

# OKP

## Building on Jurong Island's infrastructural boom

# BUY

### Economic windfall from O&G diversification

OKP's strategic decision to push into the civil engineering field for the oil and gas sector is generating significant economic mileage. Earnings have rebounded from the trough of S\$0.3m in FY05 and are pushing northwards to S\$11.6m by FY08. Leveraging on OKP's close ties with multi-national EPC contractors like Foster Wheeler and Worley Parsons, the company is progressively viewed by market investors as a quasi-proxy to Jurong Island's growth. Trading at 10.7x FY08 PE, OKP is one of the cheapest construction plays with O&G exposure.

### Jurong Island firing on all cylinders

OKP is poised to reap further project windfalls following the Singapore government's recent announcement to upgrade Jurong Island's infrastructure and attract more FDIs to this petrochemical hub. Key development works will accelerate as Exxon Mobil's Singapore Parallel Train (SPT) and LNG Terminal begin construction next year. Taking 10% of the development costs from the SPT project alone would imply an opportunity pie as large as S\$620m for civil engineering works. Other notable projects include Jurong Rock Cavern Phase II and LNG Terminal, which will ensure a steady pipeline of project flow till 2012.

### Interim results confirm firm foothold on O&G initiatives

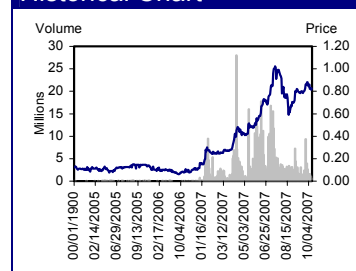
OKP reported 1H07 net profit of S\$4.1m (+584.1% YoY, +16.6% HoH) which was slightly below expectations but we are not overly concerned. This was primarily due to the timing of revenue recognition, the bulk of which will be recaptured in 2H07. Revenue rose to S\$49.1m (+46.8% YoY, 23.1% HoH) while operating profit increased to S\$6.3m (+700.4% YoY, 33.8% HoH). Gross margin and operating margin widened to 19.8% and 12.8% respectively from 8.4% and 2.3% in the previous corresponding period; these effects were attributed to the shift towards higher value O&G related services. With higher taxes and engineering manpower overheads in 1H07, we are targeting S\$8.8m net profit for FY07E.

### Maintain Buy based on 15x FY08 PE with TP of S\$1.16

OKP's steady transformation should lead to a realignment of its rising fundamentals with peer comparables in the O&G space. We are raising our fair value to S\$1.16 based on 15x FY08 PE versus 60% CAGR FY06-FY08F EPS. Our valuation basis is pegged at a slight discount to EPC peers given its market capitalisation float. FY07 order book estimates stand at S\$217.2m, of which 48% will be recognized in FY07. Maintain Buy. Key risks include project execution risks, contingent liabilities, success rate of project tenders and unforeseen material cost hikes.

<b>Price</b>	<b>\$0.83</b>
<b>Target</b>	<b>\$1.16</b>
<b>ST Index</b>	<b>3875.77</b>

#### Historical Chart



#### Stock Information

Bloomberg code	OKP SP
Reuters code	5CF.SI
Market Cap (S\$m)	124.4
52-week high (\$)	1.05
52-week low (\$)	0.08
Shares issued (m)	149.9
6m avg. daily vol (m)	4.1
Free float (%)	23.1
Major Shareholders (%)	
Or Kim Peow – Exec. Dir	(61.3)
Ang Beng Tin – Exec. Dir	(2.0)

#### Key Indicators – FY06

Gross Margin (%)	14.3
Operating Margin (%)	7.5
ROE (%)	20.1
ROA (%)	10.0
Current Ratio (x)	1.6
Net Debt/Equity (%)	Net Cash
Interest cover (x)	52
NTA (S c)	15.4
P/NTA (x)	5.4

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 MICA (P): 269/11/2006

Year End Dec	2004	2005	2006	2007F	2008F
Sales (\$m)	72.7	61.4	73.3	104.5	125.5
Pretax profit (\$m)	1.7	0.5	5.4	12.7	15.3
Net profit (\$m)	1.6	0.3	4.1	8.8	11.6
EPS (cts)	1.1	0.2	3.0	5.9	7.7
EPS growth (%)	11.0	-81.7	1354.0	95.1	30.5
PER (x)	72.4	396.4	27.3	14.0	10.7
Non cash PER (x)	73.5	717.8	28.0	12.4	8.8
EV/EBITDA (x)	33.6	55.4	16.0	7.4	5.8
DPS (cts)	0.5	0.0	1.5	2.7	3.5
Yield (%)	0.6	0.0	1.8	3.2	4.2

## Investment theme

The Singapore government's recent S\$1bn infrastructure expenditure plan to upscale Jurong Island's infrastructure and its lower tax regime of 18% for corporates are efforts directed at ensuring the country's pre-eminent status as a regional chemicals hub. We believe these positive developments are significant catalysts that will attract new FDI into Jurong Island, which would in turn boost demand for infrastructure investment and EPC civil engineering services.

In our view, the commencement of the project tender cycle for Exxon Mobil's second cracker (US\$4bn) and JTC's LNG Terminal (US\$650m) is merely the cusp of a multi-year secular boom for the civil engineering industry.

## Valuation

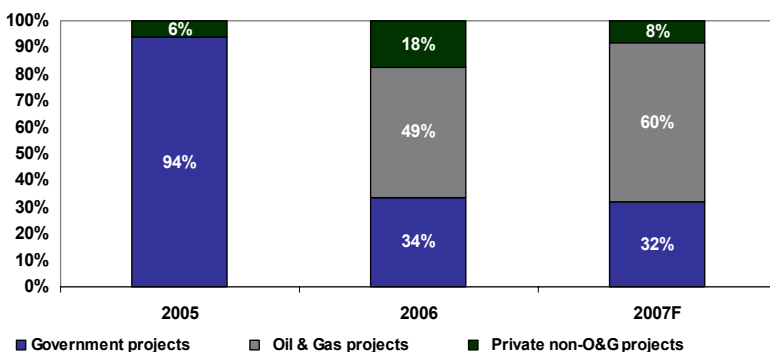
In the same light, we are optimistic that these developments will overdrive OKP's civil and building construction business in the O&G sector over the next three years. This business has grown from zero-base in FY05 and now constitutes 49% of OKP's sales and c92% of EBIT as of FY06. The more mature road engineering business portion will remain albeit we expect its constituent share to shrink commensurately. OKP's steady transformation in our view will also lead to a gradual realignment of its rising fundamentals as an O&G civil engineer specialist. We are raising our fair value to S\$1.16 based on 15x FY08 PE versus 60% CAGR FY06-FY08F EPS. Our valuation basis is pegged at a slight discount to EPC peers given its market capitalisation float. Maintain Buy.

**Table 1: Relative valuation**

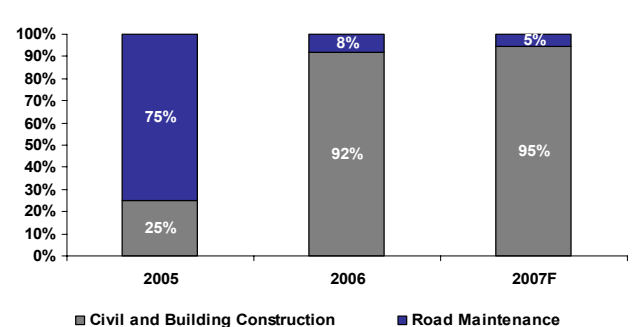
Construction Peers	Ticker	Price (\$)	Year End	Px/Bk (X) FY07	Px/Bk (X) FY08	Net margin FY07 (%)	ROE FY07 (%)	PER (X) FY07	PER (X) FY08	Market Cap SGD
TIONG WOON CORP	TWC SP	1.14	Jun	3.4	2.9	22.8	22.6	17.1	14.3	384.8
TAT HONG	TAT SP	2.44	Mar	5.4	3.5	17.5	36.6	14.2	18.8	1211.3
ROTARY ENGINEERING	RTRY SP	1.46	Dec	4.7	4.7	8.1	37.1	20.1	15.9	829.0
AUSGROUP	AUSG SP	1.89	Jun	7.6	5.4	7.1	32.4	29.6	17.9	744.6
HIAP SENG	HSE SP	0.79	Mar	4.2	3.8	8.6	30.5	14.3	12.2	240.0
<i>Average</i>								<i>19.1</i>	<i>15.8</i>	
OKP HOLDINGS LTD	OKP SP	0.83	Dec	4.1	3.3	7.9	33.2	14.0	10.7	124.4

Source: Bloomberg, KELive estimates

**Figure 1: Revenue breakdown**



**Figure 2: EBIT breakdown**



Source: Company data, KELive estimates

## Jurong Island: Strong government support

The chemicals sector is a S\$75bn industry that generates 33% of Singapore's total manufacturing output. The latest S\$1bn budget schedule announcement (which includes the investment of S\$700m for Jurong Rock Cavern Phase 1 – an underground oil storage terminal) by the Singapore government is aimed at supporting three initiatives:

1. Expanding refining capacity to 30m barrels/day by 2030 from the current 1.3m barrels/day;
2. Anchoring biofuels production/storage capability as an auxiliary platform to commodities refining /storage. Target is to raise bio-diesel production to 3MT/annum by 2015; and
3. Developing an intellectual R&D base for the oil industry

**Table 2: Jurong Island project pipeline**

Jurong Island Projects	Estimated Construction Costs (\$m)	Year of Operation
Shell Houdini Project	3000	2009
#LNG Receiving Terminal	1000	2012
*Exxon Mobil Second Petrochemical Complex "Singapore Parallel Train"	6,200	Early 2011
<b>Potential Projects</b>		
Lanxess	827	-
Singapore Petroleum Company and Chevron - Clean Fuel Plant	320	-
Singapore Petroleum Company - Coker Plant	480-640	-
#Jurong Rock Cavern – Phase II	-	-

\* OKP is involved in the project, # potential project involvement

Source: KELive

To date, OKP has secured a contract worth S\$40m for Exxon Mobil's Singapore Parallel Train. We believe this contract award is the first batch of several more to come as Exxon Mobil has sub-parcelled the project scope into seven plants.

These tenders have already been awarded to multinational EPC contractors including: Shaw Stone and Weber, Mitsui Heavy Industries, Foster Wheeler and Worley Parsons, Mitsui Engineering & Shipbuilding and Heurtey. Based on OKP's feedback, each plant is further sub-parcelled into six to seven smaller tender civil engineering projects, which may be tendered to civil engineers like OKP who sub-contract for the EPCs.

We believe the probability of OKP securing further project tenders for civil engineering works is high given its close working relationship and strong track record working with Foster Wheeler and Worley Parsons on past projects. Contract wins from other EPC vendors such as Mitsui are also possibilities, which we have not factored into our forecast assumptions. Taking 10% of the construction works from the SPT project alone, this would imply an opportunity pie as large as S\$620m for civil engineering works.

### Beyond Exxon Mobil

Post Exxon Mobil, the project pipeline schedule remains robust. Notably, the main projects include Jurong Cavern Phase II and the LNG receiving terminal; both could provide revenue opportunities for OKP in the next five years and beyond.

**Table 3: Exxon Mobil's Singapore Parallel Train**

Plants	Capacity (tones per annum)	Contractor
Ethylene steam cracker recovery unit	1 million	Shaw Stone & Webster
Power co-generation unit	220 mgw	Shaw Stone Group
Polyethylene unit furnaces	650,000	Mitsui Heavy Industries
Polyethylene unit furnaces	650,000	Mitsui Heavy Industries
#Aromatics Extraction unit	340,000 of benzene	Foster Wheeler and Worley Parsons
#Oxo Alcohol expansion	120,000	Foster Wheeler and Worley Parsons
Polypropylene unit	450,000	Mitsui Engineering & Shipbuilding and Heurtey
Specialty Elastomers unit	300,000	Mitsui Engineering & Shipbuilding and Heurtey

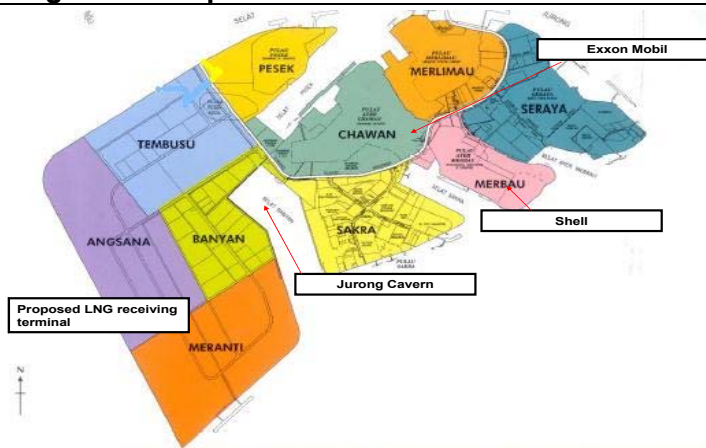
# Potential project involvement

Source: KELive

Considering the strong demand from oil majors and traders for more storage space, JTC has brought forward the Jurong Island Phase II tender process for tunnels, caverns and associated storage facility construction works and will start receiving bids within the next two months. With Rotary possibly participating in Phase II of the project, civil engineering works will likely be given to their 55/45 JV, OKPOG, if successful.

The LNG terminal also has similar tender dynamics as the Jurong Cavern Phase II project because Rotary was the only EPC contractor involved in the feasibility study for this terminal. Should Rotary win the tender award, we expect there will be flow through benefits to OKPOG for civil engineering works.

**Figure : Jurong Island map**



Source: KELive

### Road building

Management maintains that government road building and road maintenance projects will not be neglected in spite of OKP’s new focus on the O&G sector. While it is a mature business, cash flow streams are healthy. In fact, the value of contracts awarded totals S\$42.1m YTD, which is almost on par with the S\$43.4m in FY06.

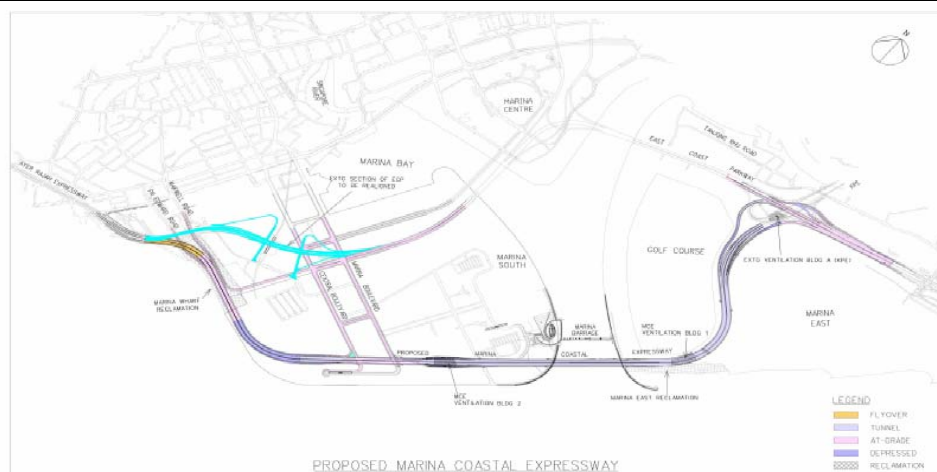
OKP’s 41 years track record in the road building business puts the company in good stead to tender for the S\$2.5bn Marina Coastal Expressway, which is expected to commence construction in 2008. Project work scope will involve construction of flyover and roads but excluding tunnel works. OKP’s internal target is to secure \$200m worth of tenders to be spread over four years.

**Table 4: Sample contract size for past expressways projects**

Projects	Client	Commencement	Completion	Contract size (\$m)
PIE extension and Re-alignment Interchange	Public Works Dept	January-92	January-94	17.3
SLE from Nee Soon Camp To Upper Thomson	LTA	January-96	January-98	20.9
Design and Widen BKE from KJE to SLE	LTA	November-02	May-05	21.6
Widening of PIE from KJE to Jln A. Ibrahim	LTA	March-04	March-06	22.2

Source: Company Data, KELive

**Figure 4: Marina coastal expressway**



Source: LTA, KELive

**Table 5: OKP FY07 order book**

PROJECTS	Clients	Commencement	Completion	Contract size (S\$m)	FY2006	FY2007	FY2008	FY2009
<b>CIVIL AND BUILDING CONSTRUCTION</b>								
<b>Government Projects</b>								
Final Premix Surfacing, Tuas View, Phase 5	JTC	July-05	January-07	7.5				
Proposed Design & Construction of CCK	Nparks	September-06	August-07	2.7				
Car Park improvements @ Tampines	HDB	Jan-07	May-08	2.6				
Drainage Associated Facilities	PUB	Jun-07	Dec-08	2.9				
Tuas View	JTC	Jul-07	Jul-08	4.9				
Tuas View	JTC	Oct-07	Oct-08	6.3				
Contract RD 225 - Road works in City Centre (phrase 1)	LTA	Sep-07	Jun-08	2.8				
<b>Private Projects</b>								
Rota International Airport Runway - Phase 1	CPA	October-05	May-07	14.8				
Civil and Related works for Tank Foundation	Rotary	February-06	October-07	48.1				
Bukit Villas Phase 1-9 @ Woodlands Road	Far East Org	March-06	March-08	9.9				
Singapore Parallel Train - Clearance works	Foster Wheeler	May-06	May-07	3.9				
Single Storey Workshops Pandan Crescent	Tiong Woon	August-06	January-07	1.3				
Singapore Parallel Train - Civil Works 2	Foster Wheeler	January-07	November-07	40.1				
Isotherm plant on Jurong Island	ITRO Pte Ltd	March-07	December-07	3.0				
Natural Fuel Biodiesel	Natural Fuel	May-07	November-07	3.0				
<b>ROAD MAINTENANCE</b>								
Supply & Application of Protective Coating	LTA	February-06	August-06	3.6				
Painting and Cleansing of Road Facilities	LTA	April-06	March-08	12.8				
Maintenance of Expressway	LTA	April-06	March-08	10.9				
Painting and Cleansing of Road related West	LTA	April-06	March-08	13.4				
Roadside Drains III EUP 4 Contract 1	PUB	July-07	July-09	13.3				
Roadside Drains III EUP 4 Contract 2	PUB	July-07	March-09	9.3				
<b>Total Order book to be recognisd in FY07</b>				<b>104.5</b>				

Source: Company data, KELive estimates

## Financial Review

OKP reported 1H07 net profit of S\$4.1m (+584.1% YoY, +16.6% HoH). Revenue rose to \$49.1m (+46.8% YoY, 23.1% HoH) while operating profit increased to \$6.3m (+700.4% YoY, 33.8% HoH). The results are in-line with our year end estimates although the interims were marginally under 50% of our full year target due to the timing of revenue recognition for some contracts. We have been advised by management that these bookings will be captured and recognised in 2H07 financials.

Gross margin and operating margin expanded to 19.8% and 12.8% respectively from 8.4% and 2.3% a year ago, due to the continuing shift towards higher margin O&G services. The ratio of Civil and Building Construction (which includes the O&G projects) to Road Maintenance now stands at 85%:15% of sales vs. 72%:28% in 1H06. 1H07 also benefited from recognition of both S\$40m Singapore Parallel Train by Foster Wheeler and S\$48m Tank Foundation by Rotary Engineering.

In view of a doubling of manpower headcount and higher effective tax rate in 1H07, we are trimming our FY07 net profit by 7% to S\$8.8m. Since our last update (dated 5<sup>th</sup> July 2007), OKP has secured two additional road building projects – Tuas View by JTC worth S\$6.3m and road works in city centre by LTA with contract value of S\$2.8m. Our FY07 order book estimate stands at S\$217.2m of which 48% will be recognized in FY07.

**Table 6: Interim review**

6 months to Jun (S\$m)	1H07	1H06	% YoY	2H06	% HoH
Civil and Construction	41.7	24.2	72%	29.1	43%
Road Maintenance	7.4	9.2	-20%	11.0	-33%
<b>Sales</b>	<b>49.1</b>	<b>33.4</b>	<b>47%</b>	<b>40.1</b>	<b>22%</b>
Cost of works	-39.3	-30.6	29%	-32.2	22%
<b>Gross Profit</b>	<b>9.7</b>	<b>2.8</b>	<b>246%</b>	<b>7.6</b>	<b>27%</b>
Other Operating Income	0.4	0.3	57%	0.3	29%
Administration Expenses	-3.8	-2.2	70%	-3.2	19%
Other Operating Expenses	-0.1	0.0	34%	-0.1	-29%
<b>Operating Profit</b>	<b>6.3</b>	<b>0.8</b>	<b>700%</b>	<b>4.7</b>	<b>34%</b>
Interest Expense	-0.1	-0.1	17%	-0.1	24%
<b>Pretax Profit</b>	<b>6.2</b>	<b>0.7</b>	<b>751%</b>	<b>4.6</b>	<b>34%</b>
Taxation	-2.1	-0.1	1666%	-1.2	79%
Minority Interests	0.0	0.0	-840%	0.1	-60%
<b>Net Profit</b>	<b>4.1</b>	<b>0.6</b>	<b>584%</b>	<b>3.5</b>	<b>17%</b>
<b>EPS (S cts)</b>	<b>2.8</b>	<b>0.4</b>	<b>527%</b>	<b>2.6</b>	<b>7%</b>
Gross Margins (%)	20%	8%	+1200bps	19%	+100bps
Operating Margins (%)	13%	2%	+1100bps	12%	+100bps
Pretax Margins (%)	13%	2%	+1100bps	12%	+100bps

Source: Company Data, KELive

**INTERIM PERFORMANCE (\$m)**

6 months to (\$ m)	Jun-07	Jun-06	% YoY	Dec-06	%HoH
Turnover	49.1	33.4	47%	39.9	23%
Operating Profit	6.3	0.8	700%	4.7	34%
Pretax Profit	6.2	0.7	751%	4.6	34%
Net Profit	4.1	0.6	584%	3.5	17%
EPS Cents	2.8	0.4	527%	2.6	7%
<i>Key ratios</i>					
Operating Margin	13%	2%	+1100bp	12%	+100bp
Pretax Margin	13%	2%	+1100bp	12%	+100bp
Net Margin	8%	2%	+600bp	9%	-100bp

**PROFIT & LOSS (\$m)**

Year end Dec	2004	2005	2006	2007F	2008F
<b>Turnover</b>	<b>72.7</b>	<b>61.4</b>	<b>73.3</b>	<b>104.5</b>	<b>125.5</b>
COGS	(67.3)	(57.8)	(62.8)	(83.8)	(100.7)
<b>Gross Profit</b>	<b>5.4</b>	<b>3.7</b>	<b>10.4</b>	<b>20.7</b>	<b>24.8</b>
Other Operating Income	0.4	0.9	0.6	0.6	0.6
Distribution Costs	0.0	0.0	0.0	0.0	0.0
Administration	(4.0)	(3.9)	(5.4)	(8.2)	(9.8)
Other Operating	(0.0)	(0.0)	(0.1)	(0.3)	(0.3)
<b>Operating Profit</b>	<b>1.9</b>	<b>0.6</b>	<b>5.5</b>	<b>12.8</b>	<b>15.4</b>
Interest Expense	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)
Associates	(0.0)	0.0	0.0	0.0	0.0
Exceptionals	0.0	0.0	0.0	0.0	0.0
<b>Pretax Profit</b>	<b>1.7</b>	<b>0.5</b>	<b>5.4</b>	<b>12.7</b>	<b>15.3</b>
Taxation	(0.2)	(0.2)	(1.3)	(3.5)	(3.4)
Minority Interests	0.0	0.0	0.1	(0.3)	(0.3)
<b>Net Profit</b>	<b>1.6</b>	<b>0.3</b>	<b>4.1</b>	<b>8.8</b>	<b>11.6</b>

EPS (¢)	1.1	0.2	3.0	5.9	7.7
EPS Growth	11.0%	-81.7%	1354.0%	95.1%	30.5%
Gross DPS (¢)	0.5	0.0	1.5	2.7	3.5
<b>Sales Growth</b>	<b>28.1%</b>	<b>-15.5%</b>	<b>19.2%</b>	<b>42.6%</b>	<b>20.1%</b>
<b>Gross Profit Growth</b>	<b>-24.4%</b>	<b>-32.7%</b>	<b>185.0%</b>	<b>97.9%</b>	<b>20.1%</b>
<b>Operating Profit Growth</b>	<b>-33.6%</b>	<b>-67.7%</b>	<b>786.8%</b>	<b>134.6%</b>	<b>20.2%</b>
<b>Pretax Profit Growth</b>	<b>-36.1%</b>	<b>-70.3%</b>	<b>953.6%</b>	<b>136.8%</b>	<b>20.4%</b>
<b>Net Profit Growth</b>	<b>11.0%</b>	<b>-81.7%</b>	<b>1354.0%</b>	<b>112.9%</b>	<b>31.5%</b>
<b>Gross Margin</b>	<b>7.5%</b>	<b>6.0%</b>	<b>14.3%</b>	<b>19.8%</b>	<b>19.8%</b>
<b>Operating Margin</b>	<b>2.6%</b>	<b>1.0%</b>	<b>7.5%</b>	<b>12.3%</b>	<b>12.3%</b>
<b>Pretax Margin</b>	<b>2.4%</b>	<b>0.8%</b>	<b>7.3%</b>	<b>12.1%</b>	<b>12.2%</b>
<b>Effective Tax Rate</b>	<b>8.8%</b>	<b>45.9%</b>	<b>24.2%</b>	<b>28.0%</b>	<b>22.0%</b>
<b>Interest Cover (x)</b>	<b>10.6</b>	<b>5.7</b>	<b>52.0</b>	<b>98.8</b>	<b>116.8</b>
<b>Dividend Cover (x)</b>	<b>2.3</b>	<b>-</b>	<b>1.8</b>	<b>2.2</b>	<b>2.2</b>

**SEGMENT BREAKDOWN (\$m)**

Year end Dec	2004	2005	2006	2007F	2008F
Civil and Construction	54.1	48.8	53.3	82.0	100.5
Road Maintenance	18.6	12.7	20.2	22.5	25.1
Revenue	72.7	61.4	73.3	104.5	125.5
Civil and Construction	74%	79%	73%	78%	80%
Road Maintenance	26%	21%	28%	22%	20%
% breakdown	100%	100%	100%	100%	100%
Civil and Construction	65%	-10%	9%	54%	23%
Road Maintenance	-23%	-32%	60%	11%	11%
Revenue Growth	28%	-15%	19%	43%	20%

Sources: Company data, KE estimates

**BALANCE SHEET (\$m)**

As at Dec	2005	2006	2007F	2008F	2009F
<b>Current Assets</b>	<b>31.5</b>	<b>25.4</b>	<b>37.4</b>	<b>46.9</b>	<b>59.8</b>
Cash & ST Invt	11.9	12.8	14.7	19.8	26.9
Receivables	14.3	10.0	21.5	23.0	30.6
Construction WIP	5.3	2.6	1.2	4.2	2.3
Others	0.0	0.0	0.0	0.0	0.0
<b>Fixed Assets</b>	<b>7.2</b>	<b>6.7</b>	<b>7.8</b>	<b>10.5</b>	<b>12.6</b>
Associates	0.1	0.0	0.0	0.0	0.0
Investments	0.8	0.8	0.8	0.8	0.8
Other Assets	1.8	1.8	1.8	1.8	1.8
<b>Total Assets</b>	<b>41.3</b>	<b>34.7</b>	<b>47.8</b>	<b>59.9</b>	<b>74.9</b>
<b>Current Liabilities</b>	<b>20.8</b>	<b>14.8</b>	<b>23.2</b>	<b>26.9</b>	<b>34.0</b>
ST Borrowings	1.9	0.6	0.8	0.7	0.8
Payables	18.4	14.1	20.9	24.7	31.7
Others	0.4	0.2	1.5	1.5	1.5
LT Loans	1.3	0.9	1.5	1.2	1.4
Deferred Liabilities	0.3	0.4	0.3	0.3	0.3
<b>Total Liabilities</b>	<b>22.4</b>	<b>16.1</b>	<b>25.0</b>	<b>28.4</b>	<b>35.7</b>
Share Capital	13.6	13.6	15.0	17.2	17.2
Reserves	5.3	4.9	7.7	14.3	21.9
Minority Interests	0.0	(0.0)	(0.0)	0.0	0.0
<b>Total Equity + MI</b>	<b>18.9</b>	<b>18.5</b>	<b>22.7</b>	<b>31.6</b>	<b>39.2</b>

<b>Debtors Turnover (days)</b>	<b>60</b>	<b>68</b>	<b>75</b>	<b>75</b>	<b>75</b>
<b>Creditors Turnover</b>	<b>68</b>	<b>85</b>	<b>88</b>	<b>88</b>	<b>91</b>
<b>Current Ratio (x)</b>	<b>1.5</b>	<b>1.7</b>	<b>1.6</b>	<b>1.7</b>	<b>1.8</b>
<b>Net Debt/Equity (x)</b>	<b>-46.1%</b>	<b>-60.9%</b>	<b>-54.5%</b>	<b>-56.8%</b>	<b>-63.0%</b>
<b>Total Debt/Equity (x)</b>	<b>17.0%</b>	<b>8.1%</b>	<b>10.2%</b>	<b>5.8%</b>	<b>5.6%</b>
<b>NBV/Share (\$ c)</b>	<b>5.27</b>	<b>12.36</b>	<b>15.41</b>	<b>19.93</b>	<b>25.00</b>
<b>ROE</b>	<b>8.5%</b>	<b>1.5%</b>	<b>20.1%</b>	<b>32.6%</b>	<b>32.8%</b>
<b>ROA</b>	<b>4.1%</b>	<b>0.8%</b>	<b>10.0%</b>	<b>16.4%</b>	<b>17.2%</b>

**CASH FLOW (\$m)**

Year end Dec	2005	2006	2007F	2008F	2009F
Pretax Profit	1.7	0.5	5.4	12.7	15.3
Depreciation	1.6	1.4	1.5	1.6	1.7
(Profit)/Loss on Sale of A	0.0	0.0	0.0	0.0	0.0
Associates Profits	(0.0)	0.0	0.0	0.0	0.0
Tax Paid	(0.8)	(0.4)	(0.0)	(3.5)	(3.4)
Change in Working capital	1.7	2.6	(3.3)	(0.6)	1.3
<b>Operating Cash Flow</b>	<b>4.1</b>	<b>4.1</b>	<b>3.6</b>	<b>10.1</b>	<b>14.9</b>
Net Capex	(1.8)	(0.9)	(2.7)	(4.2)	(3.8)
Associates & Investments	0.1	0.1	0.0	0.0	0.0
Change in Other Assets	0.0	0.0	(0.0)	0.0	0.0
<b>Investing Cash Flow</b>	<b>(1.7)</b>	<b>(0.9)</b>	<b>(2.7)</b>	<b>(4.2)</b>	<b>(3.8)</b>
Change in Share Capital	0.0	0.0	(0.0)	2.3	0.0
Net Change in Debt	0.0	0.0	0.9	(0.6)	0.4
Dividends Paid	(0.6)	(0.7)	0.0	(2.2)	(4.0)
Others	0.0	0.0	0.1	(0.3)	(0.3)
<b>Financing Cash Flow</b>	<b>(0.8)</b>	<b>(2.4)</b>	<b>1.0</b>	<b>(0.8)</b>	<b>(3.9)</b>
<b>Net Cash Flow</b>	<b>1.5</b>	<b>0.8</b>	<b>1.9</b>	<b>5.1</b>	<b>7.1</b>
Cash/(Debt) at Beg of Yr	10.4	11.9	12.8	14.7	19.8
Cash/(Debt) at End of Yr	11.9	12.8	14.7	19.8	26.9

Sources: Company data, KE estimates



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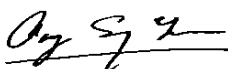
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