



**Second Quarter and
Half Year Financial
Statement for the Period
Ended 30 June 2014**

7 August 2014

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Second Quarter and Half Year Financial Statement for the Period Ended 30 June 2014
PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS
1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year

	The Group			The Group		
	Second Quarter ended 30 June		Increase/ (Decrease)	Half Year ended 30 June		Increase/ (Decrease)
	2014	2013 (Restated)*		2014	2013 (Restated)*	
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	27,458	24,905	10.3	57,664	51,466	12.0
Cost of works	(25,135)	(22,781)	10.3	(52,703)	(44,859)	17.5
Gross profit	2,323	2,124	9.4	4,961	6,607	(24.9)
Other income	238	234	1.7	701	537	30.5
Expenses						
- Administrative	(2,040)	(1,852)	10.2	(4,257)	(4,237)	0.5
- Other	(17)	-	n.m.	(25)	-	n.m.
- Finance	(14)	(15)	(6.7)	(27)	(33)	(18.2)
Share of (loss)/profit of investments accounted for using the equity method	(66)	273	(124.2)	110	591	(81.4)
Profit before income tax	424	764	(44.5)	1,463	3,465	(57.8)
Income tax expense	(79)	(53)	49.0	(53)	(380)	(86.0)
Net profit	345	711	(51.5)	1,410	3,085	(54.3)
Gross profit margin	8.5%	8.5%		8.6%	12.8%	
Net profit margin	1.3%	2.9%		2.4%	6.0%	
Effective tax rate	18.6%	6.9%		3.6%	11.0%	
Net profit attributable to:						
Equity holders of the Company	345	711	(51.5)	1,411	3,086	(54.3)
Non-controlling interests	-	-	n.m.	(1)	(1)	-
	345	711	(51.5)	1,410	3,085	(54.3)

(*) – Certain comparative figures have been restated due to the adoption of FRS111 (new) – “Joint Arrangements”. Please refer to paragraph 5 of this announcement for details.

n.m. - not meaningful.



(i) Consolidated Statement of comprehensive income for the second quarter and half-year ended 30 June 2014

Note	The Group			The Group		
	Second Quarter ended 30 June		Increase/ (Decrease)	Half Year ended 30 June		Increase/ (Decrease)
	2014	2013		2014	2013	
	\$'000	\$'000	%	\$'000	\$'000	%
Net profit	345	711	(51.1)	1,410	3,085	(54.3)
Other comprehensive income:						
Financial assets, available-for-sale						
- Fair value gains/(losses), net of tax	34	(80)	(142.5)	49	(126)	(138.9)
- Reclassification	-	-	-	(44)	(26)	69.2
Total comprehensive income	379	631	(39.9)	1,415	2,933	(51.8)
Total comprehensive income attributable to:						
Equity holders of the Company	379	631	(39.9)	1,416	2,934	(51.7)
Non-controlling interests	-	-	n.m.	(1)	(1)	-
	379	631	(39.9)	1,415	2,933	(51.8)

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		
	Second Quarter ended 30 June		Increase/ (Decrease)	Half Year ended 30 June		Increase/ (Decrease)
	2014	2013		2014	2013 (Restated)*	
	\$'000	\$'000	%	\$'000	\$'000	%
<u>After charging:-</u>						
	6	5	20.0	16	9	77.8
Non-audit fee paid to the auditors of the Company						
	2	2	-	4	4	-
Amortisation of intangible assets						
	160	162	(1.2)	318	319	(0.3)
Depreciation of property, plant and equipment						
	636	669	(4.9)	1,318	1,527	(13.7)
Directors' remuneration - Directors of the Company						
- Other Directors	105	108	(2.8)	213	218	(2.3)
Directors' fee						
	45	45	-	90	90	-
Interest paid and payable - Finance lease liabilities						
	14	15	(6.7)	27	33	(18.2)
(Gain)/loss on foreign exchange						
i	17	(59)	(128.8)	25	(89)	(128.1)
Currency translation differences arise from debt securities investment						
ii	-	(13)	n.m.	-	(26)	n.m.
Employees compensation cost						
	516	440	17.3	1,215	1,076	12.9

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.

(*) – Certain comparative figures have been restated due to the adoption of FRS111 (new) – “Joint Arrangements”. Please refer to paragraph 5 of this announcement for details.

n.m. – not meaningful.



	The Group			The Group		
	Second Quarter ended 30 June		Increase/ (Decrease)	Half Year ended 30 June		Increase/ (Decrease)
	2014	2013		2014	2013 (Restated)*	
	\$'000	\$'000	%	\$'000	\$'000	%
<u>After crediting:-</u>						
Interest income						
- Bank deposits	35	28	25.0	68	77	(11.7)
- Financial asset, held-to-maturity	6	11	(45.5)	11	22	(50.0)
- Financial asset, available for-sale	13	26	(50.0)	33	58	(43.1)
- Other receivables (non-current)	119	114	4.4	242	226	7.1
Gain on disposal of property, plant and equipment (net)	8	-	n.m.	119	25	376.0
Financial assets, available-for-sale						
- Gain/(loss) on disposal	-	-	-	-	(20)	n.m.
- Reclassification from other comprehensive income upon disposal	-	-	-	51	26	96.2
Rental income from an investment property	12	12	-	25	25	-
Government grant	23	-	n.m.	104	44	136.4
<u>Included in the cost of works are the following:-</u>						
Depreciation of property, plant and equipment	550	584	(5.8)	1,070	1,130	(5.3)
Amortisation of intangible assets	15	15	-	31	31	-
Employees compensation cost	6,295	5,699	10.5	12,727	11,420	11.4

(*) – Certain comparative figures have been restated due to the adoption of FRS111 (new) – “Joint Arrangements”. Please refer to paragraph 5 of this announcement for details.

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 June 2014	30 June 2013 (Restated)*
\$'000	\$'000

Tax expense attributable to profit is made up of:

- Profit from current financial period:

- Current income tax - Singapore	122	295
- Deferred income tax	70	87

192 382

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

- Current income tax - Singapore	(48)	(2)
- Deferred income tax	(91)	-

53 380

(*) – Certain comparative figures have been restated due to the adoption of FRS111 (new) – “Joint Arrangements”. Please refer to paragraph 5 of this announcement for details.



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 Jun 2014	31 Dec 2013 (Restated)*	30 Jun 2014	31 Dec 2013
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Current assets				
Cash and cash equivalents	35,213	37,577	2,842	2,780
Trade and other receivables	35,231	31,934	2,632	3,975
Construction contract works-in-progress	3,563	5,541	-	-
	74,007	75,052	5,474	6,755
Non-current assets				
Investments in subsidiaries	-	-	17,522	17,522
Investments in joint ventures	3,216	3,118	-	-
Investment in associated companies	222	95	-	-
Investment properties	5,020	5,020	-	-
Other receivables	28,382	28,054	17,320	17,145
Financial assets, held-to-maturity	500	500	-	-
Financial assets, available-for-sale	1,012	1,713	-	-
Property, plant and equipment	19,327	19,121	5,990	6,149
Intangible assets	1,864	1,899	19	23
	59,543	59,520	40,851	40,839
Total assets	133,550	134,572	46,325	47,594
LIABILITIES				
Current liabilities				
Trade and other payables	32,401	33,667	6,152	6,828
Finance lease liabilities	751	738	-	-
Current income tax liabilities	374	470	17	20
	33,526	34,875	6,169	6,848
Non-current liabilities				
Finance lease liabilities	1,869	2,004	-	-
Deferred income tax liabilities	962	990	89	90
	2,831	2,994	89	90
Total liabilities	36,357	37,869	6,258	6,938
NET ASSETS	97,193	96,703	40,067	40,656
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	36,832	36,832	36,832	36,832
Other reserves	1,370	1,365	-	-
Retained profits	58,940	58,454	3,235	3,824
	97,142	96,651	40,067	40,656
Non-controlling interests	51	52	-	-
Total equity	97,193	96,703	40,067	40,656
Net tangible assets	95,278	94,752	40,048	40,633

(*) – Certain comparative figures have been restated due to the adoption of FRS111 (new) – “Joint Arrangements”. Please refer to paragraph 5 of this announcement for details.



Notes to Statements of Financial Position:

(i) Trade and other receivables

	The Group		The Company	
	30 Jun 2014	31 Dec 2013 (Restated)*	30 Jun 2014	31 Dec 2013
	\$'000	\$'000	\$'000	\$'000
Trade receivables				
- Non-related parties	9,559	6,779	-	-
- Subsidiaries	-	-	2,568	3,915
	9,559	6,779	2,568	3,915
Construction contracts				
- Due from customers	18,783	18,888	-	-
- Retentions	5,051	4,528	-	-
	23,834	23,416	-	-
Non-trade receivables				
- Subsidiaries	-	-	716	716
- Joint venture partners	-	3	-	-
- Non-related parties	2,001	1,997	4	5
	2,001	2,000	720	721
Less: Allowance for impairment of receivables	(1,474)	(1,474)	(688)	(688)
Non-trade receivables - net	527	526	32	33
Deposits	718	565	7	7
Prepayments	593	648	25	20
	<u>35,231</u>	<u>31,934</u>	<u>2,632</u>	<u>3,975</u>

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.

(*) – Certain comparative figures have been restated due to the adoption of FRS111 (new) – “Joint Arrangements”. Please refer to paragraph 5 of this announcement for details.

(ii) Investments in subsidiaries

	The Company	
	30 Jun 2014	31 Dec 2013
	\$'000	\$'000
Equity investments at cost	17,522	15,774
Notional fair value of loan to a subsidiary	-	1,748
Total cost of investment	<u>17,522</u>	<u>17,522</u>



Name of subsidiary	Principal activities	Country of incorporation	Equity holding	
			30 Jun 2014	31 Dec 2013

Held by the Company

Or Kim Peow Contractors (Pte) Ltd ^(@)	Business of road and building construction and maintenance	Singapore	100%	100%
Eng Lam Contractors Co. (Pte) Ltd ^(@)	Business of road construction and maintenance	Singapore	100%	100%
OKP Technical Management Pte Ltd ^{(@)(*)}	Provision of technical management and consultancy services	Singapore	100%	100%
OKP Investments (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%	100%

(@) Audited by Nexia TS Public Accounting Corporation.

(*) Dormant company.



(iii) Investments in joint ventures

The Group	
30 Jun 2014	31 Dec 2013 (Restated)*
\$'000	\$'000

Equity investment at cost

Beginning of financial period/year	3,118	1,263
Incorporation of a joint venture	-	100
Share of profit of investments accounted for using the equity method	183	1,072
Notional fair value of loan, representing additional capital contribution	(85)	683
End of financial period/year	3,216	3,118

Name of joint ventures	Principal activities	Country of incorporation	Equity holding	
			30 Jun 2014	31 Dec 2013

Held by the subsidiaries

CS-OKP Construction and Development Pte Ltd ^{(@)(1)}	Design, construction and execution of urban developments (including road infrastructure)	Singapore	50%	50%
Forte Builder Pte Ltd ^{(#)(2)}	Business of general construction	Singapore	50%	50%
Lakehomes Pte Ltd ^{(^)(3)}	Property development	Singapore	10%	10%

(@) Audited by Heng Lee Seng LLP.

(#) Audited by Nexia TS Public Accounting Corporation.

(^) Audited by Ernst & Young LLP.

(1) CS-OKP Construction and Development Pte Ltd ("CS-OKP"), incorporated in Singapore on 1 December 2009, remained inactive as at 30 June 2014. CS-OKP is a joint venture company of OKP Technical Management Pte Ltd ("OKPTM"), a wholly-owned subsidiary, and CS Mining 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 (2013: \$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.

(3) 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 aforesaid executive condominium development.

(*) Certain comparative figures have been restated due to the adoption of FRS111 (new) – "Joint Arrangements". Please refer to paragraph 5 of this announcement for details.



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

The Group		
	30 Jun 2014	31 Dec 2013
	\$'000	\$'000
Assets		
- Current assets	331,963	318,185
Liabilities		
- Current liabilities	(23,449)	(10,890)
- Non-current liabilities	(296,498)	(295,644)
Net assets	<u>11,966</u>	<u>11,651</u>
Revenue	6,609	42,558
Expenses	(6,248)	(41,311)
Profit before income tax	<u>361</u>	<u>1,247</u>
Income tax expense	(45)	(379)
Net profit	<u>316</u>	<u>868</u>

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

The Group has not recognised its share of losses of a joint venture amounting to \$5,052 (2013: \$47,653) because the Group's cumulative share of losses exceeds its interest in that entity and the Group has no obligation in respect of those losses. The cumulative unrecognised losses with respect to that entity amount to \$52,705 (2013: \$47,653) at the balance sheet date.

(iv) Investments in associated companies

The Group		
	30 Jun 2014	31 Dec 2013 (Restated)*
	\$'000	\$'000
Equity investment at cost		
Beginning of financial period/year	95	101
Incorporation of an associated company	200	-
Share of losses	(73)	(6)
End of financial period/year	<u>222</u>	<u>95</u>

(*) Certain comparative figures have been restated due to the adoption of FRS111 (new) – "Joint Arrangements". Please refer to paragraph 5 of this announcement for details.



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

The Group		
	30 Jun 2014	31 Dec 2013
	\$'000	\$'000
Assets	220,478	199,319
Liabilities	(219,324)	(198,374)
Revenue	-	-
Net loss	(473)	(54)

Name of associated companies	Principal activities	Country of incorporation	Equity holding	
			30 Jun 2014	31 Dec 2013
CS Amber Development Pte Ltd ^{(@)(1)}	Property development	Singapore	10%	10%
United Singapore Builders Pte Ltd ^{(#)(2)}	General contractors	Singapore	20%	-

Held by a subsidiary

CS Amber Development Pte Ltd ^{(@)(1)}	Property development	Singapore	10%	10%
United Singapore Builders Pte Ltd ^{(#)(2)}	General contractors	Singapore	20%	-

(@) Audited by PricewaterhouseCoopers LLP.

(#) Audited by Nexia TS Public Accounting Corporation

- (1) 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).

- (2) On 8 January 2014, Or Kim Peow Contractors (Pte) Ltd ("OKPC"), a wholly-owned subsidiary, entered into a shareholders' agreement with Chye Joo Construction Pte Ltd, Ho Lee Construction Pte Ltd, Hwa Seng Builder Pte Ltd, Swee Hong Limited and United Singapore Builders Pte Ltd ("USB") to tender for and, if successful, undertake Mass Rapid Transit projects, including the construction of related infrastructure such as stations, tunnels and depots. OKPC has a 20% equity interest at a cost of \$200,000 in USB.



(v) Investment properties

The Group	The Group
30 Jun 2014	31 Dec 2013
\$'000	\$'000

Beginning of financial period/year	5,020	4,830
Fair value gain recognised in profit and loss	-	190
End of financial period/year	<u>5,020</u>	<u>5,020</u>

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 Jun 2014	31 Dec 2013	30 Jun 2014	31 Dec 2013
\$'000	\$'000	\$'000	\$'000

Loan to an associated company				
- CS Amber Development Pte Ltd	19,358	19,115	-	-
Loan to a joint venture				
- Lakehomes Pte Ltd	9,024	8,939	-	-
Loan to a subsidiary	-	-	17,320	17,145
	<u>28,382</u>	<u>28,054</u>	<u>17,320</u>	<u>17,145</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 loans made to a joint venture and a subsidiary are unsecured and interest-free advances for the purpose of operating and development activities in their respective fields. The loans are not expected to be repaid within the next 12 months.



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

The Group	
30 Jun 2014	31 Dec 2013
\$'000	\$'000

Beginning/end of financial period/year

500

500

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

Unlisted debt securities

- Bonds with fixed interest of 4.30% p.a. and maturity date on 9 November 2016 - Singapore

500

500

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

The Group	
30 Jun 2014	31 Dec 2013
\$'000	\$'000

Bonds with fixed interest of 4.30% p.a. and maturity date on 9 November 2016

518

523

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 Jun 2014	31 Dec 2013
\$'000	\$'000

Beginning of financial period/year	1,713	2,756
Currency translation differences	-	26
Fair value gains/(losses) recognised in other comprehensive income	49	(69)
Disposal	(750)	(1,000)
End of financial period/year	1,012	1,713

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

Unlisted debt securities

- Bonds with fixed interest of 7.875% p.a. without fixed maturity	-	750
- Bonds with fixed interest of 5.125% p.a. without fixed maturity	1,012	963
	1,012	1,713

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 Jun 2014	31 Dec 2013	30 Jun 2014	31 Dec 2013
\$'000	\$'000	\$'000	\$'000

Composition:

Goodwill arising on consolidation	1,688	1,688	-	-
Computer software licences	176	211	19	23
	<u>1,864</u>	<u>1,899</u>	<u>19</u>	<u>23</u>

(a) Goodwill arising on consolidation

Cost/net book value

Beginning and end of financial period/year	<u>1,688</u>	<u>1,688</u>	<u>-</u>	<u>-</u>
--------------------------------------------	--------------	--------------	----------	----------

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

(b) Computer software licences

Cost

Beginning/end of financial period/year	<u>353</u>	<u>353</u>	<u>39</u>	<u>39</u>
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Accumulated amortisation

Beginning of financial period/year	142	71	16	8
Amortisation charge	35	71	4	8
End of financial period/year	<u>177</u>	<u>142</u>	<u>20</u>	<u>16</u>
Net book value	<u>176</u>	<u>211</u>	<u>19</u>	<u>23</u>

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



(x) Trade and other payables

	The Group		The Company	
	30 Jun 2014	31 Dec 2013 (Restated)*	30 Jun 2014	31 Dec 2013
	\$'000	\$'000	\$'000	\$'000
Trade payables				
- Non-related parties	23,912	23,566	67	61
Non-trade payables				
- Subsidiaries	-	-	5,477	5,569
- Non-controlling shareholder of a subsidiary	450	450	-	-
- Joint venture partners	50	50	-	-
	500	500	5,477	5,569
Accrued operating expenses	7,865	9,432	608	1,198
Other payables	124	169	-	-
	<u>32,401</u>	<u>33,667</u>	<u>6,152</u>	<u>6,828</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.

(*) – Certain comparative figures have been restated due to the adoption of FRS111 (new) – “Joint Arrangements”. Please refer to paragraph 5 of this announcement for details.



(xi) Other reserves

	The Group		The Company	
	30 Jun 2014	31 Dec 2013	30 Jun 2014	31 Dec 2013
	\$'000	\$'000	\$'000	\$'000
(a) Composition:				
Warrant reserve	-	-	-	-
Fair value reserve	(2)	(7)	-	-
Asset revaluation reserve	1,372	1,372	-	-
	<u>1,370</u>	<u>1,365</u>	<u>-</u>	<u>-</u>
(b) Movements:				
Warrant reserve				
Beginning of financial period/year	-	19	-	19
Warrants exercised	-	(12)	-	(12)
Warrants expired	-	(7)	-	(7)
End of financial period/year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fair value reserve				
Beginning of financial period/year	(7)	88	-	-
Financial asset, available-for-sale -Fair value gains/(losses)	49	(69)	-	-
Reclassification to profit or loss	(51)	(26)	-	-
Tax on reclassification	7	-	-	-
	<u>(44)</u>	<u>(26)</u>	<u>-</u>	<u>-</u>
End of financial period/year	<u>(2)</u>	<u>(7)</u>	<u>-</u>	<u>-</u>
Asset revaluation reserve				
Beginning and end of financial period/year	1,372	1,372	-	-

Other reserves are non-distributable.



Explanatory Notes:

(i) Current assets

Current assets decreased by \$1.1 million, from \$75.1 million as at 31 December 2013 to \$74.0 million as at 30 June 2014. The decrease was attributable to:

- (a) a decrease in cash and cash equivalents of approximately \$2.4 million. This was due mainly to the cash used in operations for the half year ended 30 June 2014 of approximately \$0.4 million, and cash used in investing activities and financing activities of approximately \$0.6 million and \$1.4 million respectively, and
- (b) a decrease in construction contract work-in-progress of approximately \$2.0 million due mainly to lower unbilled amounts expected to be collected from customers for contract work performed up till 30 June 2014 as compared to 31 December 2013,

which were partially offset by:

- (c) an increase in trade and other receivables of approximately \$3.3 million following higher revenue recognised for the half year ended 30 June 2014.

(ii) Non-current assets

Non-current assets maintained at \$59.5 million as at 30 June 2014 and 31 December 2013.

(iii) Current liabilities

Current liabilities decreased by \$1.4 million, from \$34.9 million as at 31 December 2013 to \$33.5 million as at 30 June 2014. The decrease was due mainly to:

- (a) a decrease in trade and other payables of approximately \$1.3 million due mainly to lower accrued operating expenses which related to project costs during the half year ended 30 June 2014; and
- (b) a decrease in current income tax liabilities of approximately \$0.1 million due mainly to tax payments, which was partially offset by lower tax provision for lower profits generated for the half year ended 30 June 2014.

(iv) Non-current liabilities

Non-current liabilities decreased by \$0.2 million, from \$3.0 million as at 31 December 2013 to \$2.8 million as at 30 June 2014. The decrease was due mainly to repayment of finance lease liabilities during the half year ended 30 June 2014.

(v) Shareholders' equity

Shareholders' equity, comprising share capital, other reserves, retained profits and non-controlling interests, increased by \$0.5 million, from \$96.7 million as at 31 December 2013 to \$97.2 million as at 30 June 2014. The increase was largely attributable to:

- (a) the profit generated from operations of approximately \$1.4 million for the half year ended 30 June 2014,

which was partially offset by:

- (b) the dividend payment to shareholders of approximately \$0.9 million during the half year ended 30 June 2014.



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

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

As at 30 Jun 2014		As at 31 Dec 2013	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
751	-	738	-

(b) Amount repayable after one year

As at 30 Jun 2014		As at 31 Dec 2013	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
1,869	-	2,004	-

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

Consolidated statements of cash flows

	The Group		The Group	
	Second Quarter ended 30 June		Half year ended 30 June	
	2014	2013 (Restated)*	2014	2013 (Restated)*
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Net profit	345	711	1,410	3,085
Adjustments for:				
- Income tax expense	79	53	53	380
- Depreciation of property, plant and equipment	710	746	1,388	1,449
- Amortisation of intangible assets	17	17	35	35
- Gain on disposal of property, plant and equipment	(8)	-	(119)	(25)
- Share of loss/(profit) of investments accounted for using the equity method	66	(273)	(110)	(591)
- Loss on disposal of a financial asset, available-for-sale	-	-	-	20
- Reclassification adjustment from fair value reserve to profit and loss	-	-	(51)	(26)
- Unrealised currency translation gain	-	(13)	-	(26)
- Interest income	(173)	(179)	(354)	(383)
- Interest expense	14	15	27	33
Operating cash flow before working capital changes	1,050	1,077	2,279	3,951
Change in working capital				
- Trade and other receivables	(8,862)	364	(3,298)	617
- Construction contract work-in-progress	485	807	1,978	943
- Trade and other payables	(691)	(4,308)	(1,265)	(6,928)
Cash used in operations	(8,018)	(2,060)	(306)	(1,417)
- Interest received	35	28	68	77
- Income tax paid	(153)	(637)	(170)	(1,273)
Net cash used in operating activities	(8,136)	(2,669)	(408)	(2,613)
Cash flows from investing activities				
- Additions to property, plant and equipment	(676)	(599)	(1,367)	(706)
- Disposal of property, plant and equipment	9	9	178	43
- Redemption/disposal of a financial asset, available-for-sale	-	-	750	980
- Investment in an associated company	-	-	(200)	-
- Interest received	19	37	44	80
Net cash (used in) / generated from investing activities	(648)	(553)	(595)	397

(*) – Certain comparative figures have been restated due to the adoption of FRS111 (new) – “Joint Arrangements”. Please refer to paragraph 5 of this announcement for details.



Consolidated statements of cash flows (Cont'd)

	The Group		The Group	
	Second Quarter ended 30 June		Half year ended 30 June	
	2014	2013 (Restated)*	2014	2013 (Restated)*
	\$'000	\$'000	\$'000	\$'000
Cash flows from financing activities				
- Repayment of finance lease liabilities	(98)	(173)	(409)	(357)
- Interest paid	(14)	(15)	(27)	(33)
- Proceeds from issuance of shares	-	-	-	242
- Dividend paid to shareholders	(925)	(4,626)	(925)	(4,626)
- Bank deposits pledged	(4)	(17)	(8)	(29)
Net cash used in financing activities	(1,041)	(4,831)	(1,369)	(4,803)
Net decrease in cash and cash equivalents	(9,825)	(8,053)	(2,372)	(7,019)
Cash and cash equivalents at the beginning of the financial period	39,967	48,950	32,514	47,916
Cash and cash equivalents at the end of the financial period	30,142	40,897	30,142	40,897

Explanatory Notes:

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

	The Group	
	30 Jun 2014	30 Jun 2013 (Restated)*
	\$'000	\$'000
Cash at bank and on hand	10,602	9,793
Short-term bank deposits	24,611	36,161
Short-term bank deposits pledged to banks	35,213	45,954
	(5,071)	(5,057)
Cash and cash equivalents per consolidated statement of cash flows	30,142	40,897

Bank deposits of \$5,071,058 (30 June 2013: \$5,056,973) are pledged to banks for banking facilities of certain subsidiaries.

(*) – Certain comparative figures have been restated due to the adoption of FRS111 (new) – “Joint Arrangements”. Please refer to paragraph 5 of this announcement for details.



(ii) **Review of cash flows for the six months ended 30 June 2014**

Net cash used in operating activities

Our Group reported a net cash of \$0.4 million used in operating activities in the six months ended 30 June 2014, a decrease of \$2.2 million from net cash used in operating activities of \$2.6 million in the six months ended 30 June 2013. The net cash used in operating activities comprise:

- (a) a decrease in net working capital outflow of approximately \$2.8 million; and
- (b) a decrease in income tax paid of approximately \$1.1 million during the six months ended 30 June 2014,

which were partially offset by:

- (c) a decrease in cash generated from operating activities before working capital changes of approximately \$1.7 million.

Net cash used in investing activities

Net cash of \$0.6 million used in investing activities was due to (1) the purchase of new property, plant and equipment of \$1.4 million and (2) investment in an associated company, United Singapore Builders Pte Ltd for approximately \$0.2 million, which were partially offset by (1) the proceeds received from the sale of a financial asset, available-for-sale of \$0.8 million and (2) the proceeds received from the disposal of property, plant and equipment of approximately \$0.2 million during the six months ended 30 June 2014.

Net cash used in financing activities

Net cash of \$1.4 million was used in financing activities in the six months ended 30 June 2014. The major outflows for the six months ended 30 June 2014 related to (1) dividend payments to shareholders of approximately \$0.9 million and (2) repayment of finance lease liabilities of approximately \$0.4 million.

Overall, free cash and cash equivalents stood at \$30.1 million as at 30 June 2014, a decrease of \$10.8 million, from \$40.9 million as at 30 June 2013. This works out to cash of 9.8 cents per share as at 30 June 2014 as compared to 13.3 cents per share as at 30 June 2013 (based on 308,430,594 issued shares as at 30 June 2014 and 30 June 2013).

(iii) **Review of cash flows for second quarter ended 30 June 2014**

Net cash used in operating activities

Our Group's net cash used in operating activities for the second quarter ended 30 June 2014 was \$8.1 million as compared with \$2.7 million for the second quarter ended 30 June 2013. The \$5.4 million increase was due mainly to an increase in net working capital outflow of \$5.9 million which was partially offset by a decrease in income tax paid of \$0.5 million for the second quarter ended 30 June 2014.

Net cash used in investing activities

Net cash used in investing activities maintained at approximately \$0.6 million for the second quarter ended 30 June 2014 and 30 June 2013. The major outflow for both quarters related to the purchase of new property, plant and equipment, which was 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 \$1.0 million for the second quarter ended 30 June 2014, compared with \$4.8 million for the second quarter ended 30 June 2013. The major outflow for the second quarter ended 30 June 2014 related to dividends of approximately \$0.9 million paid to shareholders, as compared with dividends of approximately \$4.6 million paid to shareholders in the second quarter ended 30 June 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

As at 1 Jan 2014	36,832	-	(7)	1,372	58,454	96,651	52	96,703
Total comprehensive income for the period	-	-	(29)	-	1,066	1,037	(1)	1,036
As at 31 Mar 2014	36,832	-	(36)	1,372	59,520	97,688	51	97,739
Total comprehensive income for the period	-	-	34	-	345	379	-	379
Dividend relating to FY2013	-	-	-	-	(925)	(925)	-	(925)
As at 30 Jun 2014	36,832	-	(2)	1,372	58,940	97,142	51	97,193



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

As at 1 Jan 2013	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	-	-	-
As at 31 Mar 2013	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)
As at 30 Jun 2013	36,832	-	(64)	1,372	56,728	94,848	54	94,922



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 2014	36,832	-	-	3,824	40,656	-	40,656
Total comprehensive income for the period	-	-	-	142	142	-	142
As at 31 Mar 2014	36,832	-	-	3,966	40,798	-	40,798
Total comprehensive income for the period	-	-	-	194	194	-	194
Dividend relating to FY2013	-	-	-	(925)	(925)	-	(925)
As at 30 Jun 2014	36,832	-	-	3,235	40,067	-	40,067
As at 1 Jan 2013	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	-	-	-
As at 31 Mar 2013	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)
As at 30 Jun 2013	36,832	-	-	2,517	39,349	-	39,349



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

There have been no changes in the issued share capital of the Company since 31 March 2014.

Under the Share Buy Back Mandate which was approved by the Shareholders on 28 April 2014, no shares were bought back by the Company during the second quarter ended 30 June 2014.

There were no outstanding convertibles issued or treasury shares held by the Company as at 30 June 2014 and 30 June 2013.

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

	30 Jun 2014	31 Dec 2013
Total number of issued shares (excluding treasury shares)	308,430,594	308,430,594

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

Not applicable

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 2013.



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 2014.

- FRS 27 (Revised) – Separate Financial Statements (effective for annual periods beginning on or after 1 January 2014)
- FRS 28 (Revised) – Investments in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2014)
- Amendments to FRS 32 – Financial Instruments: Offsetting of Financial Liabilities and Assets (effective for annual periods beginning on or after 1 January 2014)
- Amendments to FRS 36 (Jul 2013) – Recoverable Amount Disclosure for Non-Financial 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 2014)
- FRS 111 (New) – Joint Arrangements (effective for annual periods beginning on or after 1 January 2014)
- FRS 112 (New) – Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2014)
- Amendments to FRS 110, FRS 111 and FRS 112, FRS 27 (2011) and FRS 28 (2011): Mandatory Effective Date (effective for annual periods beginning on or after 1 January 2014)
- Amendments to FRS 110, FRS 111 and FRS 112: Transition Guidance (effective for annual periods beginning on or after 1 January 2014)
- Amendments to FRS 110, FRS 112 and FRS 27: Investment Entities (effective for annual periods beginning on or after 1 January 2014)

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 for the current period or prior year/period, except for the adoption of FRS 111 (new) – “Joint Arrangement”.

The Group adopted FRS 111 in accordance with the transition guidance set out in the standard. The new standard introduces changes to the recognition, measurement, presentation and disclosure of “Joint Arrangements”. The effects of the change in accounting policy on the balance sheet of the Group as at 31 December 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the second quarter and half year ended 30 June 2013 are summarised below. The change in accounting policy has had no significant impact on earnings per share.



Impact of change in accounting policy on the statement of comprehensive income

	For second quarter ended 30 Jun 2013	Effect of change in accounting policy	For second quarter ended 30 Jun 2013 (Restated)*	For half year ended 30 Jun 2013	Effect of change in accounting policy	For half year ended 30 Jun 2013 (Restated)*
<u>Statement of comprehensive income</u>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	30,056	(5,151)	24,905	62,094	(10,628)	51,466
Cost of works	(27,597)	4,816	(22,781)	(54,796)	9,937	(44,859)
Gross profit	2,459	(335)	2,124	7,298	(691)	6,607
Other income	231	3	234	530	7	537
Expenses						
- Administrative	(1,853)	1	(1,852)	(4,240)	3	(4,237)
- Other	-	-	-	-	-	-
- Finance	(15)	-	(15)	(33)	-	(33)
Share of profit of investments accounted for using the equity method	(2)	275	273	(2)	593	591
Profit before income tax	820	(56)	764	3,553	(88)	3,465
Income tax expense	(109)	56	(53)	(468)	88	(380)
Net profit	711	-	711	3,085	-	3,085
Other comprehensive income, net of tax	(80)	-	(80)	(152)	-	(152)
Total comprehensive income	631	-	631	2,933	-	2,933



Impact of change in accounting policy on the statement of financial position

	As at 31 Dec 2013	Effect of change in accounting policy	As at 31 Dec 2013 (Restated)
	\$'000	\$'000	\$'000
ASSETS			
Non-current assets	57,085	2,435	59,520
Includes:			
- Investments in associates companies	778	(683)	95
- Investments in joint ventures	-	3,118	3,118
Current assets	82,313	(7,261)	75,052
Includes:			
- Cash and cash equivalents	39,863	(2,286)	37,577
- Trade and other receivables	36,909	(4,975)	31,934
Total assets	139,398	(4,826)	134,572
LIABILITIES			
Non-current liabilities	2,994	-	2,994
Current liabilities	39,701	(4,826)	34,875
Includes:			
- Trade and other payables	38,288	(4,621)	33,667
- Current income tax liabilities	675	(205)	470
Total liabilities	42,695	(4,826)	37,869
NET ASSETS	96,703	-	96,703
EQUITY			
Capital and reserves attributable to equity holders of the Company	96,651	-	96,651
Non-controlling interests	52	-	52
Total equity	96,703	-	96,703



Impact of change in accounting policy on the statement of cash flows:

	For the second quarter ended 30 Jun 2013	Effect of change in accounting policy	For the second quarter ended 30 Jun 2013 (Restated)*	For the half year ended 30 Jun 2013	Effect of change in accounting policy	For the half year ended 30 Jun 2013 (Restated)*
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Statement of cash flows</u>						
Cash flows used in operating activities	(2,340)	(329)	(2,669)	(2,062)	(551)	(2,613)
Includes:						
- Cash used in operations	(1,708)	(352)	(2,060)	(821)	(596)	(1,417)
- Interest received	29	(1)	28	79	(2)	77
- Income tax paid	(661)	24	(637)	(1,320)	47	(1,273)
Cash flows (used in)/ generated from investing activities	(553)	-	(553)	397	-	397
Cash flows used in financing activities	(4,831)	-	(4,831)	(4,803)	-	(4,803)
Net decrease in cash and cash equivalents	(7,724)	(329)	(8,053)	(6,468)	(551)	(7,019)



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

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

	The Group			The Group		
	Second Quarter ended 30 Jun		Increase / (Decrease)	Half Year ended 30 Jun		Increase / (Decrease)
	2014	2013		2014	2013	
	\$'000	\$'000	%	\$'000	\$'000	%
Net profit attributable to equity holders of the Company (\$'000)	345	711	(51.5)	1,411	3,086	(54.3)
Weighted average number of ordinary shares in issue	308,430,594	308,430,594	-	308,430,594	308,430,594	-
Basic earnings per share (cents per share)	0.11	0.23	(52.2)	0.46	1.00	(54.0)
Diluted earnings per share (cents)	0.11	0.23	(52.2)	0.46	1.00	(54.0)

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

	The Group		The Company		Increase / (Decrease) %	
	As at 30 Jun 2014	As at 31 Dec 2013 (restated)*	As at 30 Jun 2014	As at 31 Dec 2013	The Group	The Company
Net tangible assets (\$'000)	95,278	94,752	40,048	40,633	0.6	(1.4)
Number of shares	308,430,594	308,430,594	308,430,594	308,430,594	-	-
NTA per share (cents)	30.89	30.72	12.98	13.17	0.6	(1.4)

(*) – Certain comparative figures have been restated due to the adoption of FRS111 (new) – “Joint Arrangements”. Please refer to paragraph 5 of this announcement for details



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 (Half Year ended 30 June 2014 vs Half Year ended 30 June 2013)

	The Group					
	Current half year ended 30 Jun 2014		Previous half year ended 30 Jun 2013 (restated)*		Increase / (Decrease)	
	\$'000		\$'000		\$'000	%
Construction	36,089	62.6%	40,837	79.3%	(4,748)	(11.6)
Maintenance	21,575	37.4%	10,629	20.7%	10,946	103.0
Total Revenue	57,664	100.0%	51,466	100.0%	6,198	12.0

(*) – Certain comparative figures have been restated due to the adoption of FRS111 (new) – “Joint Arrangements”. Please refer to paragraph 5 of this announcement for details.

Revenue

Our Group reported a 12.0% or \$6.2 million increase in revenue to \$57.7 million in the half year ended 30 June 2014 as compared to \$51.5 million in the half year ended 30 June 2013. The increase was due mainly to a 103.0% increase in revenue from the maintenance segment to \$21.6 million, partially offset by a 11.6% decrease in revenue from the construction segment to \$36.1 million.

The strong growth in revenue from the maintenance segment was due mainly to the higher percentage of revenue recognised from a number of both existing and newly awarded maintenance projects as they progressed to a more active phase in the half year ended 30 June 2014.



The decrease in revenue from the construction segment was largely attributable to the substantial completion of some existing construction projects in the half year ended 30 June 2014 coupled with a lower percentage of revenue recognised from a few construction projects which were secured in the second quarter ended 30 June 2014.

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 62.6% (2013: 79.3%) and 37.4% (2013: 20.7%) of our Group's revenue respectively for the half year ended 30 June 2014.

Cost of works

Our cost of works increased by 17.5% or \$7.8 million from \$44.9 million for the half year ended 30 June 2013 to \$52.7 million for the half year ended 30 June 2014. The increase in cost of works was due mainly to:

- (a) an increase in labour costs due to levy adjustment and an increase in headcount during the half year ended 30 June 2014;
- (b) an increase in sub-contracting costs which were mainly costs incurred for specialised works such as bored piling, asphalt works, mechanical and electrical works, soil-testing, landscaping and metalworks which are usually sub-contracted to external parties; and
- (c) an increase in the cost of construction material due to fluctuation of prices of raw material.

Gross profit and gross profit margin

Consequently, despite recording a higher revenue, our gross profit for the half year ended 30 June 2014 decreased by 24.9% or \$1.6 million from \$6.6 million for the half year ended 30 June 2013 to \$5.0 million for the half year ended 30 June 2014.

Our gross profit margin declined from 12.8% for the half year ended 30 June 2013 to 8.6% for the half year ended 30 June 2014.

The lower gross profit margin was largely attributable to lower profit margins for new and existing construction and maintenance projects as a result of industry competition and rising variable costs such as manpower cost and costs of construction material.

Other income

Other income increased by \$0.2 million or 30.5% from \$0.5 million for the half year ended 30 June 2013 to \$0.7 million for the half year ended 30 June 2014. The increase was largely attributable to the higher gain from disposal of property, plant and equipment and the receipt of wage credit, enhanced special employment credit and Productivity and Innovation Credit bonus from the government during the half year ended 30 June 2014.

Administrative expenses

Administrative expenses increased by \$0.1 million or 0.5% from \$4.2 million for the half year ended 30 June 2013 to \$4.3 million for the half year ended 30 June 2014. The increase was largely attributable to (1) an increase in professional fees arising from legal services engaged for an on-going suit against a sub-contractor, (2) an increase in tender charges due to tenders for complex projects and (3) an increase in staff costs during the half year ended 30 June 2014. The increase was partially offset by lower directors' remuneration (including profit sharing) accrued as a result of the lower profit generated by the Group during the half year ended 30 June 2014.



Other expenses

Other expenses related to loss from foreign exchange resulting from the weakening of the US dollar against the Singapore dollar incurred during the half year ended 30 June 2014.

Finance expenses

Finance expenses decreased by \$6,000 due mainly to repayment of finance leases in the half year ended 30 June 2014.

Share of profit of investments accounted for using the equity method

	The Group	
	Half year ended 30 Jun 2014	Half year ended 30 Jun 2013
	\$'000	\$'000
Share of profit of joint ventures ^(a)	183	593
Share of loss of associated companies ^(b)	(73)	(2)
	<hr/> 110	<hr/> 591

(a) Share of profit of joint ventures

The share of profit of joint ventures decreased by \$0.4 million due mainly to the share of lower profits recognised by Forte Builder Pte Ltd ("FBPL"). The building construction project undertaken by FBPL had been substantially completed during the half year ended 30 June 2014.

(b) Share of loss of associated companies

The share of loss of associated companies was due mainly to the operating expenses incurred by the Group's 20% held associated company, United Singapore Builders Pte Ltd and Group's 10% held associated company, CS Amber Development Pte Ltd, in the half year ended 30 June 2014.

Profit before income tax

Profit before income tax decreased by \$2.0 million or 57.8% from \$3.5 million for the half year ended 30 June 2013 to \$1.5 million for the half year ended 30 June 2014. The decrease was due mainly to (1) the decrease in gross profit of \$1.6 million, (2) the decrease in share of profit of investments of \$0.5 million and (3) the increase in administrative expenses of \$0.1 million, which were partially offset by the increase in other income of \$0.2 million, as explained above.



Income tax expense

Income tax expense decreased by \$0.3 million or 86.0% from \$0.4 million in the half year ended 30 June 2013 to \$0.1 million in the half year ended 30 June 2014 due mainly to lower profit before income tax, as explained above.

The effective tax rates for the half year ended 30 June 2014 and half year ended 30 June 2013 were 3.6% and 11.0% respectively.

The effective tax rate for the half year ended 30 June 2014 was lower than the statutory tax rate of 17.0%. The lower effective tax rate was due mainly to (1) a refund of the over-provision of prior year's taxes from the tax authority, (2) an adjustment for over-provision of deferred tax liability charged in financial year ended 31 December 2013, (3) incentives from enhanced deduction for staff training under the Productivity and Innovation Credit scheme and (4) statutory stepped income exemption for the half year ended 30 June 2014.

Non-controlling interests

Non-controlling interests related to losses incurred by a subsidiary during the half year ended 30 June 2014.

Net profit

Overall, for the half year ended 30 June 2014, net profit decreased by \$1.7 million or 54.3%, from \$3.1 million for the half year ended 30 June 2013 to \$1.4 million for the half year ended 30 June 2014, following the decrease in profit before income tax of \$2.0 million which was partially offset by the decline in income tax expense of \$0.3 million, as explained above.

Our net profit margin decreased from 6.0% for the half year ended 30 June 2013 to 2.4% for the half year ended 30 June 2014.



Income Statement Review (Second Quarter ended 30 June 2014 vs Second Quarter ended 30 June 2013)

	The Group					
	Current second quarter ended 30 Jun 2014		Previous second quarter ended 30 Jun 2013 (restated)*		Increase / (Decrease)	
	\$'000		\$'000		\$'000	%
Construction	16,491	60.1%	19,495	78.3%	(3,004)	(15.4)
Maintenance	10,967	39.9%	5,410	21.7%	5,557	102.7
Total Revenue	27,458	100.0%	24,905	100.0%	2,553	10.3

(*) – Certain comparative figures have been restated due to the adoption of FRS111 (new) – “Joint Arrangements”. Please refer to paragraph 5 of this announcement for details.

Revenue

Our Group registered an increase in revenue in the second quarter ended 30 June 2014 of 10.3% to \$27.5 million as compared to \$24.9 million in the second quarter ended 30 June 2013.

The increase was due mainly to a strong 102.7% growth from the maintenance segment. A higher revenue was recognised from this segment as some of the maintenance projects progressed to a more active phase during the second quarter ended 30 June 2014.

The construction segment saw a lower percentage of revenue recognition due to the substantial completion of existing construction projects and lower contribution from the newly-awarded construction projects in the second quarter ended 30 June 2014.

Cost of works

Our cost of works increased by 10.3% or \$2.3 million from \$22.8 million for the second quarter ended 30 June 2013 to \$25.1 million for the second quarter ended 30 June 2014. The increase in cost of works was due mainly to:

- an increase in labour costs due to levy adjustment and an increase in headcount during the second quarter ended 30 June 2014;
- an increase in sub-contracting costs for specialised works; and
- an increase in the cost of construction material due to fluctuation of prices of raw material.



Gross profit and gross profit margin

In line with the increase in our revenue, our gross profit increased by \$0.2 million from \$2.1 million for the second quarter ended 30 June 2013 to \$2.3 million for the second quarter ended 30 June 2014.

Our gross profit margin remained constant at approximately 8.5% for the second quarter ended 30 June 2013 and 30 June 2014.

Other income

Other income remained at \$0.2 million in the second quarter ended 30 June 2013 and 30 June 2014.

Administrative expenses

Administrative expenses increased by \$0.2 million or 10.2% from \$1.8 million for the second quarter ended 30 June 2013 to \$2.0 million for the second quarter ended 30 June 2014. The increase was largely attributable to (1) an increase in professional fees arising from legal services engaged for an on-going suit against a sub-contractor, (2) an increase in tender charges due to tenders for complex projects and (3) an increase in staff costs during the second quarter ended 30 June 2014. The increase was partially offset by lower directors' remuneration (including profit sharing) accrued as a result of the lower profit generated by the Group for the second quarter ended 30 June 2014.

Other expenses

Other expenses related to loss from foreign exchange resulting from the weakening of the US dollar against the Singapore dollar incurred during the second quarter ended 30 June 2014.

Finance expenses

Finance expenses decreased marginally by \$2,000 due to repayment of finance leases in the second quarter ended 30 June 2014.

Share of (loss)/profit of investments accounted for using the equity method

The share of loss of investments in the second quarter ended 30 June 2014 was due mainly to the operating expenses incurred by the associated companies.

Profit before income tax

Profit before income tax decreased by \$0.3 million or 44.5% from \$0.7 million in the second quarter ended 30 June 2013 to \$0.4 million in the second quarter ended 30 June 2014. The decrease was due mainly to (1) the increase in administrative expenses of \$0.2 million and (2) the increase in share of loss of investments of \$0.3 million, which were partially offset by the increase in gross profit of \$0.2 million, as explained above.



Income tax expense

Despite reporting a lower profit before tax, our tax expense for the second quarter ended 30 June 2014 increased by \$26,000 or 49.0% from \$53,000 for the second quarter ended 30 June 2013 to \$79,000 for the second quarter ended 30 June 2014.

The effective tax rates for the second quarter ended 30 June 2014 and second quarter ended 30 June 2013 were 18.6% and 6.9% respectively.

The effective tax rate for the second quarter ended 30 June 2014 was higher than the statutory tax rate of 17.0%. The high effective tax rate was due mainly to (1) certain non-deductible items added back for tax purposes and (2) the incentives from enhanced deduction for automation equipment expenditure under the Productivity and Innovation Credit scheme being fully utilised during the first quarter ended 31 March 2014. We claimed for such enhanced tax deductions during the second quarter ended 30 June 2013 resulting in a lower effective tax rate during our second quarter ended 30 June 2013 as compared to our second quarter ended 30 June 2014.

Non-controlling interests

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

Net profit

Overall, for the second quarter ended 30 June 2014, net profit decreased by \$0.4 million or 51.5% to \$0.3 million as compared to \$0.7 million for the second quarter ended 30 June 2013, following the decrease in profit before income tax of \$0.3 million and the increase in income tax expense of \$26,000, as explained above.

Our net profit margin decreased from 2.9% for the second quarter ended 30 June 2013 to 1.3% for the second quarter ended 30 June 2014.

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

There is no material deviation in the actual results for the second quarter ended 30 June 2014 from what was previously discussed under paragraph 10 of the Company's financial statements for the first quarter ended 31 March 2014.



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

Economic outlook

According to advance estimates released by the Ministry of Trade and Industry (“MTI”) on 14 July 2014, the Singapore economy grew by 2.1% on a year-on-year (“yoy”) basis in the second quarter ended 30 June 2014, marking a slowdown from a higher 4.7% growth in the previous quarter. In particular, the construction sector grew by 5.0% yoy in the second quarter ended 30 June 2014, versus 6.4% in the first quarter ended 31 March 2014 due to a slowdown in private sector construction activities.

Industry outlook

In January 2014, the Building and Construction Authority estimated the overall construction demand to be between \$31.0 billion and \$38.0 billion for this year. Public sector projects are expected to contribute a majority of the industry’s demand at an estimated value of \$19.0 billion to \$22.0 billion fuelled by the anticipated higher volume of contracts awarded for institutional and civil engineering construction works.

The construction industry continues to be challenged by prevailing macro conditions in the form of stringent government policies and legislation. Construction costs are expected to remain on the uptrend due to rising construction costs and a tight labour market situation as the industry continues to face a widespread shortage of experienced and skilled manpower.

Company outlook and order book update

Leveraging on our civil engineering expertise in mainstay construction and maintenance businesses, we successfully secured three new contracts this year totalling approximately \$107.1 million. These contracts include widening of Tanah Merah Coast Road worth \$37.3 million from the Land Transport Authority, the improvement to roadside drains across Singapore worth \$19.2 million and construction of Stamford Diversion Canal, Contract 1-Tanglin and Kim Seng worth \$50.6 million from the Public Utilities Board.

Encouraged by a pipeline of construction projects, we remain optimistic about our business as we are supported by a net construction order book of \$212.8 million with projects extending to 2017.

As previously announced in July 2012, we invested a minority stake of 10% in CS Amber Development Pte Ltd, a 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 Lakehomes Pte Ltd to co-develop an executive condominium at Yuan Ching Road/Tao Ching Road.

Apart from the property development business, we formed a joint venture in January 2014 with four other home-grown established construction companies in Singapore to target MRT project tenders. With the Ministry of Transport on track to double the length of Singapore’s rail network to 278 km from 138 km in 2008 at the cost of \$60.0 billion over the next decade, we are positive about growth potential from this segment.

Going forward, we will continue to focus on our core businesses in construction and maintenance as we build on our sterling track record of 48 years. With increasing industry challenges, we remain vigilant in our tenders as we prospect actively for new projects, both locally and overseas to grow our business.

**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/recommendeded for the second quarter ended 30 June 2014.

13. Interested person transactions disclosure

Name of Interested Person	Aggregate value of all interested person transactions during three months ended 30 June 2014 (excluding transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions during three months ended 30 June 2014 conducted under shareholders' mandate pursuant to Rule 920
	\$'000	\$'000
Or Lay Tin - rental 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 June 2014

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

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

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

The unutilised proceeds are deposited with a bank pending deployment.

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

The Board of Directors of OKP Holdings Limited confirms that, to the best of their knowledge, nothing has come to their attention which may render the financial statements for the second quarter and half year ended 30 June 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Or Toh Wat
Group Managing Director
7 August 2014