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**First Quarter  
Financial Statement  
for the Period Ended  
31 March 2015**

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**11 May 2015**

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**First Quarter Financial Statement for the Period Ended 31 March 2015**
**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		
	Current first quarter ended 31 Mar 2015	Previous first quarter ended 31 Mar 2014	Increase/ (Decrease)
	\$'000	\$'000	%
<b>Revenue</b>	27,399	30,206	(9.3)
Cost of works	(24,693)	(27,568)	(10.4)
<b>Gross profit</b>	<b>2,706</b>	<b>2,638</b>	2.6
Other income	586	463	26.6
Expenses			
- Administrative	(1,956)	(2,224)	(12.1)
- Finance	(15)	(14)	7.1
- Share of results of associated companies and joint ventures	(30)	176	(117.0)
<b>Profit before income tax</b>	<b>1,291</b>	<b>1,039</b>	24.3
Income tax (expense)/credit	(166)	26	n.m.
<b>Net profit</b>	<b>1,125</b>	<b>1,065</b>	5.6
Gross profit margin	9.9%	8.7%	
Net profit margin	4.1%	3.5%	
Effective tax rate	12.9%	-%	
Net profit attributable to:			
Equity holders of the Company	1,126	1,066	5.6
Non-controlling interests	(1)	(1)	-
	<b>1,125</b>	<b>1,065</b>	5.6

n.m. – not meaningful.



(i) Consolidated statement of comprehensive income for the first quarter ended 31 March 2015

Note	The Group		
	Current first quarter ended 31 Mar 2015	Previous first quarter ended 31 Mar 2014	Increase/ (Decrease)
	\$'000	\$'000	%
<b>Net profit</b>	1,125	1,065	5.6
Other comprehensive income:			
Financial assets, available-for-sale			
- Fair value (losses)/gains, net of tax	(1)	15	(106.7)
- Reclassification	-	(44)	n.m.
<b>Total comprehensive income, net of tax</b>	1,124	1,036	8.5
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company	1,125	1,037	8.5
Non-controlling interests	(1)	(1)	-
	1,124	1,036	8.5

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:

	The Group		
	Current first quarter ended 31 Mar 2015	Previous first quarter ended 31 Mar 2014	Increase/ (Decrease)
	\$'000	\$'000	%
<u>After charging:</u>			
Non-audit fee paid to the auditors of the Company	8	10	(20.0)
Amortisation of intangible assets	2	2	-
Depreciation of property, plant and equipment	158	158	-
Directors' remuneration			
- Directors of the Company	700	682	2.6
- Other directors	110	108	1.9
Directors' fee	45	45	-
Interest paid and payable			
- Finance lease liabilities	15	14	7.1
Employees compensation	544	699	(22.2)
<u>After crediting:</u>			
Interest income			
- Bank deposits	37	33	12.1
- Financial assets, held-to-maturity	-	5	n.m.
- Financial assets, available-for-sale	13	20	(35.0)
- Other receivables (non-current)	88	123	(28.5)
Gain on disposal of property, plant and equipment (net)	1	111	(99.1)
Rental income from investment properties	48	13	269.2
Gain/(loss) on foreign exchange	136	(8)	1,800.0
Financial assets, available-for-sale			
- Reclassification from other comprehensive income upon disposal	-	51	n.m.
Government grant	141	81	74.1
<u>Included in the cost of works are the following:</u>			
Depreciation of property, plant and equipment	556	520	6.9
Amortisation of intangible assets	16	16	-
Employees compensation	5,409	6,432	(15.9)

Note:

(i) Gain/loss on foreign exchange mainly arose from the revaluation of assets denominated in United States dollar to Singapore dollar.

n.m. – not meaningful.



(iii) Extraordinary/Exceptional items

Nil

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

The Group	
31 Mar 2015	31 Mar 2014
\$'000	\$'000

Tax expense/(credit) attributable to profit is made up of:

- Profit from current financial period:

-Current income tax - Singapore

-Deferred income tax

125	84
6	29
131	113

- Under/(over) provision of income tax in prior financial periods

-Current income tax

-Deferred income tax

35	(48)
-	(91)
35	(139)

166	(26)
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**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

Statements of Financial Position

Note	The Group		The Company	
	31 Mar 2015	31 Dec 2014	31 Mar 2015	31 Dec 2014
	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
	30,421	34,009	3,503	3,672
i	35,500	34,113	2,796	2,517
	2,705	5,954	-	-
	68,626	74,076	6,299	6,189
<b>Non-current assets</b>				
ii	-	-	17,522	17,522
iii	3,223	3,262	-	-
iv	38	71	-	-
v	5,140	5,140	-	-
vi	28,852	28,722	17,582	17,495
vii	994	995	-	-
	19,166	18,487	5,751	5,831
viii	1,810	1,828	13	15
	59,223	58,505	40,868	40,863
<b>Total assets</b>	<b>127,849</b>	<b>132,581</b>	<b>47,167</b>	<b>47,052</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
ix	24,732	31,309	6,249	6,316
	873	722	-	-
	265	171	33	21
	25,870	32,202	6,282	6,337
<b>Non-current liabilities</b>				
	1,983	1,513	-	-
	567	561	77	87
	2,550	2,074	77	87
<b>Total liabilities</b>	<b>28,420</b>	<b>34,276</b>	<b>6,359</b>	<b>6,424</b>
<b>NET ASSETS</b>	<b>99,429</b>	<b>98,305</b>	<b>40,808</b>	<b>40,628</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
	36,832	36,832	36,832	36,832
x	1,352	1,353	-	-
	61,196	60,070	3,976	3,796
	99,380	98,255	40,808	40,628
<b>Non-controlling interests</b>	<b>49</b>	<b>50</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>99,429</b>	<b>98,305</b>	<b>40,808</b>	<b>40,628</b>
<b>Net tangible assets</b>	<b>97,570</b>	<b>96,427</b>	<b>40,795</b>	<b>40,613</b>



**Notes to Statements of Financial Position:**

(i) Trade and other receivables

	The Group		The Company	
	31 Mar 2015	31 Dec 2014	31 Mar 2015	31 Dec 2014
	\$'000	\$'000	\$'000	\$'000
Trade receivables				
- Non-related parties	5,338	8,354	-	-
- Subsidiaries	-	-	2,708	2,450
	5,338	8,354	2,708	2,450
Construction contracts				
- Due from customers	23,592	18,643	-	-
- Retentions	4,442	4,968	-	-
	28,034	23,611	-	-
Non-trade receivables				
- Subsidiaries	-	-	732	717
- Joint venture partner	6	6	-	-
- An associated company	500	-	-	-
- Non-related parties	141	1,970	4	4
	647	1,976	736	721
Less: Allowance for impairment of receivables	-	(1,474)	(688)	(688)
Non-trade receivables - net	647	502	48	33
Deposits	650	1,030	11	11
Prepayments	831	616	29	23
	<u>35,500</u>	<u>34,113</u>	<u>2,796</u>	<u>2,517</u>

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





(ii) Investments in subsidiaries

The Company	
31 Mar 2015	31 Dec 2014
\$'000	\$'000

Equity investments at cost

17,522

17,522

Name of subsidiaries	Principal activities	Country of incorporation	Equity holding	
			31 Mar 2015	31 Dec 2014

Held by the Company

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 Group	
31 Mar 2015	31 Dec 2014
\$'000	\$'000

**Equity investment at cost**

Beginning of financial period/year	3,262	3,118
Share of profit	3	315
Notional fair value of loan (net)	(42)	(171)
End of financial period/year	3,223	3,262

Name of joint ventures	Principal activities	Country of incorporation	Equity holding	
			31 Mar 2015	31 Dec 2014

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%
Lakehomes Pte Ltd <sup>(^)(3)</sup>	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 31 March 2015. 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 (2014: \$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.

The Group has joint control over these joint ventures as under the contractual agreements, unanimous consent is required from all parties to the arrangements for all relevant activities. The Group's joint arrangements are structured as limited companies and provide the Group and the parties to the agreements with rights to the net assets of the limited companies under the arrangements. Therefore, these arrangements are classified as joint ventures.



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

The Group		
	31 Mar 2015	31 Dec 2014
	\$'000	\$'000
Assets		
- Current assets	384,405	328,341
Liabilities		
- Current liabilities	(22,389)	(18,491)
- Non-current liabilities	(249,719)	(297,572)
Net assets	12,297	12,278
Revenue	218	11,194
Expenses	(199)	(10,574)
Profit before income tax	19	620
Income tax expense	-	(64)
Net profit	19	556

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 profits of a joint venture amounting to \$1,274 (31 March 2014: loss of \$2,481) because the Group's cumulative share of unrecognised losses with respect to that entity amounted to \$53,855 (31 March 2014: \$50,134) at the balance sheet date

(iv) Investment in associated companies

The Group		
	31 Mar 2015	31 Dec 2014
	\$'000	\$'000
<b>Equity investment at cost</b>		
Beginning of financial period/year	71	95
Incorporation of an associated company	-	200
Share of losses	(33)	(224)
End of financial period/year	38	71



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		
	31 Mar 2015	31 Dec 2014
	\$'000	\$'000
Assets	231,027	266,103
Liabilities	(232,554)	(226,735)
Revenue	481	1,734
Net loss	(896)	(2,331)

The Group has not recognised its share of losses of an associated company amounting to \$73,256 (31 March 2014: \$-) 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 \$139,463 (31 March 2014: \$-) at the balance sheet date.

Name of associated companies	Principal activities	Country of incorporation	Equity holding	
			31 Mar 2015	31 Dec 2014
CS Amber Development Pte Ltd <sup>(@)(1)</sup>	Property development	Singapore	10%	10%
United Singapore Builders Pte Ltd <sup>(#)(2)</sup>	General contractors	Singapore	20%	20%

Held by a subsidiary

CS Amber Development Pte Ltd <sup>(@)(1)</sup>	Property development	Singapore	10%	10%
United Singapore Builders Pte Ltd <sup>(#)(2)</sup>	General contractors	Singapore	20%	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. As at 31 March 2015, OKPC had a 20% equity interest at a cost of \$200,000 in USB.



(v) Investment properties

	The Group	The Group
	31 Mar 2015	31 Dec 2014
	\$'000	\$'000
Beginning of financial period/year	5,140	5,020
Fair value gain recognised in profit and loss	-	120
End of financial period/year	<u>5,140</u>	<u>5,140</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	
	31 Mar 2015	31 Dec 2014	31 Mar 2015	31 Dec 2014
	\$'000	\$'000	\$'000	\$'000
Loan to an associated company				
- CS Amber Development Pte Ltd	19,680	19,593	-	-
Loan to a joint venture				
- Lakehomes Pte Ltd	9,172	9,129	-	-
Loan to a subsidiary	-	-	17,582	17,495
	<u>28,852</u>	<u>28,722</u>	<u>17,582</u>	<u>17,495</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 Group has ceased to charge interest on the loan with effect from 1 March 2015.

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, available-for-sale (non-current)

The Group	
31 Mar 2015	31 Dec 2014
\$'000	\$'000

Beginning of financial period/year	995	1,713
Fair value (losses)/gains recognised in other comprehensive income	(1)	32
Disposal	-	(750)
End of financial period/year	994	995

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

Unlisted debt securities

- Bonds with fixed interest of 5.125% p.a. without fixed maturity	994	995
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The fair values of unlisted debt securities are based on available market or common reference prices provided by the bank.



(viii) Intangible assets

The Group		The Company	
31 Mar 2015	31 Dec 2014	31 Mar 2015	31 Dec 2014
\$'000	\$'000	\$'000	\$'000

Composition:

Goodwill arising on consolidation	1,688	1,688	-	-
Computer software licences	122	140	13	15
	<u>1,810</u>	<u>1,828</u>	<u>13</u>	<u>15</u>

(a) Goodwill arising on consolidation

<i>Cost/net book value</i>				
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

<i>Cost</i>				
Beginning and end of financial period/year	<u>353</u>	<u>353</u>	<u>39</u>	<u>39</u>
<i>Accumulated amortisation</i>				
Beginning of financial period/year	213	142	24	16
Amortisation charge	18	71	2	8
End of financial period/year	<u>231</u>	<u>213</u>	<u>26</u>	<u>24</u>
Net book value	<u>122</u>	<u>140</u>	<u>13</u>	<u>15</u>

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



(ix) Trade and other payables

	The Group		The Company	
	31 Mar 2015	31 Dec 2014	31 Mar 2015	31 Dec 2014
	\$'000	\$'000	\$'000	\$'000
Trade payables				
- Non-related parties	14,844	19,777	73	58
Non-trade payables				
- Subsidiaries	-	-	5,346	5,349
- Non-controlling shareholder of a subsidiary	450	450	-	-
- Joint venture partner	50	50	-	-
	500	500	5,346	5,349
Construction contracts				
- Advances received	828	1,138	-	-
Accrued operating expenses	8,423	9,786	830	909
Other payables	137	108	-	-
	<u>24,732</u>	<u>31,309</u>	<u>6,249</u>	<u>6,316</u>

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





(x) Other reserves

The Group	
31 Mar 2015	31 Dec 2014
\$'000	\$'000

(a) **Composition:**

Fair value reserve	(20)	(19)
Asset revaluation reserve	1,372	1,372
	<u>1,352</u>	<u>1,353</u>

**Fair value reserve**

Beginning of financial period	(19)	(7)
Financial asset – available-for-sale -Fair value (losses)/ gains	(1)	32
Reclassification to profit or loss	-	(51)
Tax on reclassification	-	7
	-	(44)
End of financial period/year	<u>(20)</u>	<u>(19)</u>

**Asset revaluation reserve**

Beginning of financial period/year	<u>1,372</u>	<u>1,372</u>
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Other reserves are non-distributable.



## **Explanatory Notes:**

### (i) Current assets

Current assets decreased by \$5.5 million, from \$74.1 million as at 31 December 2014 to \$68.6 million as at 31 March 2015. The decrease was attributable to:

- (a) a decrease in cash and cash equivalents of \$3.6 million. This was due mainly to the cash used in operations for the first quarter ended 31 March 2015 of \$2.3 million, cash used in investing activities of \$1.0 million and cash used in financing activities of \$0.3 million; and
- (b) a decrease in construction contract work-in-progress of \$3.3 million due mainly to lower unbilled amounts expected to be collected from customers for contract work performed up till 31 March 2015 as compared to 31 December 2014,

which were partially offset by:

- (c) an increase in trade and other receivables of \$1.4 million resulting from an increase in construction contracts due from customers. This related to accrued revenue that has not been billed, which arose from progress claims pending certification by customers during the first quarter ended 31 March 2015.

### (ii) Non-current assets

Non-current assets increased by \$0.7 million, from \$58.5 million as at 31 December 2014 to \$59.2 million as at 31 March 2015. The increase was due mainly to an increase in property, plant and equipment resulting from the purchase of new plant and equipment, which was partially offset by the disposal and depreciation of property, plant and equipment during the first quarter ended 31 March 2015.

### (iii) Current liabilities

Current liabilities decreased by \$6.3 million, from \$32.2 million as at 31 December 2014 to \$25.9 million as at 31 March 2015. The decrease was attributable to:

- (a) a decrease in trade and other payables of \$6.5 million as a result of the settlement of some major trade and other payables during the first quarter ended 31 March 2015,

which was partially offset by:

- (b) an increase in finance lease liabilities of \$0.2 million as a result of purchase of plant and machinery to support new projects during the first quarter ended 31 March 2015.

### (iv) Non-current liabilities

Non-current liabilities increased by \$0.5 million, from \$2.1 million as at 31 December 2014 to \$2.6 million as at 31 March 2015. The increase was due mainly to an increase in finance lease liabilities as a result of purchase of plant and machinery to support new projects during the first quarter ended 31 March 2015.



(v) Shareholders' equity

Shareholders' equity, comprising share capital, other reserves, retained profits and non-controlling interests, increased by \$1.1 million, from \$98.3 million as at 31 December 2014 to \$99.4 million as at 31 March 2015. The increase was largely attributable to the profit generated from operations of \$1.1 million for the first quarter ended 31 March 2015.

**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 31 Mar 2015		As at 31 Dec 2014	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
873	-	722	-

(b) Amount repayable after one year

As at 31 Mar 2015		As at 31 Dec 2014	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
1,983	-	1,513	-

(c) Details of any collateral

The above secured borrowings of the Group relate to finance lease liabilities secured by 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 for the first quarter ended 31 March:

	The Group	
	Current first quarter ended 31 Mar 2015	Previous first quarter ended 31 Mar 2014
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Net profit	1,125	1,065
Adjustments for:		
- Income tax expense/(credit)	166	(26)
- Depreciation of property, plant and equipment	714	678
- Amortisation of intangible assets	18	18
- Gain on disposal of property, plant and equipment (net)	(1)	(111)
- Share of results of associated companies and joint ventures	30	(176)
- Reclassification adjustment from fair value reserve to profit and loss	-	(51)
- Interest income	(138)	(181)
- Interest expense	15	14
<b>Operating cash flow before working capital changes</b>	1,929	1,230
Change in working capital		
- Trade and other receivables	(887)	5,564
- Construction contract work-in-progress	3,249	1,493
- Trade and other payables	(6,577)	(574)
<b>Cash (used in)/generated from operations</b>	(2,286)	7,713
- Interest received	37	33
- Income tax paid	(67)	(17)
<b>Net cash (used in)/provided by operating activities</b>	(2,316)	7,729
<b>Cash flows from investing activities</b>		
- Additions to property, plant and equipment	(572)	(691)
- Disposal of property, plant and equipment	22	169
- Investment in an associated company	-	(200)
- Advance to an associated company	(500)	-
- Redemption/disposal of a financial asset, available-for-sale	-	750
- Interest received	13	25
<b>Net cash (used in)/generated from investing activities</b>	(1,037)	53



The Group	
Current first quarter ended 31 Mar 2015	Previous first quarter ended 31 Mar 2014
\$'000	\$'000

**Cash flows from financing activities**

- Repayment of finance lease liabilities	(220)	(311)
- Interest paid	(15)	(14)
- Bank deposits pledged	(59)	(4)

<b>Net cash used in financing activities</b>	<b>(294)</b>	<b>(329)</b>
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<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(3,647)</b>	<b>7,453</b>
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Cash and cash equivalents at beginning of financial period	28,929	32,514
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<b>Cash and cash equivalents at end of financial period</b>	<b>25,282</b>	<b>39,967</b>
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**Explanatory Notes:**

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

The Group		
31 Mar 2015	31 Mar 2014	
\$'000	\$'000	
Cash at bank and on hand	13,625	20,433
Short-term bank deposits	16,796	24,601
	30,421	45,034
Bank deposits pledged	(5,139)	(5,067)
Cash and cash equivalents per consolidated statement of cash flows	25,282	39,967

Bank deposits of \$5,139,086 (31 March 2014: \$5,067,198) are pledged to banks for banking facilities of certain subsidiaries.



(ii) **Review of Cash Flows for first quarter ended 31 March 2015**

Net cash used in operating activities

Our Group reported net cash of \$2.3 million used in operating activities in the first quarter ended 31 March 2015, a decrease of \$10.0 million from net cash provided by operating activities of \$7.7 million in the first quarter ended 31 March 2014. The \$10.0 million increase in net cash used in operating activities was due mainly to:

(a) an increase in net working capital outflow of approximately \$10.7 million,

which was partially offset by:

(b) an increase in cash generated from operating activities before working capital changes of approximately \$0.7 million.

Net cash used in investing activities

Net cash of \$1.0 million used in investing activities was due to:

- (a) the purchase of new property, plant and equipment of \$0.6 million; and
- (b) an advance of \$0.5 million extended to an associated company, United Singapore Builders Pte Ltd during the first quarter ended 31 March 2015,

which were partially offset by:

(c) the proceeds received from the disposal of property, plant and equipment and interest income from the financial asset, available-for-sale during the first quarter ended 31 March 2015.

Net cash used in financing activities

The net cash used in financing activities maintained at \$0.3 million for the first quarter ended 31 March 2014 and 31 March 2015. The major outflows for the first quarter ended 31 March 2014 and 31 March 2015 related to repayment of finance lease liabilities and servicing of interest payments.

Overall, free cash and cash equivalents stood at \$25.3 million as at 31 March 2015, a decrease of \$14.7 million, from \$40.0 million as at 31 March 2014. This works out to cash of 8.2 cents per share as at 31 March 2015 as compared to 13.0 cents per share as at 31 March 2014 (based on 308,430,594 shares issued as at 31 March 2015 and 31 March 2014).



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

The Group

<b>As at 1 Jan 2015</b>	36,832	(19)	1,372	60,070	98,255	50	98,305
Total comprehensive income for the period	-	(1)	-	1,126	1,125	(1)	1,124
<b>As at 31 Mar 2015</b>	36,832	(20)	1,372	61,196	99,380	49	99,429
<b>As at 1 Jan 2014</b>	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
<b>As at 31 Mar 2014</b>	36,832	(36)	1,372	59,520	97,688	51	97,739



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

The Company

<b>As at 1 Jan 2015</b>	36,832	3,796	40,628	-	40,628
Total comprehensive income for the period	-	180	180	-	180
<b>As at 31 Mar 2015</b>	36,832	3,976	40,808	-	40,808
<b>As at 1 Jan 2014</b>	36,832	3,824	40,656	-	40,656
Total comprehensive income for the period	-	142	142	-	142
<b>As at 31 Mar 2014</b>	36,832	3,966	40,798	-	40,798





**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 December 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 first quarter ended 31 March 2015.

There were no outstanding convertibles issued or treasury shares held by the Company as at 31 March 2015 and 31 March 2014.

**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**

	31 Mar 2015	31 Dec 2014
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 2014.



**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2015 or later periods and which the Group has not early adopted.

- Amendments to FRS 19: *Defined Benefit Plans: Employee Contributions* (effective for annual periods beginning on or after 1 January 2015)
- Amendment to FRS 102: *Share-based payment* (effective for annual periods beginning on or after 1 January 2015)
- Amendment to FRS 103: *Business Combinations* (effective for annual periods beginning on or after 1 January 2015)
- Amendments to FRS 108: *Operating Segments* (effective for annual periods beginning on or after 1 January 2015)
- Amendment to FRS 16: *Property, Plant and Equipment* (effective for annual periods beginning on or after 1 January 2015)
- Amendment to FRS 24: *Related Party Disclosures* (effective for annual periods beginning on or after 1 January 2015)
- Amendment to FRS 38: *Intangible Assets* (effective for annual periods beginning on or after 1 January 2015)
- Amendments to FRS 113: *Fair Value Measurement* (effective for annual periods beginning on or after 1 January 2015)
- Amendment to FRS 40: *Investment Property* (effective for annual periods beginning on or after 1 January 2015)

The Group anticipates that the adoption of the above FRSs and amendments to FRS will 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.



**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			
	Current first quarter ended 31 Mar 2015	Previous first quarter ended 31 Mar 2014	Increase/ (Decrease) %
Net profit attributable to equity holders of the Company (\$'000)	1,126	1,066	5.6
Weighted average number of ordinary shares in issue	308,430,594	308,430,594	-
Basic earnings per share (cents per share)	0.37	0.35	5.7
Diluted earnings per share (cents per share)	0.37	0.35	5.7

**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 31 Mar 2015	As at 31 Dec 2014	As at 31 Mar 2015	As at 31 Dec 2014	The Group	The Company
Net tangible assets (\$'000)	97,570	96,427	40,795	40,613	1.2	0.4
Number of shares	308,430,594	308,430,594	308,430,594	308,430,594	-	-
NTA per share (cents)	31.63	31.26	13.23	13.17	1.2	0.5



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. We specialise in the construction of urban and arterial roads, expressways, vehicular bridges, flyovers, airport infrastructure and oil & gas related infrastructure for petrochemical plants and oil storage terminals as well as the maintenance of roads and roads-related facilities and building construction-related works. We tender for both public and private civil engineering and infrastructure construction projects. We have expanded our core business to include property development and investment.

We have two core business segments: Construction and Maintenance.

### **Income Statement Review (First Quarter of 2015 vs First Quarter of 2014)**

	The Group					
	Current first quarter ended 31 Mar 2015		Previous first quarter ended 31 Mar 2014		Increase / (Decrease)	
	\$'000	%	\$'000	%	\$'000	%
Construction	19,731	72.0	19,598	64.9	133	0.7
Maintenance	7,668	28.0	10,608	35.1	(2,940)	(27.7)
<b>Total Revenue</b>	<b>27,399</b>	<b>100.0</b>	<b>30,206</b>	<b>100.0</b>	<b>(2,807)</b>	<b>(9.3)</b>

### **Revenue**

Our Group registered a revenue of \$27.4 million in the first quarter ended 31 March 2015 compared to \$30.2 million recorded in the first quarter ended 31 March 2014. The decrease in revenue from the maintenance segment was partially offset by a marginal increase in revenue from the construction segment.

The decrease in revenue from the maintenance segment was largely attributable to a lower percentage of revenue recognised from a few maintenance projects which were reaching completion during the first quarter ended 31 March 2015.



The construction segment continued to be the major contributor to our Group's revenue. On a segmental basis, our core construction segment and maintenance segment accounted for 72.0% (2014: 64.9%) and 28.0% (2014: 35.1%), respectively, of our Group's revenue for the first quarter ended 31 March 2015.

#### Cost of works

Our cost of works decreased by 10.4% or \$2.9 million from \$27.6 million for the first quarter ended 31 March 2014 to \$24.7 million for the first quarter ended 31 March 2015. The decrease in cost of works was due mainly to:

- (a) the decrease in labour costs due to a write-back of over-accrued labour costs made in 2014 and a drop in headcount, which was partially offset by levy adjustment during the first quarter ended 31 March 2015; and
- (b) the decrease in the cost of construction material due to decreases in the prices of some raw materials and lesser utilisation of materials,

which were partially offset by:

- (c) 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 subcontracted to external parties, during the first quarter ended 31 March 2015.

#### Gross profit and gross profit margin

Consequently, our gross profit for the first quarter ended 31 March 2015 increased marginally by 2.6% or \$0.1 million from \$2.6 million for the first quarter ended 31 March 2014 to \$2.7 million for the first quarter ended 31 March 2015.

Our gross profit margin improved from 8.7% for the first quarter ended 31 March 2014 to 9.9% for the first quarter ended 31 March 2015.

#### Other income

Other income increased by \$0.1 million or 26.6% from \$0.5 million for the first quarter ended 31 March 2014 to \$0.6 million for the first quarter ended 31 March 2015. The increase was largely attributable to the gain from foreign exchange resulting from the strengthening of the US dollar against the Singapore dollar, increase in grants from the government and sale of construction materials during the first quarter ended 31 March 2015.

#### Administrative expenses

Administrative expenses decreased by \$0.3 million or 12.1% from \$2.2 million for the first quarter ended 31 March 2014 to \$1.9 million for the first quarter ended 31 March 2015. The decrease was largely attributable to (1) lower professional fees as a result of the conclusion of a suit against a sub-contractor and (2) a write-back of over-accrued employee compensation during the first quarter ended 31 March 2015. The decrease was partially offset by an increase in tender charges due to tenders for more complex projects during the first quarter ended 31 March 2015.



### Finance expenses

Finance expenses decreased marginally by \$1,000 due mainly to repayment of finance leases in the first quarter ended 31 March 2015.

### Share of results of associated companies and joint ventures

	The Group	
	31 Mar 2015	31 Mar 2014
	\$'000	\$'000
Share of profit of joint ventures <sup>(a)</sup>	3	204
Share of losses of associated companies <sup>(b)</sup>	(33)	(28)
	<u>(30)</u>	<u>176</u>

(a) Share of profit of joint ventures

The share of profit of joint ventures decreased by \$0.2 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 financial year ended 31 December 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, in the first quarter ended 31 March 2015.

### Profit before income tax

Profit before income tax increased by \$0.3 million or 24.3% from \$1.0 million in the first quarter ended 31 March 2014 to \$1.3 million in the first quarter ended 31 March 2015. The increase was due mainly to (1) the increase in gross profit of \$0.1 million, (2) the increase in other income of \$0.1 million and (3) the decrease in administrative expenses of \$0.3 million, which were partially offset the decrease in share of results of associated companies and joint ventures of \$0.2 million, as explained above.



### Income tax expense

Income tax expense increased by \$0.2 million from an income tax credit of \$26,000 in the first quarter ended 31 March 2014 to an income tax expense of \$0.2 million in the first quarter ended 31 March 2015.

The effective tax rate for the first quarter ended 31 March 2015 was 12.9% which 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.

Tax income of \$26,000 for the first quarter ended 31 March 2014 arose from (1) a refund of the overprovision of tax amounting to \$48,000 and (2) an adjustment for overprovision of deferred tax of \$91,000. The tax income was partially offset by a provision of current tax of \$0.1 million made in the first quarter ended 31 March 2014.

### Non-controlling interests

Non-controlling interests were due to losses incurred by a subsidiary in the first quarter ended 31 March 2015.

### Net profit

Overall, for the first quarter ended 31 March 2015, net profit increased marginally by \$0.1 million or 5.6%, from \$1.0 million for the first quarter ended 31 March 2014 to \$1.1 million for the first quarter ended 31 March 2015, following the increase in profit before income tax of \$0.3 million which was partially offset by the increase in income tax expense of \$0.2 million, as explained above.

Our net profit margin improved from 3.5% for the first quarter ended 31 March 2014 to 4.1% for the first quarter ended 31 March 2015.

## **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 first quarter ended 31 March 2015 from what was previously discussed under paragraph 10 of the announcement of the Company's financial statements for the financial year ended 31 December 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

Based on advance estimates published by the Ministry of Trade and Industry ("MTI") on 14 April 2015, the Singapore economy grew 2.1% year-on-year ("yoy") in the first quarter ended 31 March 2015 ("1Q2015"), similar to that of the previous quarter. On a quarter-on-quarter basis, the economy expanded 1.1% compared to 4.9% in the preceding quarter.

Driven by a ramp up in private sector construction activities, the construction sector expanded 3.3% yoy in the first quarter, an improvement from 0.7% in the preceding quarter.



## Industry outlook

The overall construction demand for 2015, as published by the Building & Construction Authority in January 2015, is expected to be in the range of \$29.0 billion to \$36.0 billion. Supported by higher demand for industrial, institutional and civil engineering works, public sector projects are expected to account for an estimated 60.0% or \$18.0 billion to \$21.0 billion of total construction activity in 2015. Despite a rise in private sector construction activity in 1Q2015, overall construction activity for the sector is expected to slow down to an estimated \$11.0 billion to \$15.0 billion in 2015 as compared to \$18.0 billion in 2014 due to weak private home sales and uncertainties in the global economy.

Rising business costs and government legislation continue to hinder the growth of the construction industry. As a result of governmental policies involving the restriction of foreign worker hires, the industry remains challenged by a shortage of experienced and skilled manpower.

In order to accommodate rising demand for air travel, the Ministry of Transport announced in August 2013 expansion plans for Changi Airport. Changi Terminal 5 ("T5") will be a multi-billion dollar development and one of the largest terminals in the world. T5 will require extensive construction work to ensure ground connectivity to other terminals in addition to land preparation for the runways. As a result, T5 and the three-runway system are expected to provide us with more construction and civil engineering opportunities.

## Company outlook and order book update

Leveraging our expertise in civil engineering, we successfully secured three contracts this year totalling approximately \$237.5 million. The projects include a \$20.4 million contract by JTC Corporation in April 2015 for the construction of roads, drains, sewers and soil improvement works at Tuas South Avenue 7/14, two Land Transport Authority contracts worth \$143.9 million in February 2015 for the construction of sheltered linkways under the Walk2Ride programme and a \$146.5 million PUB contract for the improvement to Bukit Timah First Diversion Canal Contract 3 (Holland Green to Clementi Road) in which we have a 50% share.

Going forward, we are optimistic about our ability to face the challenging market conditions as we remain supported by a steady pipeline of projects and a healthy net construction order book of \$367.2 million (31 March 2014: S\$189.6 million) that extends till 2019.

In March 2015, the freehold residential development, Amber Skye, was relaunched, following its soft launch in September 2014. This development is our foray into property development as we have a 10% stake in the developer, CS Amber Development Pte Ltd, a subsidiary of China Sonangol Land Pte. Ltd., the property arm of China Sonangol International (S) Pte. Ltd..

In addition, we also have a 10% stake in a property development joint venture, Lakehomes Pte Ltd, which had successfully launched the Executive Condominium ("EC"), Lake Life, on 4 October 2014. The EC, located in Jurong, is the first to be developed on the Western side of Singapore in 17 years and has achieved an impressive sell-out rate.

Moving forward, we will continue to focus on developing our core civil engineering competencies in mainstay construction and maintenance businesses in order to prospect actively for new projects both locally and overseas.





**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/recommendeded, a statement to that effect**

No dividend has been declared/recommendeded for the first quarter ended 31 March 2015.

The final one-tier tax exempt dividend of 0.1 cent per ordinary share for the financial year ended 31 December 2014 was approved at the Company's Thirteenth Annual General Meeting on 27 April 2015. Payment of the dividend will be made on 27 May 2015.

**13. Interested person transactions disclosure**

There was no interested person transaction, as defined in Chapter 9 of the Listing Manual of the Singapore Exchanged Securities Trading Limited, entered into by the Group or by the Company during the first quarter ended 31 March 2015.

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



**14. Use of proceeds as at 31 March 2015**

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

<b>Use of proceeds</b>	<b>Amount allocated (\$'million)</b>	<b>Amount utilised (\$'million)</b>	<b>Balance amount (\$'million)</b>
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 first quarter ended 31 March 2015 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

Or Toh Wat  
Group Managing Director  
11 May 2015