



**Third Quarter and  
Nine Months Financial  
Statement for the Period  
Ended 30 September 2013**

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**28 October 2013**

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**Third Quarter and Nine Months Financial Statement for the Period Ended 30 September 2013**
**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)
	2013	2012		2013	2012	
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Revenue</b>	30,706	28,483	7.8	92,800	77,013	20.5
Cost of works	(28,699)	(22,036)	30.2	(83,495)	(59,584)	40.1
<b>Gross profit</b>	<b>2,007</b>	<b>6,447</b>	(68.9)	<b>9,305</b>	<b>17,429</b>	(46.6)
Other income	366	391	(6.4)	896	1,573	(43.0)
Expenses						
- Administrative	(1,965)	(3,616)	(45.7)	(6,205)	(8,196)	(24.3)
- Other	-	(52)	n.m.	-	(158)	n.m.
- Finance	(12)	(20)	(40.0)	(45)	(71)	(36.6)
Share of loss of associated companies	(5)	(9)	(44.4)	(7)	(9)	(22.2)
<b>Profit before income tax</b>	<b>391</b>	<b>3,141</b>	(87.6)	<b>3,944</b>	<b>10,568</b>	(62.7)
Income tax expense	(104)	(710)	(85.4)	(572)	(2,000)	(71.4)
<b>Net profit</b>	<b>287</b>	<b>2,431</b>	(88.2)	<b>3,372</b>	<b>8,568</b>	(60.6)
Gross profit margin	6.5%	22.6%		10.0%	22.6%	
Net profit margin	0.9%	8.5%		3.6%	11.1%	
Effective tax rate	26.6%	22.6%		14.5%	18.9%	
Net profit attributable to:						
Equity holders of the Company	288	2,432	(88.2)	3,374	8,571	(60.6)
Non-controlling interests	(1)	(1)	-	(2)	(3)	(33.3)
	287	2,431	(88.2)	3,372	8,568	(60.6)

n.m. : not meaningful.



(i) Consolidated Statement of comprehensive income for the third quarter and nine months ended 30 September 2013

Note	The Group			The Group		
	Third Quarter ended 30 Sep		Increase/ (Decrease)	Nine Months ended 30 Sep		Increase/ (Decrease)
	2013	2012		2013	2012	
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Net profit</b>	287	2,431	(88.2)	3,372	8,568	(60.6)
Other comprehensive income:						
Financial assets, available-for-sale						
- Fair value gains/ (losses), net of tax	10	22	(54.5)	(116)	(2)	5,700.0
- Reclassification	-	-	n.m.	(26)	-	n.m.
<b>Total comprehensive income</b>	<b>297</b>	<b>2,453</b>	<b>(87.9)</b>	<b>3,230</b>	<b>8,566</b>	<b>(62.3)</b>
<b>Total comprehensive income attributable to:</b>						
Equity holders of the Company	298	2,454	(87.9)	3,232	8,569	(62.3)
Non-controlling interests	(1)	(1)	-	(2)	(3)	(33.3)
	297	2,453	(87.9)	3,230	8,566	(62.3)

Note:

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

n.m. : not meaningful.



(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)
	2013	2012		2013	2012	
	\$'000	\$'000	%	\$'000	\$'000	%
<u>After charging:-</u>						
Non-audit fee paid to the auditors of the Company	8	8	-	18	17	5.9
Amortisation of intangible asset	2	-	n.m.	6	-	n.m.
Depreciation of property, plant and equipment	162	25	548.0	481	297	62.0
Directors' remuneration						
- Directors of the Company	653	834	(21.7)	2,180	3,044	(28.4)
- Other Directors	110	107	2.8	328	319	2.8
Directors' fee	45	45	-	135	135	-
Interest paid and payable						
- Finance lease liabilities	12	19	(36.8)	45	70	(35.7)
Loss/ (gain) on foreign exchange	20	52	(61.5)	(69)	158	(143.7)
Currency translation differences arise from debt securities investment	5	26	(80.8)	(21)	41	(151.2)
Employees compensation cost	528	499	5.8	1,604	1,557	3.0
Allowance for impairment of non-trade receivables	-	1,496	n.m.	-	1,496	n.m.

Notes:

- (i) Gain/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 asset, available-for-sale denominated in United States dollar to Singapore dollar.

n.m. – not meaningful.



Note	The Group			The Group		
	Third Quarter ended 30 Sep		Increase/ (Decrease)	Nine Months ended 30 Sep		Increase/ (Decrease)
	2013	2012		2013	2012	
	\$'000	\$'000	%	\$'000	\$'000	%
<u>After crediting:-</u>						
Interest income						
- Bank deposits	34	31	9.7	113	155	(27.1)
- Financial asset, held-to-maturity	5	11	(54.5)	27	36	(25.0)
- Financial asset, available for-sale	27	71	(62.0)	85	167	(49.1)
- Other receivables (non-current)	116	113	2.7	342	118	189.8
Net (loss)/gain on disposal of property, plant and equipment	(2)	61	(103.3)	23	141	(83.7)
Financial assets, available-for-sale						
- Loss on disposal	-	-	-	(20)	-	n.m.
- Reclassification from other comprehensive income upon disposal	-	-	-	26	-	n.m.
Rental income from an investment property	13	12	8.3	38	34	11.8
Trade creditors written off	-	-	-	-	487	n.m.
Government grant	19	10	90.0	63	177	(64.4)
<u>Included in the cost of works are the following:-</u>						
Depreciation of property, plant and equipment	646	983	(34.3)	1,776	2,125	(16.4)
Amortisation of intangible assets	16	-	n.m.	47	-	n.m.
Employees compensation cost	6,597	5,727	15.2	18,017	15,468	16.5

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 2013	30 Sep 2012
\$'000	\$'000

Tax expense attributable to profit is made up of:

- Profit from current financial period:

Current income tax - Singapore

447

1,962

Deferred income tax

127

94

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574

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2,056

- Over-provision of current income tax in prior financial periods

(2)

(56)

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572

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2,000



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

Statements of Financial Position

		The Group		The Company	
Note		30 Sep 2013	31 Dec 2012	30 Sep 2013	31 Dec 2012
		\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
	Cash and cash equivalents	37,217	53,992	2,734	2,761
	Trade and other receivables	33,992	30,919	3,023	11,144
i	Financial asset, held-to-maturity	-	1,000	-	-
vii	Construction contract works-in-progress	2,995	3,604	-	-
		74,204	89,515	5,757	13,905
<b>Non-current assets</b>					
	Investments in subsidiaries	-	-	15,774	15,774
ii	Investments in joint ventures	-	-	-	-
iii	Investments in associated companies	194	101	-	-
iv	Investment properties	4,830	4,830	-	-
v	Other receivables	26,645	18,664	18,543	18,543
vi	Financial asset, held-to-maturity	500	500	-	-
vii	Financial assets, available-for-sale	1,661	2,756	-	-
viii	Property, plant and equipment	19,302	19,183	6,222	6,350
ix	Intangible asset	1,917	1,970	25	31
		55,049	48,004	40,564	40,698
	<b>Total assets</b>	<b>129,253</b>	<b>137,519</b>	<b>46,321</b>	<b>54,603</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
	Trade and other payables	29,801	36,648	6,847	11,558
x	Finance lease liabilities	648	524	-	-
	Current income tax liabilities	866	2,204	15	-
		31,315	39,376	6,862	11,558
<b>Non-current liabilities</b>					
	Finance lease liabilities	1,753	930	-	-
	Deferred income tax liabilities	967	840	41	25
		2,720	1,770	41	25
	<b>Total liabilities</b>	<b>34,035</b>	<b>41,146</b>	<b>6,903</b>	<b>11,583</b>
	<b>NET ASSETS</b>	<b>95,218</b>	<b>96,373</b>	<b>39,418</b>	<b>43,020</b>
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
	Share capital	36,832	36,578	36,832	36,578
	Other reserves	1,318	1,479	-	19
x	Retained profits	57,015	58,261	2,586	6,423
		95,165	96,318	39,418	43,020
	<b>Non-controlling interests</b>	<b>53</b>	<b>55</b>	<b>-</b>	<b>-</b>
	<b>Total equity</b>	<b>95,218</b>	<b>96,373</b>	<b>39,418</b>	<b>43,020</b>
	<b>Net tangible assets</b>	<b>93,248</b>	<b>94,348</b>	<b>39,393</b>	<b>42,989</b>





**Notes to Statements of Financial Position:**

(i) Trade and other receivables

	The Group		The Company	
	30 Sep 2013	31 Dec 2012	30 Sep 2013	31 Dec 2012
	\$'000	\$'000	\$'000	\$'000
Trade receivables				
- Non-related parties	6,832	5,920	-	-
- Subsidiaries	-	-	2,938	11,016
	6,832	5,920	2,938	11,016
Construction contracts				
- Due from customers	19,126	18,207	-	-
- Retentions	6,292	4,935	-	-
	25,418	23,142	-	-
Non-trade receivables				
- Subsidiaries	-	-	717	717
- Joint venture partners	72	62	-	-
- Non-related parties	1,982	2,176	4	72
	2,054	2,238	721	789
Less: Allowance for impairment of receivables	(1,474)	(1,474)	(688)	(688)
Non-trade receivables - net	580	764	33	101
Deposits	526	398	11	11
Prepayments	636	695	41	16
	<u>33,992</u>	<u>30,919</u>	<u>3,023</u>	<u>11,144</u>

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

(ii) Investments in subsidiaries

	The Company	
	30 Sep 2013	31 Dec 2012
	\$'000	\$'000
Equity investments at cost	15,774	15,948
Addition	-	100
Disposal	-	(274)
Total cost of investment	15,774	15,774
Less:		
Allowance for impairment	-	(274)
Disposal	-	274
	<u>-</u>	<u>-</u>
	<u>15,774</u>	<u>15,774</u>



Name of subsidiary	Principal activities	Country of incorporation	Equity holding	
			30 Sep 2013	31 Dec 2012
<u>Held by the Company</u>				
Or Kim Peow Contractors (Pte) Ltd <sup>(@)</sup>	Business of road and building construction and maintenance	Singapore	100%	100%
Eng Lam Contractors Co. (Pte) Ltd <sup>(@)</sup>	Business of road construction and maintenance	Singapore	100%	100%
OKP Technical Management Pte Ltd <sup>(@)(*)</sup>	Provision of technical management and consultancy services	Singapore	100%	100%
OKP Investments (China) Pte Ltd <sup>(@)(*)</sup>	Investment holding	Singapore	100%	100%
OKP (Oil & Gas) Infrastructure Pte Ltd <sup>(@)(*)</sup>	Business of carrying out civil engineering projects in respect of oil, petrochemical and gas related businesses in Singapore	Singapore	100%	100%
United Pavement Specialists Pte Ltd <sup>(@)(*)</sup>	Provision of rental services and investment holding	Singapore	55%	55%
OKP Land Pte Ltd <sup>(@)</sup>	Investment holding and property development	Singapore	100%	100%
OKP Transport & Trading Pte Ltd <sup>(@)(*)</sup>	Provision of transport and logistics services	Singapore	100%	100%

(@) Audited by Nexia TS Public Accounting Corporation.

(\*) Dormant company.



(iii) Investments in joint ventures

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 statement of financial position and statement of comprehensive income using the line-by-line format of proportionate consolidation:

The Group		
	30 Sep 2013	31 Dec 2012
	\$'000	\$'000
Assets		
- Current assets	6,942	4,792
Liabilities		
- Current liabilities	(4,859)	(3,552)
Net assets	2,083	1,240
Revenue	15,380	8,666
Expenses	(14,382)	(8,107)
Profit before income tax	998	559
Income tax expense	(140)	(78)
Net profit	858	481
Operating cash inflows, representing total cash inflows	835	402

Name of joint ventures	Principal activities	Country of incorporation	Equity holding	
			30 Sep 2013	31 Dec 2012
CS-OKP Construction and Development Pte Ltd <sup>(@)(1)</sup>	Design, construction and execution of urban developments (including road infrastructure)	Singapore	50%	50%
Forte Builder Pte Ltd <sup>(#)(2)</sup>	Business of general construction	Singapore	50%	50%

Held by the subsidiaries

CS-OKP Construction and Development Pte Ltd <sup>(@)(1)</sup>	Design, construction and execution of urban developments (including road infrastructure)	Singapore	50%	50%
Forte Builder Pte Ltd <sup>(#)(2)</sup>	Business of general construction	Singapore	50%	50%

(@) Audited by Heng Lee Seng LLP.

(#) Audited by Nexia TS Public Accounting Corporation.

(1) CS-OKP Construction and Development Pte Ltd ("CS-OKP"), incorporated in Singapore on 1 December 2009, remained inactive as at 30 September 2013. CS-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 (2012: \$50,000) in CS-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.



(iv) Investments in associated companies

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

On 15 August 2013, an associated company, Lakehomes Pte Ltd (“LH”) was incorporated in Singapore with a share capital of \$1,000,000 consisting of 1,000,000 ordinary shares. OKPL has a 10% equity interest at a cost of \$100,000 in LH. The principal activity of LH is to develop a land parcel into an executive condominium at Yuan Ching Road/Tao Ching Road. On 13 September 2013, OKPL entered into a joint venture agreement with BBR Development Pte Ltd, Evia Real Estate (5) Pte Ltd, CNH Investment Pte Ltd and Ho Lee Group Pte Ltd for the above executive condominium development.

The Group accounts for its investments in CS Amber and LH as associated companies although the Group holds less than 20% of the issued share capital of CS Amber and LH 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 2013	31 Dec 2012
\$'000	\$'000

**Equity investment at cost**

Beginning of financial period/year	101	-
Acquisition of an associated company	-	111
Incorporation of an associated company	100	-
Share of losses	(7)	(10)
End of financial period/year	194	101

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

The Group	
30 Sep 2013	31 Dec 2012
\$'000	\$'000

Assets	475,534	188,675
Liabilities	(397,210)	(187,668)
Revenue	-	-
Net (loss)	(72)	(87)



Name of associated company	Principal activities	Country of incorporation	Equity holding	
			30 Sep 2013	31 Dec 2012

Held by a subsidiary

CS Amber Development Pte Ltd (formerly known as CS Land Properties Pte Ltd)	Property development	Singapore	10%	10%
Lakehomes Pte Ltd	Property development	Singapore	10%	-

(v) Investment properties

The Group	The Group
30 Sep 2013	31 Dec 2012
\$'000	\$'000

Beginning of financial period/year	4,830	1,650
Additions		
- Transfer from property, plant and equipment	-	3,120
Fair value gain recognised in profit and loss	-	60
End of financial period/year	4,830	4,830

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

(vi) Other receivables (non-current)

	The Group		The Company	
	30 Sep 2013	31 Dec 2012	30 Sep 2013	31 Dec 2012
	\$'000	\$'000	\$'000	\$'000
Other receivables				
- Loan to CS Amber Development Pte Ltd	19,006	18,664	-	-
- Loan to Lakehomes Pte Ltd	7,639	-	-	-
- Loan to a subsidiary	-	-	18,543	18,543
	26,645	18,664	18,543	18,543

The loan to CS Amber Development Pte Ltd is unsecured, interest-bearing at 2.0% per annum above SIBOR and will be repayable in full on 26 June 2018.

The loans made to a subsidiary and Lakehomes Pte Ltd are interest-free advances for the purpose of funding their operating and development activities. The loan is not expected to be repaid within the next 12 months.



(vii) Financial assets, held-to-maturity

The Group	
30 Sep 2013	31 Dec 2012
\$'000	\$'000

Current portion	-	1,000
Non-current portion	500	500
	500	1,500

Held-to-maturity financial assets are analysed as follows:

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
	500	1,500

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

The Group	
30 Sep 2013	31 Dec 2012
\$'000	\$'000

Bonds with fixed interest of 2.22% p.a. and maturity date on 5 July 2013	-	1,007
Bonds with fixed interest of 4.30% p.a. and maturity date on 9 November 2016	525	517

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



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

The Group	
30 Sep 2013	31 Dec 2012
\$'000	\$'000

Beginning of financial period/year	2,756	708
Additions	-	4,500
Currency translation differences	21	(43)
Fair value (losses)/gains recognised in other comprehensive income	(116)	91
Disposal	(1,000)	(2,500)
End of financial period/year	1,661	2,756

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

Unlisted debt securities

- Bonds with fixed interest of 7.875% p.a. without fixed maturity	729	727
- Bonds with fixed interest of 5.125% p.a. without fixed maturity	932	2,029
	1,661	2,756

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



(ix) Intangible assets

The Group		The Company	
30 Sep 2013	31 Dec 2012	30 Sep 2013	31 Dec 2012
\$'000	\$'000	\$'000	\$'000

Composition:

Goodwill arising on consolidation	1,688	1,688	-	-
Computer software licences	229	282	25	31
	<u>1,917</u>	<u>1,970</u>	<u>25</u>	<u>31</u>

(a) Goodwill arising on consolidation

*Cost/net book value*

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

(b) Computer software licences

*Cost*

Beginning of financial period/year	353	-	39	-
Additions	-	353	-	39
End of financial period/year	<u>353</u>	<u>353</u>	<u>39</u>	<u>39</u>

*Accumulated amortisation*

Beginning of financial period/year	71	-	8	-
Amortisation charge	53	71	4	8
End of financial period/year	<u>124</u>	<u>71</u>	<u>12</u>	<u>8</u>
Net book value	<u>229</u>	<u>282</u>	<u>27</u>	<u>31</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 Sep 2013	31 Dec 2012	30 Sep 2013	31 Dec 2012
	\$'000	\$'000	\$'000	\$'000
Trade payables				
- Non-related parties	17,473	18,791	71	141
- Joint venture partner	4,664	3,445	-	-
	22,137	22,236	71	141
Non-trade payables				
- Subsidiaries	-	-	5,661	8,655
- Non-controlling shareholder of a subsidiary	450	450	-	-
- Joint venture partners	35	32	-	-
	485	482	5,661	8,655
Construction contracts				
- Advances received	209	2,091	-	-
Accrued operating expenses	6,813	11,623	1,096	2,762
Other payables	157	216	19	-
	<u>29,801</u>	<u>36,648</u>	<u>6,847</u>	<u>11,558</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 2013	31 Dec 2012	30 Sep 2013	31 Dec 2012
	\$'000	\$'000	\$'000	\$'000
<b>(a) Composition:</b>				
Warrant reserve	-	19	-	19
Fair value reserve	(54)	88	-	-
Asset revaluation reserve	1,372	1,372	-	-
	<u>1,318</u>	<u>1,479</u>	<u>-</u>	<u>19</u>
<b>(b) Movements:</b>				
<b>Warrant reserve</b>				
Beginning of financial period/year	19	39	19	39
Warrants exercised	(12)	(20)	(12)	(20)
Warrants expired	(7)	-	(7)	-
End of financial period/year	<u>-</u>	<u>19</u>	<u>-</u>	<u>19</u>
<b>Fair value reserve</b>				
Beginning of financial period	88	(11)	-	-
Financial asset, available-for-sale				
-Fair value (losses)/ gains	(116)	91	-	-
-Tax on fair value changes	-	(15)	-	-
	(116)	76	-	-
Reclassification to profit or loss	(26)	23	-	-
End of financial period/year	<u>(54)</u>	<u>88</u>	<u>-</u>	<u>-</u>
<b>Asset revaluation reserve</b>				
Beginning of financial period/year	1,372	-	-	-
Revaluation gains	-	1,372	-	-
End of financial period/year	<u>1,372</u>	<u>1,372</u>	<u>-</u>	<u>-</u>

Other reserves are non-distributable.



## **Explanatory Notes:**

### (i) Current assets

Current assets decreased by \$15.3 million, from \$89.5 million as at 31 December 2012 to \$74.2 million as at 30 September 2013. The decrease was attributable to:

- (a) a decrease in cash and cash equivalents of approximately \$16.8 million. This was due mainly to the cash used in operations for the nine months ended 30 September 2013 of approximately \$5.3 million, cash used in financing activities of approximately \$6.7 million and cash used in investing activities of approximately \$4.8 million;
- (b) a decrease in the financial asset, held-to-maturity of approximately \$1.0 million resulting from the redemption of the financial asset as it matured on 5 July 2013; and
- (c) a decrease in construction contract work-in-progress of approximately \$0.6 million due mainly to lower unbilled amounts expected to be collected from customers for contract work performed up till 30 September 2013 as compared to 31 December 2012;

which were partially offset by:

- (d) an increase in trade and other receivables of approximately \$3.1 million. The increase was due mainly to higher accrued receivables and retention monies on construction contracts following higher revenue recognised for the nine months ended 30 September 2013.

### (ii) Non-current assets

Non-current assets increased by \$7.0 million, from \$48.0 million as at 31 December 2012 to \$55.0 million as at 30 September 2013. The increase was due mainly to:

- (a) an investment in an associated company, Lakehomes Pte Ltd for \$0.1 million during the nine months ended 30 September 2013; and
- (b) an increase in other receivables of \$8.0 million, comprising mainly (1) approximately \$7.6 million arising from a loan extended to an associated company, Lakehomes Pte Ltd, and (2) \$0.4 million relating to interest receivable from the loan extended to another associated company, CS Amber Development Pte Ltd, during the nine months ended 30 September 2013;

which were partially offset by:

- (c) a decrease in the financial assets, available-for-sale of approximately \$1.1 million resulting from the sale of a financial asset, available-for-sale and fair value adjustments during the nine months ended 30 September 2013.

### (iii) Current liabilities

Current liabilities decreased by \$8.1 million, from \$39.4 million as at 31 December 2012 to \$31.3 million as at 30 September 2013. The decrease was due mainly to:

- (a) a decrease in trade and other payables of approximately \$6.8 million due mainly to the settlement of some major trade and other payables during the nine months ended 30 September 2013; and
- (b) a decrease in current income tax liabilities of approximately \$1.3 million due mainly to tax payments, which were partially offset by lower tax provision for lower profits generated for the nine months ended 30 September 2013.



(iv) Non-current liabilities

Non-current liabilities increased by \$0.9 million, from \$1.8 million as at 31 December 2012 to \$2.7 million as at 30 September 2013. The increase was due mainly to the increase in finance lease liabilities as a result of the purchase of new property, plant and equipment to support newly-awarded projects during the nine months ended 30 September 2013.

(v) Shareholders' equity

Shareholders' equity, comprising share capital, other reserves, retained profits and non-controlling interests, decreased by \$1.2 million, from \$96.4 million as at 31 December 2012 to \$95.2 million as at 30 September 2013. The decrease was largely attributable to:

- (a) the dividend payment to shareholders of approximately \$4.6 million during the nine months ended 30 September 2013;

which was partially offset by:

- (b) the profit generated from operations of approximately \$3.4 million for the nine months ended 30 September 2013.

**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 2013		As at 31 Dec 2012	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
648	-	524	-

- (b) Amount repayable after one year

As at 30 Sep 2013		As at 31 Dec 2012	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
1,753	-	930	-

- (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	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>				
Net profit	287	2,431	3,372	8,568
Adjustments for:				
- Income tax expense	104	710	572	2,000
- Depreciation of property, plant and equipment	808	1,008	2,257	2,422
- Amortisation of intangible assets	18	-	53	-
- Gain on disposal of property, plant and equipment	2	(61)	(23)	(141)
- Gain on disposal of a financial asset, available-for-sale	-	-	(6)	-
- Share of loss of associated companies	5	9	7	9
- Unrealised currency translation loss	5	26	(21)	41
- Interest income	(182)	(226)	(567)	(476)
- Interest expense	12	19	45	70
<b>Operating cash flow before working capital changes</b>	<b>1,059</b>	<b>3,916</b>	<b>5,689</b>	<b>12,493</b>
Change in working capital				
- Trade and other receivables	(3,440)	173	(3,073)	(2,938)
- Construction contract work-in-progress	(333)	(885)	609	(2,471)
- Trade and other payables	(88)	(904)	(6,847)	(10,331)
<b>Cash used in operations</b>	<b>(2,802)</b>	<b>2,300</b>	<b>(3,622)</b>	<b>(3,247)</b>
- Interest received	34	31	113	155
- Income tax paid	(462)	(1,395)	(1,783)	(4,353)
<b>Net cash (used in)/generated from operating activities</b>	<b>(3,230)</b>	<b>936</b>	<b>(5,292)</b>	<b>(7,445)</b>
<b>Cash flows from investing activities</b>				
- Additions to property, plant and equipment	(368)	(2,857)	(1,074)	(4,632)
- Disposal of property, plant and equipment	17	62	60	160
- Purchase of financial asset, available-for-sale	-	-	-	(4,500)
- Disposal of a financial asset, available-for-sale	-	-	980	-
- Redemption of a financial asset, held-to-maturity	1,000	-	1,000	-
- Loan to an associated company	(7,639)	-	(7,639)	(18,437)
- Investment in an associated company	(100)	-	(100)	(111)
- Interest received	32	195	112	321
<b>Net cash used in investing activities</b>	<b>(7,058)</b>	<b>(2,600)</b>	<b>(6,661)</b>	<b>(27,199)</b>



Consolidated statements of cash flows (Cont'd)

	The Group		The Group	
	Third Quarter ended 30 Sep		Nine Months ended 30 Sep	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from financing activities</b>				
- Repayment of finance lease liabilities	(36)	(172)	(393)	(602)
- Interest paid	(12)	(19)	(45)	(70)
- Proceeds from issuance of shares	-	36	242	139
- Dividend paid to shareholders	-	-	(4,626)	(6,115)
- Bank deposits pledged	2	7	(27)	40
<b>Net cash used in financing activities</b>	(46)	(148)	(4,849)	(6,608)
<b>Net decrease in cash and cash equivalents</b>	(10,334)	(1,812)	(16,802)	(41,252)
Cash and cash equivalents at the beginning of the financial period	42,496	48,008	48,964	87,448
<b>Cash and cash equivalents at the end of the financial period</b>	32,162	46,196	32,162	46,196

**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 2013	30 Sep 2012
	\$'000	\$'000
Cash at bank and on hand	13,633	11,141
Short-term bank deposits	23,584	40,091
Short-term bank deposits pledged to banks	37,217	51,232
	(5,055)	(5,036)
Cash and cash equivalents per consolidated statement of cash flows	32,162	46,196

Bank deposits of \$5,055,305 (30 September 2012: \$5,036,124) are pledged to banks for banking facilities of certain subsidiaries.



(ii) **Review of Cash Flows for the nine months ended 30 September 2013**

Net cash used in operating activities

Our Group reported net cash of \$5.3 million used in operating activities in the nine months ended 30 September 2013, a decrease of \$2.2 million from net cash used in operating activities of \$7.4 million in the nine months ended 30 September 2012. The net cash used in operating activities comprise:

- (a) a decrease in net working capital of approximately \$6.4 million; and
- (b) a decrease in income tax paid of approximately \$2.6 million during the nine months ended 30 September 2013;

which were partially offset by:

- (c) a decrease in cash generated from operating activities before working capital changes of approximately \$6.8 million.

Net cash used in investing activities

Net cash used in investing activities was \$6.7 million in the nine months ended 30 September 2013, as compared with net cash used in investing activities of \$27.2 million in the nine months ended 30 September 2012. The major outflow for the nine months ended 30 September 2013 related to a loan to an associated company, Lakehomes Pte Ltd, of approximately \$7.6 million and purchase of new property, plant and equipment of approximately \$1.1 million, which were partially offset by the proceeds received from the sale of a financial asset, available-for-sale of approximately \$1.0 million and redemption of a financial asset, held-to-maturity of approximately \$1.0 million.

Net cash used in financing activities

Net cash of \$4.8 million was used in financing activities in the nine months ended 30 September 2013. This was due to repayment of finance lease liabilities, interest payments and dividend payments to shareholders amounting to approximately \$5.0 million, which was partially offset by cash proceeds from the issuance of new shares upon the exercise of warrants of approximately \$0.2 million.

Overall, free cash and cash equivalents stood at \$32.2 million as at 30 September 2013, a decrease of \$14.0 million, from \$46.2 million as at 30 September 2012. This works out to cash of 10.4 cents per share (based on 308,430,594 issued shares) as at 30 September 2013 as compared to 15.1 cents per share (based on 305,938,085 issued shares) as at 30 September 2012.

(iii) **Review of Cash Flows for third quarter ended 30 September 2013**

Net cash used in operating activities

Our Group's net cash used in operating activities for the third quarter ended 30 September 2013 was \$3.2 million as compared with net cash generated from operating activities of \$0.9 million for the third quarter ended 30 September 2012. The major outflow related to lower operating cash flow before working capital changes in the third quarter ended 30 September 2013 resulting from a lower net profit reported for the third quarter ended 30 September 2013, coupled with a net working capital outflow of \$3.9 million.

Net cash used in investing activities

Net cash of \$7.1 million was used in investing activities for the third quarter ended 30 September 2013, compared with \$2.6 million for the third quarter ended 30 September 2012. The major outflow for the third quarter ended 30 September 2013 related to a loan to an associated company of approximately \$7.6 million, investment in an associated company of approximately \$0.1 million and the purchase of new property, plant and equipment of approximately \$0.4 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 \$0.04 million for the third quarter ended 30 September 2013, compared with \$0.1 million for the third quarter ended 30 September 2012. The major outflow related to repayment of finance lease liabilities and interest payments in the third quarter ended 30 September 2013.



**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	Asset revaluation reserve	Retained profits	Total	Non-controlling interests	Total equity
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

The Group

<b>As at 1 Jan 2013</b>	36,578	19	88	1,372	58,261	96,318	55	96,373
Total comprehensive income for the period	-	-	(72)	-	2,375	2,303	(1)	2,302
Issue of shares pursuant to exercise of warrants	254	(12)	-	-	-	242	-	242
Expiry of outstanding warrants	-	(7)	-	-	7	-	-	-
<b>As at 31 Mar 2013</b>	36,832	-	16	1,372	60,643	98,863	54	98,917
Total comprehensive income for the period	-	-	(80)	-	711	631	-	631
Dividend relating to FY2012	-	-	-	-	(4,626)	(4,626)	-	(4,626)
<b>As at 30 Jun 2013</b>	36,832	-	(64)	1,372	56,728	94,868	54	94,922
Total comprehensive income for the period	-	-	10	-	287	297	(1)	296
<b>As at 30 Sep 2013</b>	36,832	-	(54)	1,372	57,015	95,165	53	95,218





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

The Group

<b>As at 1 Jan 2012</b>	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
<b>As at 31 Mar 2012</b>	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 relating to FY2011	-	-	-	-	(6,115)	(6,115)	-	(6,115)
<b>As at 30 Jun 2012</b>	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
<b>As at 30 Sep 2012</b>	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 Company

<b>As at 1 Jan 2013</b>	36,578	19	-	6,423	43,020	-	43,020
Total comprehensive income for the period	-	-	-	663	663	-	663
Issue of shares pursuant to exercise of warrants	254	(12)	-	-	242	-	242
Expiry of outstanding warrants	-	(7)	-	7	-	-	-
<b>As at 31 Mar 2013</b>	36,832	-	-	7,093	43,925	-	43,925
Total comprehensive income for the period	-	-	-	50	50	-	50
Dividend relating to FY2012	-	-	-	(4,626)	(4,626)	-	(4,626)
<b>As at 30 Jun 2013</b>	36,832	-	-	2,517	39,349	-	39,349
Total comprehensive income for the period	-	-	-	69	69	-	69
<b>As at 30 Sep 2013</b>	36,832	-	-	2,586	39,418	-	39,418



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

<b>As at 1 Jan 2012</b>	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
<b>As at 31 Mar 2012</b>	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)
<b>As at 30 Jun 2012</b>	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
<b>As at 30 Sep 2012</b>	36,309	32	-	2,399	38,740	-	38,740



**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 2013	307,220,210	36,578,119
Issue of new shares pursuant to exercise of warrants during first quarter ended 31 March 2013	1,210,384	242,077
Transfer from warrants reserve to share capital upon exercise of warrants during first quarter ended 31 March 2013	-	12,104
Balance as at 30 September 2013	308,430,594	36,832,300

The Company issued 61,822,852 warrants on 6 January 2010 and the outstanding warrants expired on 4 January 2013. There were no outstanding warrants as at 30 September 2013 and 3,176,175 outstanding warrants as at 30 September 2012.

Under the Share Buy Back Mandate which was approved by the Shareholders on 30 April 2013, no shares were bought back by the Company during the third quarter ended 30 September 2013.

There have been no changes in the issued share capital of the Company since 30 June 2013.

Except as mentioned above, there were no outstanding convertibles issued or treasury shares held by the Company as at 30 September 2013 and 30 September 2012.



**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 2013	31 Dec 2012
Total number of issued shares (excluding treasury shares)	308,430,594	307,220,210

**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 2012.



**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**

In the current period, the Group adopted the new/revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2013.

- 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 113 (New) – Fair Value Measurements (effective for annual periods beginning on or after 1 January 2013)
- Amendments to FRS 101 First-time Adoption of Financial Reporting Standards – Government Loans (effective for annual periods beginning on or after 1 January 2013)
- Amendments to FRS 107 Disclosures – Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2013)

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.



**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)
	2013	2012		2013	2012	
	\$'000	\$'000	%	\$'000	\$'000	%
Net profit attributable to equity holders of the Company (\$'000)	288	2,432	(88.2)	3,374	8,571	(60.6)
Weighted average number of ordinary shares outstanding for basic earnings per share	308,430,594	305,617,830	0.9	308,430,594	305,617,830	0.9
Basic earnings per share (cents)	0.09	0.80	(88.8)	1.09	2.80	(61.1)



### 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 had warrants as dilutive potential ordinary shares prior to 5 January 2013.

	The Group			The Group		
	Third Quarter ended 30 Sep		Increase / (Decrease)	Nine Months ended 30 Sep		Increase / (Decrease)
	2013	2012		2013	2012	
	\$'000	\$'000	%	\$'000	\$'000	%
Net profit attributable to equity holders of the Company (\$'000)	288	2,432	(88.2)	3,374	8,571	(60.6)
Weighted average number of ordinary shares outstanding for basic earnings per share	308,430,594	305,617,830	0.9	308,430,594	305,617,830	0.9
Adjustment for - warrants	-	2,047,426	n.m.	-	2,047,426	n.m.
	308,430,594	307,665,256	0.2	308,430,594	307,665,256	0.2
Diluted earnings per share (cents)	0.09	0.79	(88.6)	1.09	2.79	(60.9)

n.m. – not meaningful





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 2013	As at 31 Dec 2012	As at 30 Sep 2013	As at 31 Dec 2012	The Group	The Company
Net tangible assets (\$'000)	93,248	94,348	39,393	42,989	(1.2)	(8.4)
Number of shares	308,430,594	307,220,210	308,430,594	307,220,210	0.4	0.4
NTA per share (cents)	30.23	30.71	12.77	13.99	(1.6)	(8.7)

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. It has expanded its core business to include property development and investment. We tender for both public and private civil engineering and infrastructure construction projects.

We have two core business segments: Construction and Maintenance.



**Income Statement Review (Nine months ended 30 Sep 2013 vs nine months ended 30 Sep 2012)**

	The Group					
	Current nine months ended 30 Sep 2013		Previous Nine months ended 30 Sep 2012		Increase / (Decrease)	
	\$'000		\$'000		\$'000	%
Construction	74,071	79.8%	66,793	86.7%	7,278	10.9
Maintenance	18,729	20.2%	10,220	13.3%	8,509	83.3
<b>Total Revenue</b>	<b>92,800</b>	<b>100.0%</b>	<b>77,013</b>	<b>100.0%</b>	15,787	20.5

**Revenue**

Our Group reported a 20.5% or \$15.8 million increase in revenue to \$92.8 million in the nine months ended 30 September 2013 as compared to \$77.0 million in the nine months ended 30 September 2012. The increase was due mainly to a 83.3% increase in revenue from the maintenance segment to \$18.7 million, coupled with a 10.9% increase in revenue from the construction segment to \$74.1 million.

The growth in revenue from the maintenance segment was largely attributable to higher percentage of revenue recognised from a number of existing and newly-awarded maintenance projects as they progressed to a more active phase in the nine months ended 30 September 2013.

The increase in revenue from the construction segment was due mainly to higher percentage of revenue recognised from a few key construction projects which were in full swing in the nine months ended 30 September 2013.

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 79.8% (2012: 86.7%) and 20.2% (2012: 13.3%) of our Group's revenue respectively for the nine months ended 30 September 2013.

**Cost of works**

Our cost of works increased by 40.1% or \$23.9 million from \$59.6 million for the nine months ended 30 September 2012 to \$83.5 million for the nine months ended 30 September 2013. The increase in cost of works was disproportionately higher than the increase in revenue. The increase in cost of works was due mainly to:

- (a) an increase in sub-contracting costs as a result of sub-contracting building construction works to third party sub-contractors;
- (b) an increase in labour costs due to salary and levy adjustments and an increase in headcount during the nine months ended 30 September 2013; and
- (c) additional costs incurred for some sewer-related projects which resulted from unfavourable site conditions that required additional unforeseen works for the nine months ended 30 September 2013. Such costs will likely taper off as these sewer-related projects near completion.



#### Gross profit and gross profit margin

Consequently, despite recording a higher revenue, our gross profit for the nine months ended 30 September 2013 decreased by 46.6% or \$8.1 million from \$17.4 million for the nine months ended 30 September 2012 to \$9.3 million for the nine months ended 30 September 2013.

Our gross profit margin declined from 22.6% for the nine months ended 30 September 2012 to 10.0% for the nine months ended 30 September 2013. The lower gross profit margin was largely attributable to lower profit margins for new and some current projects as a result of a more competitive pricing environment, rising manpower costs, sub-contractors costs and additional works incurred for some sewer related projects.

#### Other income

Other income decreased by \$0.7 million or 43.0% from \$1.6 million for the nine months ended 30 September 2012 to \$0.9 million for the nine months ended 30 September 2013. The decrease was largely attributable to the write-back of trade payables of \$0.5 million in the nine months ended 30 September 2012 which did not recur in the nine months ended 30 September 2013. The remaining \$0.2 million decrease in other income was due mainly to the decreases in interest from bank deposits, interest earned from financial assets, government grant and gain from disposal of property, plant and equipment during the nine months ended 30 September 2013.

#### Administrative expenses

Administrative expenses decreased by \$2.0 million or 24.3% from \$8.2 million for the nine months ended 30 September 2012 to \$6.2 million for the nine months ended 30 September 2013. The decrease was largely attributable to (1) an allowance for impairment on a non-trade receivable from a third party of \$1.5 million made in the nine months ended 30 September 2012 which did not recur in the nine months ended 30 September 2013, and (2) 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 2013. The decrease was partially offset by an increase in depreciation charges as a result of the acquisition of new office furniture and fittings, increase in tender charges due to tenders for complex projects and increase in staff costs due to salary adjustments during the nine months ended 30 September 2013.

#### Other expenses

Other expenses related to loss from foreign exchange resulting from the weakening of the US dollar against the Singapore dollar. No losses resulting from foreign exchange differences were incurred during the nine months ended 30 September 2013.

#### Finance expenses

Finance expenses decreased by \$26,000 due mainly to repayment of finance leases in the nine months ended 30 September 2013.

#### Share of loss of associated companies

The share of loss of associated companies in the nine months ended 30 September 2013 was due mainly to the operating expenses incurred by our 10%-held property development companies, CS Amber Development Pte Ltd and Lakehomes Pte Ltd.



#### Profit before income tax

Profit before income tax decreased by \$6.6 million or 62.7% from \$10.5 million for the nine months ended 30 September 2012 to \$3.9 million for the nine months ended 30 September 2013. The decrease was due mainly to the decrease in gross profit of \$8.1 million and decrease in other income of \$0.7 million, which were partially offset by decrease in administrative expenses of \$2.0 million, decrease in other expenses of \$0.1 million and decrease in finance expenses of \$26,000, as explained above.

#### Income tax expense

Income tax expense decreased by \$1.4 million or 71.4% from \$2.0 million in the nine months ended 30 September 2012 to \$0.6 million in the nine months ended 30 September 2013 due mainly to lower profit before income tax, as explained above.

The effective tax rates for the nine months ended 30 September 2013 and nine months ended 30 September 2012 were 14.5% and 18.9% respectively.

The effective tax rate for the nine months ended 30 September 2013 was lower than the statutory tax rate of 17.0% due mainly to incentives from enhanced deduction for staff training, rental of qualified construction equipment and automation equipment expenditure under the Productivity and Innovation Credit scheme for the nine months ended 30 September 2013.

#### Non-controlling interests

Non-controlling interests related to losses incurred by a subsidiary during the nine months ended 30 September 2013.

#### Net profit

Overall, for the nine months ended 30 September 2013, net profit decreased by \$5.2 million or 60.6%, from \$8.6 million for the nine months ended 30 September 2012 to \$3.4 million for the nine months ended 30 September 2013, following the decrease in profit before income tax of \$6.6 million which was partially offset by the decline in income tax expense of \$1.4 million, as explained above.

Our net profit margin decreased from 11.1% for the nine months ended 30 September 2012 to 3.6% for the nine months ended 30 September 2013.



**Income Statement Review (Third Quarter ended 30 September 2013 vs Third Quarter ended 30 September 2012)**

	The Group					
	Current third quarter ended 30 Sep 2013		Previous third quarter ended 30 Sep 2012		Increase / (Decrease)	
	\$'000	%	\$'000	%	\$'000	%
Construction	22,606	73.6%	25,668	90.1%	(3,062)	(11.9)
Maintenance	8,100	26.4%	2,815	9.9%	5,285	187.7
<b>Total Revenue</b>	<b>30,706</b>	<b>100.0%</b>	<b>28,483</b>	<b>100.0%</b>	<b>2,223</b>	<b>7.8</b>

**Revenue**

Our Group registered an increase in revenue in the third quarter ended 30 September 2013. Our Group's revenue increased by 7.8% or \$2.2 million to \$30.7 million in the third quarter ended 30 September 2013 as compared to \$28.5 million in the third quarter ended 30 September 2012. The increase in revenue was contributed by revenue growth of 187.7% from the maintenance segment, partially offset by a 11.9% decrease in revenue from the construction segment.

The maintenance segment contributed \$8.1 million to our Group's revenue in the third quarter ended 30 September 2013, compared to \$2.8 million in the third quarter ended 30 September 2012. A higher percentage of revenue was recognised from the maintenance segment due mainly to the substantial progression of some existing maintenance projects during the third quarter ended 30 September 2013.

Revenue from the construction segment decreased by 11.9% to \$22.6 million in the third quarter ended 30 September 2013 from \$25.7 million previously. The decrease was due mainly to some construction projects which were slowing down in activity as they progressed to a more mature phase with completion date expected in 2014.

**Cost of works**

Our cost of works increased by 30.2% or \$6.7 million from \$22.0 million for the third quarter ended 30 September 2012 to \$28.7 million for the third quarter ended 30 September 2013. For the third quarter ended 30 September 2013, the increase in cost of works was disproportionately higher than the increase in revenue. The increase in cost of works was due mainly to:

- (a) an increase in sub-contracting costs as a result of sub-contracting building construction works to third party sub-contractors;
- (b) an increase in labour costs due to salary and levy adjustments and an increase in headcount; and
- (c) additional costs incurred for some sewer-related projects which resulted from unfavourable site conditions that required additional unforeseen works during the third quarter ended 30 September 2013. Such costs will likely taper off as these sewer-related projects near completion.



### Gross profit and gross profit margin

Despite recording a higher revenue, our gross profit for the third quarter ended 30 September 2013 decreased by \$4.4 million or 68.9% from \$6.4 million for the third quarter ended 30 September 2012 to \$2.0 million for the third quarter ended 30 September 2013.

Our gross profit margin dropped from 22.6% in the third quarter ended 30 September 2012 to 6.5% in the third quarter ended 30 September 2013.

The lower gross profit margin was largely attributable to lower profit margins for new and some current projects as a result of a more competitive pricing environment, rising manpower costs, sub-contractors costs and additional works incurred for some sewer-related projects during the third quarter ended 30 September 2013.

### Other income

Other income remained at \$0.4 million for the third quarter ended 30 September 2012 and 2013.

### Administrative expenses

Administrative expenses decreased by \$1.6 million or 45.7% from \$3.6 million for the third quarter ended 30 September 2012 to \$2.0 million for the third quarter ended 30 September 2013. The decrease was largely attributable to (1) an allowance for impairment on a non-trade receivable from a third party of \$1.5 million made during the third quarter ended 30 September 2012 which did not recur during the third quarter ended 30 September 2013, and (2) lower directors' remuneration (including profit sharing) accrued as a result of the lower profit generated by the Group for the third quarter ended 30 September 2013.

### Other expenses

Other expenses related to foreign exchange fluctuation resulting from the weakening of the US dollar against the Singapore dollar. No losses resulting from foreign exchange differences were incurred during the third quarter ended 30 September 2013.

### Finance expenses

Finance expenses decreased marginally by \$8,000 due to repayment of finance leases in the third quarter ended 30 September 2013.

### Share of loss of associated companies

The share of loss of associated companies was due mainly to the operating expenses incurred by both CS Amber Development Pte Ltd and Lakehomes Pte Ltd during the third quarter ended 30 September 2013.

### Profit before income tax

Profit before income tax decreased by \$2.7 million or 87.6% from \$3.1 million in the third quarter ended 30 September 2012 to \$0.4 million in the third quarter ended 30 September 2013. The decrease was due mainly to a decrease in gross profit of \$4.4 million which was partially offset by a decrease in administrative expenses of \$1.6 million, decrease in other expenses of \$52,000 and decrease in finance expenses of \$8,000, as explained above.



#### Income tax expense

The \$0.6 million decrease in income tax expense from \$0.7 million for the third quarter ended 30 September 2012 to \$0.1 million for the third quarter ended 30 September 2013 was due mainly to lower profit before income tax, as explained above.

The effective tax rates for the third quarter ended 30 September 2013 and third quarter ended 30 September 2012 were 26.6% and 22.6% respectively.

The effective tax rate for the third quarter ended 30 September 2013 was higher than the statutory tax rate of 17.0% was due mainly to provision for deferred income tax during the third quarter ended 30 September 2013.

#### Non-controlling interests

Non-controlling interests related to the losses incurred by a subsidiary.

#### Net profit

Overall, for the third quarter ended 30 September 2013, net profit decreased by \$2.1 million or 88.2% to \$0.3 million as compared to \$2.4 million for the third quarter ended 30 September 2012, following the decrease in profit before income tax of \$2.7 million which was partially offset by the drop in income tax expense of \$0.6 million, as explained above.

Our net profit margin decreased from 8.5% for the third quarter ended 30 September 2012 to 0.9% for the third quarter ended 30 September 2013.

#### **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 2013 from what was previously discussed under paragraph 10 of the Company's financial statements for the second quarter ended 30 June 2013.



**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 and industry outlook

According to advanced estimates released by the Ministry of Trade and Industry on 14 October 2013, the Singapore economy grew by 5.1% on a year-on-year basis in the third quarter ended 30 September 2013, compared to 4.2% in the previous quarter. The construction sector grew by 3.6% on a year-on-year basis, compared to 6.9% in the previous quarter. The slowdown was due mainly to weaker public sector construction activities, which was partially offset by robust construction activities in the private sector.

We expect the construction industry to remain challenging due to the rising labour costs and a shortage of skilled and experienced workers. This is in addition to the restrictions and levies imposed on hiring foreign labour workers in Singapore.

Company outlook and order book update

Despite the difficult conditions in the construction industry, we remain optimistic as we continue to be supported by a pipeline of projects. We had successfully tendered for and been awarded a total of five new contracts totalling approximately \$52.2 million from the Public Utilities Board and one contract amounting to \$18.2 million from Land Transport Authority. The contracts include:

- (i) dredging of Sungei Api Api worth \$6.7 million;
- (ii) improvement to roadside drains at Joo Chiat areas worth \$10.2 million;
- (iii) improvement to roadside drains at Lucky Heights Estate (Eastern Sector) worth \$15.0 million;
- (iv) improvement works to Stamford Canal (from Napier Road to Marina Reservoir) worth \$6.7 million;
- (v) improvement to roadside drains at Geylang areas worth \$13.6 million; and
- (vi) repair and upgrade of roads in Central Singapore worth \$18.2 million.

As at the date of this announcement, our order book based on secured contracts stands at approximately \$447.0 million (30 September 2012: \$346.1 million), with some projects completing in 2015.

Going forward, we will stay focused on our traditional core businesses and continue to build upon our distinctive track record and expertise in the construction and maintenance of roads and other public infrastructure projects. In addition, we seek to extract value from the property construction and development businesses, which is in-line with the Group's strategy to diversify its earnings.

As previously announced in July 2012, we invested in a minority stake of 10% in CS Amber Development Pte Ltd (formerly known as CS Land Properties Pte Ltd), a wholly-owned subsidiary of China Sonangol Land Pte. Ltd., the property arm of China Sonangol International (S) Pte. Ltd. This marked our maiden foray into the property development business. In August 2013, we furthered our involvement in this area of business with a 10% stake in a joint venture company, Lakehomes Pte. Ltd. to develop an Executive Condominium at Yuan Ching Road/Tao Ching Road.

To augment 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.

We will continue to proactively seek new opportunities, both locally and overseas, to grow our businesses. We aim to increase shareholder value through adopting stringent cost control measures and improving productivity and efficiency in order to remain competitive.





## 11. Dividend

### (a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

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

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

None

### (c) Date payable

Not applicable.

### (d) Books closure date

Not applicable.

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

No dividend has been declared/recommended for the third quarter ended 30 September 2013.

## 13. Interested person transactions disclosure

Name of Interested Person	Aggregate value of all interested person transactions during three months ended 30 September 2013 (excluding transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions during three months ended 30 September 2013 conducted under shareholders' mandate pursuant to Rule 920
	\$'000	\$'000
Or Lay Tin - rental and deposit paid for employees' accommodation	8	-

### Notes:

- (a) The rented premises is owned by Ms Or Lay Tin, who is the daughter of Mr Or Kim Peow, the Group Chairman of OKP Holdings Limited.

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



#### 14. Use of proceeds as at 30 September 2013

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

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

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

The unutilised proceeds are deposited with a bank pending deployment.

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

The Board of Directors of OKP Holdings Limited confirms that, to the best of their knowledge, nothing has come to their attention which may render the financial statements for the third quarter and nine months ended 30 September 2013 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

Or Toh Wat  
Group Managing Director  
28 October 2013