



**Third Quarter and
Nine Months Financial
Statement for the Period
Ended 30 September 2012**

23 October 2012

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Third Quarter and Nine Months Financial Statement for the Period Ended 30 September 2012
PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS
1(a) An income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	The Group			The Group		
	Third Quarter ended 30 Sep		Increase/ (Decrease)	Nine Months ended 30 Sep		Increase/ (Decrease)
	2012	2011		2012	2011	
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	28,483	25,477	11.8	77,013	86,617	(11.1)
Cost of works	(22,036)	(17,217)	28.0	(59,584)	(58,433)	2.0
Gross profit	6,447	8,260	(21.9)	17,429	28,184	(38.2)
Other income	391	330	18.5	1,573	682	130.6
Expenses						
- Administrative	(3,616)	(2,795)	29.4	(8,196)	(8,191)	0.1
- Other	(52)	80	165.0	(158)	(6)	2,533.3
- Finance	(20)	(26)	(23.1)	(71)	(88)	(19.3)
Share of loss of an associated company	(9)	-	n.m.	(9)	-	n.m.
Profit before income tax	3,141	5,849	(46.3)	10,568	20,581	(48.7)
Income tax expense	(710)	(964)	(26.3)	(2,000)	(3,575)	(44.1)
Net profit	2,431	4,885	(50.2)	8,568	17,006	(49.6)
Gross profit margin	22.6%	32.4%		22.6%	32.5%	
Net profit margin	8.5%	19.2%		11.1%	19.6%	
Effective tax rate	22.6%	16.5%		18.9%	17.4%	
Net profit attributable to:						
Equity holders of the Company	2,432	4,888	(50.2)	8,571	17,014	(49.6)
Non-controlling interests	(1)	(3)	(66.7)	(3)	(8)	(62.5)
	2,431	4,885	(50.2)	8,568	17,006	(49.6)

n.m. - not meaningful



(i) Consolidated Statement of comprehensive income for the third quarter and nine months ended 30 September 2012

Note	The Group			The Group		
	Third Quarter ended 30 Sep		Increase/ (Decrease)	Nine Months ended 30 Sep		Increase/ (Decrease)
	2012	2011		2012	2011	
	\$'000	\$'000	%	\$'000	\$'000	%
Net profit	2,431	4,885	(50.2)	8,568	17,006	(49.6)
Other comprehensive income: Financial assets, available-for-sale i - Fair value gains/ (losses), net of tax	22	(53)	(141.5)	(2)	(38)	(94.7)
Total comprehensive income	2,453	4,832	(49.2)	8,566	16,968	(49.5)
Total comprehensive income attributable to:						
Equity holders of the Company	2,454	4,835	(49.2)	8,569	16,976	(49.5)
Non-controlling interests	(1)	(3)	(66.7)	(3)	(8)	(62.5)
	2,453	4,832	(49.2)	8,566	16,968	(49.5)

Note:

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



(ii) Additional disclosures

Profit before income tax was arrived at:

Note	The Group			The Group		
	Third Quarter ended 30 Sep		Increase/ (Decrease)	Nine Months ended 30 Sep		Increase/ (Decrease)
	2012	2011		2012	2011	
	\$'000	\$'000	%	\$'000	\$'000	%
<u>After charging:-</u>						
Non-audit fee paid to the auditors of the Company	8	7	14.3	17	17	-
Depreciation of property, plant and equipment	25	96	(74.0)	297	286	3.8
Directors' remuneration						
- Directors of the Company	834	1,629	(48.8)	3,044	4,708	(35.3)
- Other Directors	107	114	(6.1)	319	373	(14.5)
Directors' fee	45	45	-	135	135	-
Interest paid and payable						
- Finance lease liabilities	19	26	(26.9)	70	88	(20.5)
Loss/(gain) on foreign exchange (net) i	52	(101)	151.5	158	(15)	1,153.3
Currency translation differences arise from debt securities investment ii	26	(41)	163.4	41	(8)	612.5
Employees compensation cost	499	434	15.0	1,557	1,347	15.6
Allowance for impairment of non-trade receivable	1,496	-	n.m.	1,496	-	n.m.
<u>After crediting:-</u>						
Interest income						
- Bank deposits	31	47	(34.0)	155	121	28.1
- Financial assets, held-to-maturity	11	6	83.3	36	16	125.0
- Financial assets, available for-sale	71	14	407.1	167	39	328.2
- Other receivables (non-current)	113	-	n.m.	118	-	n.m.
Gain on disposal of property, plant and equipment	61	42	45.2	141	206	(31.6)
Rental income from an investment property	12	11	9.1	34	33	3.0
Trade creditors written off	-	-	-	487	-	n.m.
Government grant	10	-	n.m.	177	55	221.8
<u>Included in the cost of works are the following:-</u>						
Depreciation of property, plant and equipment	983	696	41.2	2,125	1,932	10.0
Employees compensation cost	5,727	5,290	8.3	15,468	14,544	6.4

Note:

- (i) Loss on foreign exchange mainly arose from the revaluation of assets denominated in United States dollar to Singapore dollar.
- (ii) Currency translation differences mainly arose from the revaluation of financial assets, available-for-sale denominated in United States dollar to Singapore dollar.

n.m. – not meaningful



(iii) Extraordinary/Exceptional items

Nil

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

The Group	
30 Sep 2012	30 Sep 2011
\$'000	\$'000

Tax expense attributable to profit is made up of:

- Profit from current financial period:

Current income tax - Singapore

1,962

3,395

Deferred income tax

94

208

2,056

3,603

- Over provision of deferred income tax in prior financial periods

(56)

(28)

2,000

3,575



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

Statements of Financial Position

		The Group		The Company	
Note		30 Sep 2012	31 Dec 2011	30 Sep 2012	31 Dec 2011
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current assets					
	Cash and cash equivalents	51,232	92,524	2,593	21,544
	Trade and other receivables	32,279	29,433	5,195	12,949
i	Financial asset, held-to-maturity	1,000	-	-	-
ii	Construction contract work-in-progress	4,609	2,138	-	-
		89,120	124,095	7,788	34,493
Non-current assets					
iii	Investments in subsidiaries	-	-	15,774	15,674
iv	Investments in joint ventures	-	-	-	-
v	Investment in an associated company	102	-	-	-
vi	Investment property	1,650	1,650	-	-
vii	Other receivables	18,551	-	18,543	-
viii	Financial assets, held-to-maturity	500	1,500	-	-
ix	Financial assets, available-for-sale	5,165	708	-	-
	Property, plant and equipment	21,663	18,693	6,676	5,354
	Intangible asset	1,688	1,688	-	-
		49,319	24,239	40,993	21,028
	Total assets	138,439	148,334	48,781	55,521
LIABILITIES					
Current liabilities					
x	Trade and other payables	42,644	52,976	10,020	11,090
	Finance lease liabilities	556	647	-	-
	Current income tax liabilities	3,099	5,525	21	79
		46,299	59,148	10,041	11,169
Non-current liabilities					
	Finance lease liabilities	752	482	-	-
	Deferred income tax liabilities	716	622	-	-
		1,468	1,104	-	-
	Total liabilities	47,767	60,252	10,041	11,169
	NET ASSETS	90,672	88,082	38,740	44,352
EQUITY					
Capital and reserves attributable to equity holders of the Company					
	Share capital	36,309	36,163	36,309	36,163
	Other reserves	19	28	32	39
xi	Retained profits	54,468	52,012	2,399	8,150
		90,796	88,203	38,740	44,352
	Non-controlling interests	(124)	(121)	-	-
	Total equity	90,672	88,082	38,740	44,352
	Net tangible assets	89,108	86,515	38,740	44,352



Notes to Statements of Financial Position:

(i) Trade and other receivables

	The Group		The Company	
	30 Sep 2012	31 Dec 2011	30 Sep 2012	31 Dec 2011
	\$'000	\$'000	\$'000	\$'000
Trade receivables				
- Non-related parties	7,565	4,000	-	-
- Subsidiaries	-	-	5,598	13,431
	7,565	4,000	5,598	13,431
Less: Allowance for impairment of receivables	-	-	(531)	(531)
Trade receivables – net	7,565	4,000	5,067	12,900
Construction contracts				
- Due from customers	17,370	17,524	-	-
- Retentions	5,661	4,811	-	-
	23,031	22,335	-	-
Non-trade receivables				
- Non-controlling shareholder of a subsidiary	6	6	-	-
- Subsidiaries	-	-	1,487	1,486
- Joint venture partners	48	53	-	-
- Non-related parties	2,135	1,293	48	1
	2,189	1,352	1,535	1,487
Less: Allowance for impairment of receivables	(1,496)	-	(1,459)	(1,459)
Non-trade receivables - net	693	1,352	76	28
Deposits	383	1,149	10	8
Prepayments	607	597	42	13
	32,279	29,433	5,195	12,949

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

(ii) Financial asset, held-to-maturity (current)

The Group	
30 Sep 2012	31 Dec 2011
\$'000	\$'000

Unlisted debt security

- Bond with fixed interest of 2.22% p.a. and maturity date on 5 July 2013 - Singapore

1,000

-



The fair value of the bond at the balance sheet date are as follows:

The Group	
30 Sep 2012	31 Dec 2011
\$'000	\$'000

Bond with fixed interest of 2.22% p.a.
and maturity date on 5 July 2013

1,011

-

The fair values of the bonds are based on available market or common reference prices provided by the bank.

(iii) Investments in subsidiaries:

The Company	
30 Sep 2012	31 Dec 2011
\$'000	\$'000

Equity investments at cost

Beginning of financial period/year

15,948

15,448

Incorporation of a new subsidiary

100

500

End of financial period/year

16,048

15,948

Less: Allowance for impairment

(274)

(274)

15,774

15,674



Name of subsidiaries	Principal activities	Country of incorporation	Equity holding	
			30 Sep 2012	31 Dec 2011
<u>Held by the Company</u>				
Or Kim Peow Contractors (Pte) Ltd	Business of road and building construction and maintenance	Singapore	100%	100%
Eng Lam Contractors Co. (Pte) Ltd	Business of road construction and maintenance	Singapore	100%	100%
OKP Technical Management Pte Ltd	Provision of technical management and consultancy services	Singapore	100%	100%
OKP Investments (China) Pte Ltd	Investment holding	Singapore	100%	100%
OKP (Oil & Gas) Infrastructure Pte Ltd	Business of carrying out civil engineering projects in respect of oil, petrochemical and gas related businesses in Singapore	Singapore	100%	100%
United Pavement Specialists Pte Ltd	Provision of rental services and investment holding	Singapore	55%	55%
OKP Land Pte Ltd	Investment holding and property development	Singapore	100%	100%
OKP Transport & Trading Pte Ltd	Provision of transport and logistics services	Singapore	100%	-
OKP (CNMI) Corporation ^(#)	Business of general construction	Saipan, Commonwealth of the Northern Mariana Islands	96%	96%
<u>Held by a subsidiary</u>				
United Pavement Specialists (CNMI) Corporation ^(#)	Business of general construction, subcontractor	Saipan, Commonwealth of the Northern Mariana Islands	99%	99%

(#) In the process of liquidation.



(iv) Investments in joint ventures

Name of joint ventures	Principal activities	Country of incorporation	Equity holding	
			30 Sep 2012	31 Dec 2011

Held by the subsidiaries

CIF-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%

(1) CIF-OKP Construction and Development Pte Ltd ("CIF-OKP"), incorporated in Singapore on 1 December 2009, remained inactive as at 30 September 2012. CIF-OKP is a joint venture company of OKP Technical Management Pte Ltd ("OKPTM"), a wholly-owned subsidiary, and CIF Singapore Pte Ltd, a subsidiary of China Sonangol International Limited, with a share capital of \$100,000 consisting of 100 ordinary shares. OKPTM has a 50% equity interest at a cost of \$50,000 (31 Dec 2011: \$50,000) in CIF-OKP.

(2) On 8 December 2010, Or Kim Peow Contractors (Pte) Ltd ("OKPC"), a wholly-owned subsidiary, entered into a joint venture agreement with Soil-Build (Pte) Ltd ("SBPL"), incorporated in Singapore and a subsidiary of Soilbuild Group Holdings Ltd., to form a 50:50 joint venture company. On the same date, the joint venture company, Forte Builder Pte. Ltd. ("FBPL") was incorporated in Singapore with a share capital of \$1,000,000 consisting of 1,000,000 ordinary shares. OKPC has a 50% equity interest at a cost of \$500,000 in FBPL. The principal activity of FBPL is the construction of the condominium housing development, comprising one (1) 36-storey block of 54 residential units at Angullia Park.

The following amounts represent the Group's 50% share of the assets, liabilities, income and expenses of the joint ventures which are included in the consolidated balance sheet and statement of comprehensive income using the line-by-line format of proportionate consolidation:

	The Group	
	30 Sep 2012	31 Dec 2011
	\$'000	\$'000
Assets		
- Current assets	4,534	2,717
Liabilities		
- Current liabilities	(3,493)	(1,941)
Net assets	1,041	776
Revenue	4,924	4,981
Expenses	(4,607)	(4,667)
Profit before income tax	317	314
Income tax expense	(39)	(38)
Net profit	278	276
Operating cash inflows, representing total cash inflows	172	164



(v) Investment in an associated company

Name of associated company	Principal activities	Country of incorporation	Equity holding	
			30 Sep 2012	31 Dec 2011

Held by a subsidiary

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

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

The Group	
30 Sep 2012	31 Dec 2011
\$'000	\$'000

Equity investment at cost

Beginning of financial period/year	-	-
Acquisition of an associated company	111	-
Share of loss	(9)	-
End of financial period/year	102	-

(vi) Investment property

The Group	The Group
30 Sep 2012	31 Dec 2011
\$'000	\$'000

Beginning of financial period/year	1,650	1,500
Fair value gain recognised in profit and loss	-	150
End of financial period/year	1,650	1,650



(vii) Other receivables (non-current)

	The Group		The Company	
	30 Sep 2012	31 Dec 2011	30 Sep 2012	31 Dec 2011
	\$'000	\$'000	\$'000	\$'000
Other receivables				
- Loan to an associated company	18,551	-	-	-
- Loan to a subsidiary	-	-	18,543	-
	<u>18,551</u>	<u>-</u>	<u>18,543</u>	<u>-</u>

The loan to an associated company is unsecured, interest-bearing at 2.0% per annum above SIBOR and will be repayable in full on 26 June 2018.

The loan to a subsidiary is unsecured, interest-free and repayable on demand.

(viii) Financial assets, held-to-maturity (non-current)

	The Group	
	30 Sep 2012	31 Dec 2011
	\$'000	\$'000
Unlisted debt securities		
- Bonds with fixed interest of 2.22% p.a. and maturity date on 5 July 2013 - Singapore	-	1,000
- Bonds with fixed interest of 4.30% p.a. and maturity date on 9 November 2016 - Singapore	500	500
	<u>500</u>	<u>1,500</u>



The fair values of the bonds at the balance sheet date are as follows:

The Group	
30 Sep 2012	31 Dec 2011
\$'000	\$'000
Bonds with fixed interest of 2.22% p.a. and maturity date on 5 July 2013	1,012
Bonds with fixed interest of 4.30% p.a. and maturity date on 9 November 2016	500

The fair values of the bonds are based on available market or common reference prices provided by the bank.

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

The Group	
30 Sep 2012	31 Dec 2011
\$'000	\$'000
Beginning of financial period/year	708
Additions	4,500
Currency translation differences	(41)
Fair value losses recognised in other comprehensive income	(2)
End of financial period/year	5,165

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

Unlisted debt securities

- Bonds with fixed interest of 7.875% p.a. without fixed maturity	707	708
- Bonds with fixed interest of 5.125% p.a. without fixed maturity	4,458	-
	5,165	708

The fair values of unlisted debt securities are based on available market or common reference prices provided by the bank.



(x) Trade and other payables

	The Group		The Company	
	30 Sep 2012	31 Dec 2011	30 Sep 2012	31 Dec 2011
	\$'000	\$'000	\$'000	\$'000
Trade payables				
- Non-related parties	23,096	35,062	60	209
- Joint venture partner	3,429	1,888	-	-
	26,525	36,950	60	209
Non-trade payables				
- Subsidiaries	-	-	8,092	5,136
- Non-controlling shareholder of a subsidiary	459	459	-	-
- Joint venture partners	29	25	-	-
	488	484	8,092	5,136
Construction contracts				
- Advances received	3,270	2,191	-	-
Accrued operating expenses	12,075	13,296	1,855	5,745
Other payables	286	55	13	-
	<u>42,644</u>	<u>52,976</u>	<u>10,020</u>	<u>11,090</u>

The non-trade amounts due to subsidiaries, non-controlling shareholder of a subsidiary and joint venture partners are unsecured, interest-free and repayable on demand.

(xi) Other reserves

	The Group		The Company	
	30 Sep 2012	31 Dec 2011	30 Sep 2012	31 Dec 2011
	\$'000	\$'000	\$'000	\$'000
Warrant reserve				
Beginning of financial period/year	39	433	39	433
Warrants exercised	(7)	(394)	(7)	(394)
End of financial period/year	32	39	32	39
Fair value reserve				
Beginning of financial period/year	(11)	15	-	-
Financial asset – available-for-sale				
-Fair value loss	2	(26)	-	-
-Tax on fair value	(4)	-	-	-
End of financial period/year	(13)	(11)	-	-
	<u>19</u>	<u>28</u>	<u>32</u>	<u>39</u>

Other reserves are non-distributable.



Explanatory Notes:

(i) Current assets

Current assets decreased by \$35.0 million, from \$124.1 million as at 31 December 2011 to \$89.1 million as at 30 September 2012. The decrease was attributable to:

- (a) a decrease in cash and cash equivalents of approximately \$41.3 million. This was due mainly to the net cash used in operations of \$7.4 million, purchase of a financial asset, available-for-sale of \$4.5 million, dividend payment to shareholders of \$6.1 million, a loan extended to an associated company of \$18.4 million, the purchase of new property, plant and equipment of \$4.6 million and the repayment of finance lease liabilities of \$0.6 million, which were partially offset by proceeds received from disposal of property, plant and equipment of \$0.2 million and cash proceeds from the issuance of new shares upon the exercise of warrants of \$0.1 million during the nine months ended 30 September 2012;

which was partially offset by:

- (b) an increase in construction contract work-in-progress of approximately \$2.5 million due mainly to the commencement of a few newly awarded projects during the nine months ended 30 September 2012;
- (c) an increase in trade and other receivables of approximately \$2.8 million due mainly to payment in transit for some customers; and
- (d) a reclassification of financial asset, held-to-maturity of \$1.0 million from non-current asset to current asset as it matures on 5 July 2013.

(ii) Non-current assets

Non-current assets increased by \$25.1 million, from \$24.2 million as at 31 December 2011 to \$49.3 million as at 30 September 2012. The increase was due mainly to:

- (a) the purchase of a financial asset, available-for-sale for \$4.5 million during the nine months ended 30 September 2012;
- (b) other receivable of \$18.6 million (including interest commencing from 27 June 2012) arising from a loan extended to an associated company, CSAmber;
- (c) an investment in an associated company for \$0.1 million during the nine months ended 30 September 2012; and
- (d) an increase in property, plant and equipment of \$2.9 million resulting from the purchase of new plant and equipment, which was partially offset by the disposal and depreciation of property, plant and equipment during the nine months ended 30 September 2012;

which were partially offset by:

- (e) a reclassification of financial asset, held-to-maturity of \$1.0 million from non-current asset to current asset as it matures on 5 July 2013.

(ii) Current liabilities

Current liabilities decreased by \$12.8 million, from \$59.1 million as at 31 December 2011 to \$46.3 million as at 30 September 2012. The decrease was due mainly to:

- (a) a decrease in trade and other payables of approximately \$10.3 million due mainly to lower business activities in the nine months ended 30 September 2012;
- (b) a decrease in current income tax liabilities of approximately \$2.4 million due to tax payments partially offset by lower tax provision due to lower profits generated in the nine months ended 30 September 2012; and
- (c) a decrease in finance lease liabilities of approximately \$0.1 million due to partial repayment of some hire purchase liabilities during the nine months ended 30 September 2012.



(iv) Non-current liabilities

Non-current liabilities increased by \$0.4 million, from \$1.1 million as at 31 December 2011 to \$1.5 million as at 30 September 2012. The increase was due mainly to the increase in finance lease liabilities as a result of the purchase of new plant and equipment to support both newly-awarded and existing projects in the nine months ended 30 September 2012.

(v) Shareholders' equity

Shareholders' equity, comprising share capital, other reserves, retained profits and non-controlling interests, increased by \$2.6 million, from \$88.1 million as at 31 December 2011 to \$90.7 million as at 30 September 2012. The increase was largely attributable to:

- (a) the profit generated from operations of approximately \$8.6 million during the nine months ended 30 September 2012; and
- (b) the increase in share capital of approximately \$0.1 million resulting from the issuance of new shares arising from the exercise of warrants during the nine months ended 30 September 2012;

which were partially offset by:

- (c) the dividend payments to shareholders of approximately \$6.1 million during the nine months ended 30 September 2012.

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

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

As at 30 Sep 2012		As at 31 Dec 2011	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
556	-	647	-

(b) Amount repayable after one year

As at 30 Sep 2012		As at 31 Dec 2011	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
752	-	482	-

(c) Details of any collateral

The above secured borrowings of the Group relate to finance lease liabilities secured by way of corporate guarantees issued by the Company and charges over the property, plant and equipment under the finance leases.



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

Consolidated statements of cash flows

	The Group		The Group	
	Third Quarter ended 30 Sep		Nine Months ended 30 Sep	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Net profit	2,431	4,885	8,568	17,006
Adjustments for:				
- Income tax expense	710	964	2,000	3,575
- Depreciation of property, plant and equipment	1,008	792	2,422	2,218
- Gain on disposal of property, plant and equipment (net)	(61)	(42)	(141)	(206)
- Share of loss of an associated company	9	-	9	-
- Unrealised currency translation loss/(gain)	26	(41)	41	(8)
- Interest income	(226)	(67)	(476)	(176)
- Finance expenses	19	26	70	88
Operating cash flow before working capital changes	3,916	6,517	12,493	22,497
Change in working capital				
- Trade and other receivables	180	625	(2,898)	570
- Construction contract work-in-progress	(885)	(132)	(2,471)	809
- Trade and other payables	(904)	(3,976)	(10,331)	(12,712)
Cash generated from/(used in) operations	2,307	3,034	(3,207)	11,164
- Interest received	31	47	155	121
- Income tax paid (net)	(1,395)	(1,240)	(4,353)	(3,352)
Net cash provided by/(used in) operating activities	943	1,841	(7,405)	7,933
Cash flows from investing activities				
- Additions to property, plant and equipment	(2,857)	(1,445)	(4,632)	(4,375)
- Disposal of property, plant and equipment	62	55	160	384
- Purchase of financial asset, available-for-sale	-	-	(4,500)	-
- Loan to an associated company	-	-	(18,437)	-
- Investment in an associated company	-	-	(111)	-
- Interest received	195	20	321	55
Net cash used in investing activities	(2,600)	(1,370)	(27,199)	(3,936)



Consolidated statements of cash flows (Cont'd)

	The Group		The Group	
	Third Quarter ended 30 Sep		Nine Months ended 30 Sep	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Cash flows from financing activities				
- Repayment of finance lease liabilities	(172)	(208)	(602)	(735)
- Finance expenses	(19)	(26)	(70)	(88)
- Proceeds from issuance of shares	36	66	139	7,783
- Dividend paid to shareholders	-	(3,047)	(6,115)	(15,221)
Net cash used in financing activities	(155)	(3,215)	(6,648)	(8,261)
Net decrease in cash and cash equivalents	(1,812)	(2,744)	(41,252)	(4,264)
Cash and cash equivalents at the beginning of the financial period	48,008	93,484	87,448	95,004
Cash and cash equivalents at the end of the financial period	46,196	90,740	46,196	90,740

Explanatory Notes:

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

	The Group	
	30 Sep 2012	30 Sep 2011
	\$'000	\$'000
Cash at bank and on hand	11,141	21,786
Short-term bank deposits	40,091	74,028
Short-term bank deposits pledged to banks	51,232	95,814
	(5,036)	(5,074)
Cash and cash equivalents per consolidated statement of cash flows	46,196	90,740

Bank deposits of \$5,036,124 (30 Sep 2011: \$5,074,080) are pledged to banks for banking facilities of certain subsidiaries.



(ii) **Review of Cash Flows for the nine months ended 30 September 2012**

Net cash used in operating activities

Our Group reported a net cash of \$7.4 million used in operating activities in the nine months ended 30 September 2012, a decrease of \$15.3 million from net cash provided by operating activities of \$7.9 million in the nine months ended 30 September 2011. The net cash used in operating activities comprise:

- (a) a decrease in cash generated from operating activities before working capital changes of \$10.0 million;
- (b) an increase in net working capital outflow before interest and taxes of \$4.3 million; and
- (c) an increase in income tax paid of \$1.0 million during the nine months ended 30 September 2012.

Net cash used in investing activities

Net cash of \$27.2 million used in investing activities was due to the purchase of new property, plant and equipment of \$4.6 million, purchase of a financial asset, available-for-sale for \$4.5 million, investment in an associated company for \$0.1 million and a loan to an associated company for \$18.4 million, which were partially offset by interest received from financial assets and other receivables and the proceeds received from the disposal of property, plant and equipment in the nine months ended 30 September 2012.

Net cash used in financing activities

Net cash of \$6.6 million was used in financing activities in the nine months ended 30 September 2012. This was due to repayment of finance lease liabilities, interest payments and dividend payments to shareholders amounting to \$6.7 million which was partially offset by cash proceeds from the issuance of new shares upon the exercise of warrants of \$0.1 million.

Overall, free cash and cash equivalents stood at \$46.2 million as at 30 September 2012, a decrease of \$44.5 million, from \$90.7 million as at 30 September 2011. This works out to cash of 15.1 cents per share (based on 305,938,085 shares issued) as at 30 September 2012 as compared to 29.8 cents per share (based on 304,739,585 shares issued) as at 30 September 2011.

(iii) **Review of Cash Flows for third quarter ended 30 September 2012**

Net cash used in operating activities

Our Group's net cash generated from operating activities for the third quarter ended 30 September 2012 was \$0.9 million as compared with \$1.8 million for the third quarter ended 30 September 2011. The decrease was due mainly to lower operating cash flow before working capital changes in the third quarter ended 30 September 2012 resulting from a lower net profit reported for the third quarter ended 30 September 2012.

Net cash used in investing activities

Net cash of \$2.6 million was used in investing activities for the third quarter ended 30 September 2012, compared with \$1.4 million for the third quarter ended 30 September 2011. The major outflow for the third quarter ended 30 September 2012 related to the purchase of new property, plant and equipment of \$2.9 million. The outflows for both quarters were partially offset by interest received from financial assets and the proceeds received from the disposal of property, plant and equipment.

Net cash used in financing activities

The net cash used in financing activities was \$0.2 million for the third quarter ended 30 September 2012, compared with \$3.2 million for the third quarter ended 30 September 2011. No interim dividend was paid to shareholders in the third quarter ended 30 September 2012, compared with an interim dividend of \$3.0 million paid to shareholders in the third quarter ended 30 September 2011. The outflows were partially offset by cash proceeds from the issuance of new shares upon the exercise of warrants.



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	Warrants reserve	Fair value reserve	Retained profits	Total	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>The Group</u>							
As at 1 Jan 2012	36,163	39	(11)	52,012	88,203	(121)	88,082
Total comprehensive income for the period	-	-	18	3,054	3,072	(1)	3,071
Issue of shares pursuant to exercise of warrants	67	(3)	-	-	64	-	64
As at 31 Mar 2012	36,230	36	7	55,066	91,339	(122)	91,217
Total comprehensive income for the period	-	-	(42)	3,085	3,043	(1)	3,042
Issue of shares pursuant to exercise of warrants	42	(2)	-	-	40	-	40
Dividend in respect of FY2011 paid	-	-	-	(6,115)	(6,115)	-	(6,115)
As at 30 Jun 2012	36,272	34	(35)	52,036	88,307	(123)	88,184
Total comprehensive income for the period	-	-	22	2,432	2,454	(1)	2,453
Issue of shares pursuant to exercise of warrants	37	(2)	-	-	35	-	35
As at 30 Sep 2012	36,309	32	(13)	54,468	90,796	(124)	90,672



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

The Group

As at 1 Jan 2011	27,885	433	15	40,674	69,007	(72)	68,935
Total comprehensive income for the period	-	-	4	5,235	5,239	(3)	5,236
Issue of shares pursuant to exercise of warrants	3,306	(157)	-	-	3,149	-	3,149
As at 31 Mar 2011	31,191	276	19	45,909	77,395	(75)	77,320
Total comprehensive income for the period	-	-	11	6,891	6,902	(2)	6,900
Issue of shares pursuant to exercise of warrants	4,797	(229)	-	-	4,568	-	4,568
Dividend in respect of FY2010 paid	-	-	-	(12,174)	(12,174)	-	(12,174)
As at 30 Jun 2011	35,988	47	30	40,626	76,691	(77)	76,614
Total comprehensive income for the period	-	-	(53)	4,888	4,835	(3)	4,832
Issue of shares pursuant to exercise of warrants	69	(3)	-	-	66	-	66
Interim dividend in respect of FY2011 paid	-	-	-	(3,047)	(3,047)	-	(3,047)
As at 30 Sep 2011	36,057	44	(23)	42,467	78,545	(80)	78,465



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

The Company

As at 1 Jan 2012	36,163	39	-	8,150	44,352	-	44,352
Total comprehensive income for the period	-	-	-	53	53	-	53
Issue of shares pursuant to exercise of warrants	67	(3)	-	-	64	-	64
As at 31 Mar 2012	36,230	36	-	8,203	44,469	-	44,469
Total comprehensive income for the period	-	-	-	116	116	-	116
Issue of shares pursuant to exercise of warrants	42	(2)	-	-	40	-	40
Dividend in respect of FY2011 paid	-	-	-	(6,115)	(6,115)	-	(6,115)
As at 30 Jun 2012	36,272	34	-	2,204	38,510	-	38,510
Total comprehensive income for the period	-	-	-	195	195	-	195
Issue of shares pursuant to exercise of warrants	37	(2)	-	-	35	-	35
As at 30 Sep 2012	36,309	32	-	2,399	38,740	-	38,740



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

The Company

As at 1 Jan 2011	27,885	433	-	10,837	39,155	-	39,155
Total comprehensive income for the period	-	-	-	3,414	3,414	-	3,414
Issue of shares pursuant to exercise of warrants	3,306	(157)	-	-	3,149	-	3,149
As at 31 Mar 2011	31,191	276	-	14,251	45,718	-	45,718
Total comprehensive income for the period	-	-	-	3,121	3,121	-	3,121
Issue of shares pursuant to exercise of warrants	4,797	(229)	-	-	4,568	-	4,568
Dividend in respect of FY2010 paid	-	-	-	(12,174)	(12,174)	-	(12,174)
As at 30 Jun 2011	35,988	47	-	5,198	41,233	-	41,233
Total comprehensive income for the period	-	-	-	80	80	-	80
Issue of shares pursuant to exercise of warrants	69	(3)	-	-	66	-	66
Interim dividend in respect of FY2010 paid	-	-	-	(3,047)	(3,047)	-	(3,047)
As at 30 Sep 2011	36,057	44	-	2,231	38,332	-	38,332



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

	Number of shares	\$
<u>Share Capital</u>		
Ordinary shares issued and fully paid		
Balance as at 1 January 2012	305,244,585	36,163,238
Issue of new shares pursuant to exercise of warrants	316,000	63,200
Transfer from warrants reserve to share capital upon exercise of warrants	-	3,160
Balance as at 31 March 2012	305,560,585	36,229,598
Issue of new shares pursuant to exercise of warrants	201,000	40,200
Transfer from warrants reserve to share capital upon exercise of warrants	-	2,010
Balance as at 30 June 2012	305,761,585	36,271,808
Issue of new shares pursuant to exercise of warrants	176,500	35,300
Transfer from warrants reserve to share capital upon exercise of warrants	-	1,765
Balance as at 30 September 2012	305,938,085	36,308,873

The Company issued 61,822,852 warrants on 6 January 2010, of which 176,500 had been exercised by warrant holders at the exercise price of \$0.20 per share during the third quarter ended 30 September 2012. There were 3,176,175 and 4,374,675 outstanding warrants as at 30 September 2012 and 30 September 2011, respectively.

Except as mentioned above, there have been no changes in the issued share capital of the Company since 30 June 2012.



Under the Share Buy Back Mandate which was approved by the Shareholders on 25 April 2012, no shares were bought back by the Company during the third quarter ended 30 September 2012.

Except as mentioned above, there were no outstanding convertibles issued or treasury shares held by the Company as at 30 September 2012 and 30 September 2011.

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

	30 Sep 2012	31 Dec 2011
Total number of issued shares (excluding treasury shares)	305,938,085	305,244,585

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

Not applicable

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

The figures have not been audited or reviewed.

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

Not applicable.

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

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those for the audited financial statements as at 31 December 2011.



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

The amendments to the existing accounting standards that are effective for the financial year ending 31 December 2012 are as follows:

- Amendments to FRS 12 – Deferred Tax: Recovery of Underlying Assets (effective for annual periods beginning on or after 1 July 2011)
- Amendments to FRS 107 Disclosures – Transfer of Financial Assets (effective for annual periods beginning on or after 1 July 2011)

The adoption of the above FRSs did not result in any substantial change to the Group's accounting policies nor any material impact on the financial statements of the Group.

Below are the mandatory standards and amendments to existing standards that have been published and effective for the financial year ending 31 December 2013 onward:

- Amendments to FRS 1 – Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after 1 July 2012)
- FRS 19 (Revised) – Employee Benefits (effective for annual periods beginning on or after 1 January 2013)
- FRS 27 (Revised) – Separate Financial Statements (effective for annual periods beginning on or after 1 January 2013)
- FRS 28 (Revised) – Investments in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2013)
- Amendments to FRS 32 – Financial Instruments: Offsetting of Financial Liabilities and Assets (effective for annual periods beginning on or after 1 January 2014)
- FRS 110 (New) – Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2013)
- FRS 111 (New) – Joint Arrangements (effective for annual periods beginning on or after 1 January 2013)
- FRS 112 (New) – Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2013)
- FRS 113 (New) – Fair Value Measurements (effective for annual periods beginning on or after 1 January 2013)



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 earnings per share

Basic 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 outstanding during the financial period:

	The Group			The Group		
	Third Quarter ended 30 Sep		Increase / (Decrease)	Nine Months ended 30 Sep		Increase / (Decrease)
	2012	2011		2012	2011	
			%			%
Net profit attributable to equity holders of the Company (\$'000)	2,432	4,888	(50.2)	8,571	17,014	(49.6)
Weighted average number of ordinary shares outstanding for basic earnings per share	305,617,830	290,804,784	5.1	305,617,830	290,804,784	5.1
Basic earnings per share (cents)	0.80	1.68	(52.4)	2.80	5.85	(52.1)



Diluted earnings per share

For the purpose of calculating diluted earnings per share, the weighted average number of ordinary shares outstanding is adjusted for the effects of all dilutive potential shares. The Company has warrants as dilutive potential ordinary shares.

	The Group			The Group		
	Third Quarter ended 30 Sep		Increase / (Decrease)	Nine Months ended 30 Sep		Increase / (Decrease)
	2012	2011		2012	2011	
			%			%
Net profit attributable to equity holders of the Company (\$'000)	2,432	4,888	(50.2)	8,571	17,014	(49.6)
Weighted average number of ordinary shares outstanding for basic earnings per share	305,617,830	290,804,784	5.1	305,617,830	290,804,784	5.1
Adjustment for - warrants	2,047,426	2,942,963	(30.4)	2,047,426	2,942,963	(30.4)
	307,665,256	293,747,747	4.7	307,665,256	293,747,747	4.7
Diluted earnings per share (cents)	0.79	1.66	(52.4)	2.79	5.79	(51.8)



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

	The Group		The Company		Increase / (Decrease) %	
	As at 30 Sep 2012	As at 31 Dec 2011	As at 30 Sep 2012	As at 31 Dec 2011	The Group	The Company
Net tangible assets (\$'000)	89,108	86,515	38,740	44,352	3.0	(12.7)
Number of shares	305,938,085	305,244,585	305,938,085	305,244,585	0.2	0.2
NTA per share (cents)	29.13	28.34	12.67	14.53	2.8	(12.8)

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 & 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 have two core business segments: Construction and Maintenance.



Income Statement Review (Nine months ended 30 Sep 2012 vs Nine months ended 30 Sep 2011)

	The Group					
	Current nine months ended 30 Sep 2012		Previous nine months ended 30 Sep 2011		Increase / (Decrease)	
	\$'000		\$'000		\$'000	%
Construction	66,793	86.7%	73,043	84.3%	(6,250)	(8.6)
Maintenance	10,220	13.3%	13,574	15.7%	(3,354)	(24.7)
Total Revenue	77,013	100.0%	86,617	100.0%	(9,604)	(11.1)

Revenue

Our Group reported revenue of \$77.0 million in the nine months ended 30 September 2012 as compared to \$86.6 million in the nine months ended 30 September 2011 after recognising lower revenue contribution from both the construction and maintenance segments.

The construction segment's lower revenue was due mainly to a relatively lower percentage of revenue recognised from a few newly-awarded design and build related construction projects during the nine months ended 30 September 2012.

The decrease in revenue from the maintenance segment was due mainly to the completion and substantial completion of existing projects, coupled with a reduced percentage of revenue recognised from a few newly-awarded maintenance projects secured during the nine months ended 30 September 2012.

The construction segment continues to be the major contributor to our Group's revenue. On a segmental basis, our core construction segment and maintenance segment accounted for 86.7% (2011: 84.3%) and 13.3% (2011: 15.7%) of our Group's revenue respectively for the nine months ended 30 September 2012.

Gross profit and gross profit margin

Our gross profit for the nine months ended 30 September 2012 decreased by 38.2% or \$10.8 million from \$28.2 million for the nine months ended 30 September 2011 to \$17.4 million for the nine months ended 30 September 2012. Our lower gross profit was largely due to a decline in revenue for the nine months ended 30 September 2012.

Our gross profit margin declined from 32.5% for the nine months ended 30 September 2011 to 22.6% for the nine months ended 30 September 2012.

The difference was largely attributable to lower profit margins for new and on-going projects and cost overrun on some sewer related projects during the nine months ended 30 September 2012. The cost overrun resulted from unfavourable ground conditions which required additional unforeseen works.



Other income

Other income increased by \$0.9 million or 130.6% from \$0.7 million for the nine months ended 30 September 2011 to \$1.6 million for the nine months ended 30 September 2012. The increase was due mainly to a write-back of trade payables of \$0.5 million during the nine months ended 30 September 2012. This write-back of trade payables was a one-time exercise, mainly for trade payables that had been outstanding for more than seven years. The remaining \$0.4 million increase in other income was due mainly to the increase in interest from bank deposits, interest earned from financial assets, government grant and equipment hiring income from the rental of equipment and machinery during the nine months ended 30 September 2012.

Administrative expenses

Administrative expenses remained at \$8.2 million for the nine months ended 30 September 2011 and 30 September 2012. There was an allowance for impairment on a non-trade receivable for a third party of \$1.4 million made during the third quarter ended 30 September 2012. The allowance was offset by the lower directors' remuneration (including profit sharing) accrued as a result of the lower profit generated by the Group for the nine months ended 30 September 2012.

Other expenses

Other expenses increased by \$0.2 million or 2,533.3% due to a loss from foreign exchange resulting from the weakening of the US dollar against the Singapore dollar during the nine months ended 30 September 2012.

Finance expenses

Finance expenses decreased marginally by \$17,000 due mainly to repayment of finance leases during the nine months ended 30 September 2012.

Share of loss of an associated company

The share of loss of an associated company was due mainly to the operating expenses incurred for the joint venture development project.

Profit before income tax

Profit before income tax decreased by \$10.0 million or 48.7% from \$20.6 million for the nine months ended 30 September 2011 to \$10.6 million for the nine months ended 30 September 2012. The decrease was due mainly to the decrease in gross profit of \$10.8 million and increase in other expenses of \$0.2 million which were partially offset by an increase in other income of \$0.9 million and the decrease in finance expenses of \$0.1 million, as explained above.



Income tax expense

Income tax expense decreased by \$1.6 million or 44.1% from \$3.6 million in the nine months ended 30 September 2011 to \$2.0 million in the nine months ended 30 September 2012 due mainly to lower profit before income tax, as explained above.

The effective tax rates for the nine months ended 30 September 2012 and nine months ended 30 September 2011 were 18.9% and 17.4% respectively.

The effective tax rate for nine months ended 30 September 2012 was higher than the statutory tax rate of 17% due mainly to certain non-deductible items added back for tax purposes.

Non-controlling interests

Non-controlling interests arose from the losses incurred by some subsidiaries during the nine months ended 30 September 2012.

Net profit

Overall, for the nine months ended 30 September 2012, net profit dropped by \$8.4 million, or 49.6%, to \$8.6 million as compared to the nine months ended 30 September 2011, following the decrease in profit before income tax of \$10.0 million which was partially offset by the decline in income tax expense of \$1.6 million, as explained above.

Our net profit margin decreased from 19.6% for the nine months ended 30 September 2011 to 11.1% for the nine months ended 30 September 2012.



Income Statement Review (Third Quarter ended 30 Sep 2012 vs Third Quarter ended 30 Sep 2011)

	The Group					
	Current third quarter ended 30 Sep 2012		Previous third quarter ended 30 Sep 2011		Increase / (Decrease)	
	\$'000		\$'000		\$'000	%
Construction	25,668	90.1%	20,938	82.2%	4,730	22.6
Maintenance	2,815	9.9%	4,539	17.8%	(1,724)	(38.0)
Total Revenue	28,483	100.0%	25,477	100.0%	3,006	11.8

Revenue

Our Group recorded an increase in revenue in the third quarter ended 30 September 2012 of \$3.0 million or 11.8% to \$28.5 million as compared to \$25.5 million in the third quarter ended 30 September 2011.

The construction segment contributed \$25.7 million to our Group's revenue in the third quarter ended 30 September 2012, compared to \$20.9 million in the third quarter ended 30 September 2011. A higher percentage of revenue was recognised from the construction segment as some of the design and build related construction projects progressed to a more active construction phase during the third quarter ended 30 September 2012.

Revenue from the maintenance segment decreased by 38.0% to \$2.8 million in the third quarter ended 30 September 2012 from \$4.5 million previously. This was due mainly to the substantial completion of a few maintenance projects and a lower percentage of revenue recognised from a few newly-awarded maintenance projects in the third quarter ended 30 September 2012.

Gross profit and gross profit margin

Our gross profit for the third quarter ended 30 September 2012 decreased by \$1.9 million or 21.9% from \$8.3 million for the third quarter ended 30 September 2011 to \$6.4 million for the third quarter ended 30 September 2012.

Our gross profit margin dropped from 32.4% in the third quarter ended 30 September 2011 to 22.6% in the third quarter ended 30 September 2012.

The difference was largely attributable to lower profit margins for new and on-going projects and cost overrun on some sewer related projects during the third quarter ended 30 September 2012. The cost overrun resulted from unfavourable ground conditions which required additional unforeseen works.



Other income

Other income increased by \$61,000 or 18.5% in the third quarter ended 30 September 2012. The increase was due mainly to the increase in interest from bank deposits arising from higher interest rates, interest earned from financial assets, government grants and rental income from equipment and machinery for the third quarter ended 30 September 2012.

Administrative expenses

Administrative expenses increased by \$0.8 million or 29.4% from \$2.8 million for the third quarter ended 30 September 2011 to \$3.6 million for the third quarter ended 30 September 2012. The increase was due mainly to an allowance for impairment on a non-trade receivable for a third party of \$1.4 million made during the third quarter ended 30 September 2012, increase in professional fees and higher staff costs as a result of annual salary adjustment during the third quarter ended 30 September 2012. The increase was partially offset by the lower directors' remuneration (including profit sharing) accrued as a result of the lower profit generated by the Group for the nine months ended 30 September 2012.

Other expenses

Other expenses increased by \$0.1 million or 165.0%, which related to foreign exchange fluctuation during the third quarter ended 30 September 2012.

Finance expenses

Finance expenses decreased marginally by \$6,000 due to repayment of finance leases in the third quarter ended 30 September 2012.

Share of loss of an associated company

The share of loss of an associated company in the third quarter ended 30 September 2012 was due mainly to the operating expenses incurred for the joint venture development project.

Profit before income tax

Profit before income tax decreased by \$2.7 million or 46.3% from \$5.8 million in the third quarter ended 30 September 2011 to \$3.1 million in the third quarter ended 30 September 2012. The decrease was due mainly to a decrease in gross profit of \$1.9 million, increase in administrative expenses of \$0.8 million and increase in other expenses of \$0.1 million, which was partially offset by an increase in other income of \$61,000 and decrease in finance expenses of \$6,000, as explained above.



Income tax expense

The \$0.3 million decrease in income tax expense from \$1.0 million for the third quarter ended 30 September 2011 to \$0.7 million for the third quarter ended 30 September 2012 was due mainly to lower profit before income tax, as explained above.

The effective tax rates for the third quarter ended 30 September 2012 and third quarter ended 30 September 2011 were 22.6% and 16.5% respectively.

The effective tax rate for nine months ended 30 September 2012 was higher than the statutory tax rate of 17% due mainly to certain non-deductible items added back for tax purposes.

Non-controlling interests

Non-controlling interests arose from the losses incurred by some subsidiaries during the third quarter ended 30 September 2012.

Net profit

Overall, for the third quarter ended 30 September 2012, net profit decreased by \$2.4 million or 50.2% to \$2.4 million as compared to the third quarter ended 30 September 2011 following the decrease in profit before income tax of \$2.7 million which was partially offset by the drop in income tax expense of \$0.3 million, as explained above.

Our net profit margin decreased from 19.2% for the third quarter ended 30 September 2011 to 8.5% for the third quarter ended 30 September 2012.

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

There is no material deviation in the actual results for the third quarter ended 30 September 2012 from what was previously discussed under paragraph 10 of the announcement of the Company's financial statements for the second quarter ended 30 June 2012.



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

On 12 October 2012, the Ministry of Trade and Industry announced that based on advance estimates, the Singapore economy grew at a modest pace of 1.3% on a year-on-year basis in the third quarter of 2012, compared to the 0.2% growth in the previous quarter. The construction sector grew by 8.6% on a year-on-year basis in the third quarter of 2012.

Industry Outlook

We believe the outlook for the construction industry will remain positive but competitive for the next twelve months, given the pipeline of government projects. Based on expected expenditures announced, at least \$55.0 billion worth of transport infrastructure is being built in Singapore, or will be built by 2021. The largest projects are the \$18.0 billion Thomson MRT Line and \$20.7 billion Downtown Line, which will open in stages from next year to 2017. Others include the \$8.0 billion North South Expressway, construction of new dual four-lane Lornie Road in Bukit Brown and road improvement works in the Kallang area to improve road connectivity for the upcoming Sports Hub project.

Company Outlook & Orderbook Update

Since the start of 2012, we have secured five new public sector projects. We were awarded a design-and-build project involving the expansion of the CTE/TPE/SLE Interchange worth \$75.27 million by the Land Transport Authority. The four other projects are by the Public Utilities Board, namely improvement to roadside drains at Sunset Drive, Clementi Avenues and Tiong Bahru Road areas worth \$5.3 million; improvement to roadside drains at Queen Astrid Park, Benoi Road and Wan Lee Road areas worth \$7.5 million; lining works and removal of NEWater mains for Stamford Canal at Orchard Road worth \$4.9 million; and replacement of open scupper inlets/drains and existing drop inlet chambers to new inlet chambers worth \$4.4 million.

As at the date of this announcement, our order book based on secured contracts stands at approximately \$346.1 million, with some projects completing in 2015.

Given the pipeline of transport infrastructure projects, we will tender actively and continue to build on our civil engineering core competencies in the public infrastructure space. Government projects will continue to be a fundamental and important part of our business as we seek to consolidate our leadership in this sector.

As we pursue growth, we are faced with a shortage of manpower at the supervisory level and increasing labour costs, the result of a tightening foreign labour supply in Singapore. To address these issues, we will continue to improve productivity through various measures and provide training to our employees.

For over 40 years, we have established our track record and reputation in infrastructure and civil engineering works. Our experienced management team, strong customer and supplier relationships as well as healthy financials have enabled us to take on bigger, more complex, and a larger number of design and build assignments. With these capabilities, we are also well-positioned to consider any business opportunities that may arise.

As we continue to develop our expertise in infrastructure and civil engineering, we believe that partnerships in other strategic areas of business can offer the Group synergies that will create greater value for our shareholders. This may be by way of acquisitions, joint ventures and/or strategic alliances that will provide us with access to new markets and prospective clients. Areas in the private sector in which we will continue to explore opportunities include the oil and gas and property development sectors.



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

No dividend has been declared/recommendeded for the third quarter ended 30 September 2012.

13. Interested person transactions disclosure

There was no interested person transaction, as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited, entered into by the Group or by the Company during the third quarter ended 30 September 2012. The Company does not have a general mandate from shareholders for interested person transactions.

14. Use of proceeds as at 30 September 2012

Exercise of 58,646,677 warrants at \$0.20 for each share as at 30 September 2012 raising net proceeds of \$11.73 million

Use of proceeds	Amount allocated (\$'million)	Amount utilised (\$'million)	Balance amount (\$'million)
To be used as general working capital for the Company	11.73	10.72	1.01

The unutilised proceeds are deposited with a bank pending deployment.

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

The Board of Directors of OKP Holdings Limited confirms that, to the best of their knowledge, nothing has come to their attention which may render the financial statements for the third quarter and nine months ended 30 September 2012 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Or Toh Wat
Group Managing Director
23 October 2012