
	Current half year ended 30 Jun 2019		Previous half year ended 30 Jun 2018		Increase / (Decrease)	
	\$'000	%	\$'000	%	\$'000	%
Construction	24,399	63.3	21,808	43.3	2,591	11.9
Maintenance	11,412	29.6	27,288	54.2	(15,876)	(58.2)
Rental income	2,727	7.1	1,297	2.5	1,430	110.3
Total Revenue	38,538	100.0	50,393	100.0	(11,855)	(23.5)

Revenue

Our Group reported a 23.5% or \$11.9 million decrease in revenue to \$38.5 million in the half year ended 30 June 2019 as compared to \$50.4 million in the half year ended 30 June 2018. The decrease was due mainly to a 58.2% decrease in revenue from the maintenance segment to \$11.4 million, partially offset by (i) an 11.9% increase in revenue from the construction segment to \$24.4 million and (ii) a 110.3% increase in rental income.

The increase in revenue from the construction segment was due mainly to the higher percentage of revenue recognised from a number of existing construction projects as they progressed to a more active phase in the half year ended 30 June 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 half year ended 30 June 2019.

The increase in rental income generated from investment properties was due mainly to rental income generated from the property at 6-8 Bennett Street, East Perth, Western Australia which has been fully occupied in the second quarter ended 30 June 2019.

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 63.3% (30 June 2018: 43.3%), 29.6% (30 June 2018: 54.2%) and 7.1% (30 June 2018: 2.5%) of our Group's revenue respectively for the half year ended 30 June 2019.

Cost of sales

	The Group			
	Current half year ended 30 Jun 2019	Previous half year ended 30 Jun 2018	Increase / (Decrease)	
	\$'000	\$'000	\$'000	%
Construction	31,675	42,553	(10,878)	(25.6)
Maintenance				
Rental income	909	394	515	130.7
Total cost of sales	32,584	42,947	(10,363)	(24.1)

Our cost of sales decreased by 24.1% or \$10.3 million from \$42.9 million for the half year ended 30 June 2018 to \$32.6 million for the half year ended 30 June 2019. The decrease in cost of sales was due mainly to:

- (a) the decrease in sub-contracting costs which were mainly costs incurred for specialised works such as bored piling, asphalt works, mechanical and electrical works, soil-testing, landscaping and metalworks which are usually sub-contracted to external parties; and
- (b) the decrease in labour costs during the half year ended 30 June 2019,



which were partially offset by:

- (c) an increase in the cost of construction materials due to higher utilisation of materials as some of the projects progressed to a more active phase during the half year ended 30 June 2019; and
- (d) an increase in overheads such as upkeep of machineries and hiring costs related to the rental of additional heavy equipment and machineries to support existing projects,

during the half year ended 30 June 2019.

Gross profit and gross profit margin

Our gross profit for the half year ended 30 June 2019 decreased by 20.0% or \$1.4 million from \$7.4 million for the half year ended 30 June 2018 to \$6.0 million for the half year ended 30 June 2019.

Our gross profit margin increased from 14.8% for the half year ended 30 June 2018 to 15.4% for the half year ended 30 June 2019.

The higher gross profit margin was largely attributable to the higher contribution from the rental income segment as well as a few construction projects which had commanded better gross profit during the half year ended 30 June 2019.

Other gains, net

Other gains increased by \$0.5 million or 77.7% from \$0.7 million for the half year ended 30 June 2018 to \$1.2 million for the half year ended 30 June 2019. The increase was largely attributable to a technical management consultancy fee in relation to a piling project in Jakarta, Indonesia during the half year ended 30 June 2019.

Administrative expenses

Administrative expenses decreased by \$0.2 million or 6.5% from \$4.3 million for the half year ended 30 June 2018 to \$4.1 million for the half year ended 30 June 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 half year ended 30 June 2019.



Finance expenses

The Group	
Half year ended 30 Jun 2019	Half year ended 30 Jun 2018
\$'000	\$'000
Lease liabilities	50
Notional interest on loan ^(a)	-
Bank borrowing ^(b)	260
694	310

Finance expenses increased by \$0.4 million or 123.9% from \$0.3 million for the half year ended 30 June 2018 to \$0.7 million for the half year ended 30 June 2019. The increase was largely attributable to:

- (a) an increase in notional interest on loan of \$0.2 million resulting from fair value adjustment of loan from a non-controlling shareholder; and
- (b) an increase in interest expenses of \$0.2 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 results of associated companies and joint ventures

The Group	
Half year ended 30 Jun 2019	Half year ended 30 Jun 2018
\$'000	\$'000
Share of profit of joint ventures	82
Share of (loss)/profit of associated companies	80
(570)	162

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 half year ended 30 June 2019.



Profit before income tax

Profit before income tax decreased by \$1.8 million or 48.7% from \$3.7 million for the half year ended 30 June 2018 to \$1.9 million for the half year ended 30 June 2019. The decrease was due mainly to (1) the decrease in gross profit of \$1.4 million, (2) the increase in finance expenses of \$0.4 million and (3) the decrease in share of profit of associated companies and joint ventures of \$0.7 million. The decrease was partially offset by (1) the decrease in administrative expenses of \$0.2 million and (2) the increase in other gains (net) of \$0.5 million, as explained above.

Income tax expense

Income tax expense decreased by \$0.3 million or 51.9% from \$0.5 million in the half year ended 30 June 2018 to \$0.2 million in the half year ended 30 June 2019 due mainly to lower profit before income tax, as explained above.

The effective tax rates for the half year ended 30 June 2019 and half year ended 30 June 2018 were 13.5% and 14.3% respectively.

The effective tax rate for the half year ended 30 June 2019 was lower than the statutory tax rate of 17.0% due mainly to (1) statutory stepped income tax exemption and (2) an overprovision of deferred tax amounting to \$0.1 million.

The effective tax rate for the half year ended 30 June 2018 was lower than the statutory tax rate of 17.0% due mainly to (1) the profit before income tax of \$3.6 million which comprised share of profit of associated companies and joint ventures of \$0.2 million, which was already taxed at the associated company and joint venture levels, (2) statutory stepped income tax exemption and (3) a tax rebate of 20% on the corporate tax payable.

Non-controlling interests

Non-controlling interests of \$0.3 million was due to contributions from our subsidiary corporation, Raffles Prestige Capital Pte Ltd, in the half year ended 30 June 2019.

Net profit

Overall, for the half year ended 30 June 2019, net profit decreased by \$1.5 million or 48.2%, from \$3.1 million for the half year ended 30 June 2018 to \$1.6 million for the half year ended 30 June 2019, following the decrease in profit before income tax of \$1.8 million which was partially offset by the decrease in income tax expense of \$0.3 million, as explained above.

Our net profit margin decreased from 6.2% for the half year ended 30 June 2018 to 4.2% for the half year ended 30 June 2019.



Income Statement Review (Second Quarter ended 30 June 2019 vs Second Quarter ended 30 June 2018)

	The Group					
	Current second quarter ended 30 Jun 2019		Previous second quarter ended 30 Jun 2018		Increase / (Decrease)	
	\$'000	%	\$'000	%	\$'000	%
Construction	12,034	62.1	8,732	31.9	3,302	37.8
Maintenance	5,981	30.9	17,407	63.6	(11,426)	(65.6)
Rental income	1,348	7.0	1,213	4.5	135	11.1
Total Revenue	19,363	100.0	27,352	100.0	(7,989)	(29.2)

Revenue

Our Group recorded a decrease in revenue in the second quarter ended 30 June 2019 of \$8.0 million or 29.2%, to \$19.4 million as compared to \$27.4 million in the second quarter ended 30 June 2018.

The construction segment contributed \$12.0 million to our Group's revenue in the second quarter ended 30 June 2019, compared to \$8.7 million in second quarter ended 30 June 2018. The increase in revenue from the construction segment was due mainly to the higher percentage of revenue recognised from a number of existing construction projects as they progressed to a more active phase in the second quarter ended 30 June 2019.

The \$11.4 million 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 second quarter ended 30 June 2019.

The increase in rental income generated from investment properties was due mainly to rental income generated from the property at 6-8 Bennett Street, East Perth, Western Australia which has been fully occupied in the second quarter ended 30 June 2019.



Cost of sales

	The Group			
	Current second quarter ended 30 Jun 2019	Previous second quarter ended 30 Jun 2018	Increase / (Decrease)	
	\$'000	\$'000	\$'000	%
Construction	16,654	25,154	(8,500)	(33.8)
Maintenance				
Rental income	468	382	86	22.5
Total cost of sales	17,122	25,536	(8,414)	(32.9)

Our cost of sales decreased by 32.9% or \$8.4 million from \$25.5 million for the second quarter ended 30 June 2018 to \$17.1 million for the second quarter ended 30 June 2019. The decrease in cost of sales was due mainly to:

(a) the decrease in sub-contracting costs which were mainly costs incurred for specialised works such as bored piling, asphalt works, mechanical and electrical works, soil-testing, landscaping and metalworks which are usually sub-contracted to external parties; and

(b) the decrease in labour costs,

which were partially offset by:

(c) an increase in the cost of construction materials due to higher utilisation of materials as some of the projects progressed to a more active phase during the second quarter ended 30 June 2019; and

(d) an increase in overheads such as upkeep of machineries and hiring costs related to the rental of additional heavy equipment and machineries to support existing projects,

during the second quarter ended 30 June 2019.



Gross profit and gross profit margin

Our gross profit increased by \$0.4 million or 23.4% from \$1.8 million for the second quarter ended 30 June 2018 to \$2.2 million for the second quarter ended 30 June 2019.

Our gross profit margin increased from 6.6% for the second quarter ended 30 June 2018 to 11.6% for the second quarter ended 30 June 2019.

The higher gross profit margin for the second quarter ended 30 June 2019 as compared to the second quarter ended 30 June 2018 was largely attributable to the higher contribution from the rental income segment as well as a few construction projects which had commanded better gross profit in the second quarter ended 30 June 2019.

Other gains, net

The increase of \$72,000 in other gains was largely attributable to a technical management consultancy fee in relation to a piling project in Jakarta, Indonesia during the half year ended 30 June 2019, which was partially offset by (1) a decrease in loss from disposal of property, plant and equipment, (2) a decrease in government grant of \$0.3 million; and (3) a decrease in foreign exchange loss during the second quarter ended 30 June 2019.

Administrative expenses

Administrative expenses remained at \$2.0 million and \$1.9 million during the second quarter ended 30 June 2019 and 30 June 2018 respectively.

Finance expenses

Finance expenses increased by \$47,000 due mainly to interest expenses incurred on a bank term loan for the purchase of an investment property at 6-8 Bennett Street, East Perth, Western Australia.

Share of results of associated companies and joint ventures

The \$0.2 million decrease in the share of profits of investments in the second quarter ended 30 June 2019 was due mainly to net share of loss of associated companies compared to the net share of profits from associated companies during the second quarter ended 30 June 2018.



Profit before income tax

Profit before income tax increased by \$0.2 million or 83.4% from \$0.3 million in the second quarter ended 30 June 2018 to \$0.5 million in the second quarter ended 30 June 2019. The increase was due mainly to (1) an increase in gross profit of \$0.4 million, and (2) an increase in other gains of \$72,000, partially offset by (1) an increase in finance expenses of \$47,000, and (2) a decrease in share of profit of associated companies and joint ventures of \$0.2 million, as explained above.

Income tax expense

Income tax expense increased by \$0.1 million or 2,233.3% from an income tax credit of \$6,000 for the second quarter ended 30 June 2018 to a tax expense of \$0.1 million for the second quarter ended 30 June 2019.

The effective tax rate for the second quarter ended 30 June 2019 was higher than the statutory tax rate of 17.0%, due mainly to the relatively higher corporate tax rate of our Australian subsidiary corporation.

Tax credit for the second quarter ended 30 June 2018 arose from deductible temporary differences between the carrying value of assets and value of assets for tax purposes. The tax credit was partially offset by lower provision for current tax made in the second quarter ended 30 June 2018 due mainly to lower profit before income tax, as explained above.

Non-controlling interests

Non-controlling interests of \$0.1 million was due to contributions from our subsidiary corporation, Raffles Prestige Capital Pte Ltd, in the second quarter ended 30 June 2019.

Net profit

Overall, for the second quarter ended 30 June 2019, net profit increased by \$0.1 million or 37.4% to \$0.4 million as compared to \$0.3 million for the second quarter ended 30 June 2018, following the increase in profit before income tax of \$0.2 million, which was partially offset by the increase in income tax expense of \$0.1 million, as explained above.

Our net profit margin increased from 1.1% for the second quarter ended 30 June 2018 to 2.1% for the second quarter ended 30 June 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 second quarter ended 30 June 2019 from what was previously discussed under paragraph 10 of the Company's financial statements for the first quarter ended 31 March 2019.



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

Latest flash estimates from the Ministry of Trade and Industry showed that Singapore's economy expanded by 0.1% on a year-on-year ("y-o-y") basis in the second quarter of 2019 ("2Q2019"). This was a significant decrease from the 1.1% growth in the first quarter of 2019 ("1Q2019"). On a quarter-on-quarter ("q-o-q") seasonally-adjusted annualised basis, the economy shrank by 3.4% as compared to the 3.8% growth in the preceding quarter.

Industry Outlook

On the construction front, the sector grew by 2.2% on a y-o-y basis in 2Q2019, extending the 2.7% expansion in the previous quarter. Growth of the construction sector continued to be supported by an increase in public sector construction. On a q-o-q seasonally-adjusted annualised basis, the construction sector contracted by 7.6%, reversing from a 13.3% growth 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 around 60% of the projects coming from the public sector, amounting to between \$16.5 billion and \$19.5 billion. Public sector construction demand is expected to be lifted by major infrastructure projects and a pipeline of major industrial building 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.

BCA anticipates a steady improvement in construction demand over the medium term with a projected demand of between \$27.0 billion and \$34.0 billion per year for 2020 to 2021, which could potentially pick up to between \$28.0 billion and \$35.0 billion per year for 2022 to 2023.

Preliminary figures released by the BCA showed that the total actual construction demand for the first five months of 2019 reached \$11.8 billion comprising \$5.1 billion or 43.3% from the public sector and \$6.7 billion or 56.7% from the private sector.

The above developments will present opportunities for the Group, given its strong focus on public sector infrastructure projects.

With respect to the private residential property segment, latest real estate statistics from the Urban Redevelopment Authority showed a 1.5% increase in the private residential property index in 2Q2019, compared to the 0.7% decrease in 1Q2019.



Company Outlook And Order Book Update

Looking ahead, the Group expects the operating environment to remain challenging due to rising costs, tough competition and tight labour market. However, the Group remains cautiously optimistic as it continues to be supported by a healthy pipeline of construction projects.

As at 30 June 2019, the Group's order book stood at \$282.6 million, with projects extending till 2023.

On the property development front, the Group has launched The Essence, an 84-unit condominium along Chong Kuo Road in March 2019 and will continue to actively market this development.

The launch of the 74-unit residential project Phoenix Heights in Bukit Panjang is also well on track for 2020, having earlier received the necessary regulatory approvals from the Singapore Land Authority for development and the grant of a top-up to 99-year lease.

The Group's investment property at 6-8 Bennett Street in Perth, Australia continues to contribute stable and recurring rental income in the second quarter of FY2019.

Moving forward, the Group will continue to strengthen its capabilities in its core civil engineering business in order to remain as the preferred civil engineering contractor across various industries, locally and abroad. The Group remains fully committed to the smooth execution and delivery of its existing projects.

To stay ahead of the competition in a tight labour market, the Group places strong emphasis on the adoption of advanced technologies and training programmes to streamline operational processes and improve productivity.

As part of the Group's long-term strategy to diversify earnings and build a recurring income stream, the Group will continue to explore other business opportunities to broaden its foothold in property development and investment through strategic tie-ups with experienced partners.



11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect and the reason(s) for the decision

No dividend has been declared/recommendeded for the second quarter ended 30 June 2019 to preserve the Group's working capital for opportunities that may arise.

13. Interested person transactions disclosure

There was no interested person transaction, as defined in Chapter 9 of the Listing Manual of the Singapore Exchanged Securities Trading Limited, entered into by the Group or by the Company during the half year ended 30 June 2019.

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 June 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 second quarter and half year ended 30 June 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
13 August 2019