



**Second Quarter and
Half Year Financial
Statement for the Period
Ended 30 June 2015**

3 August 2015

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Second Quarter and Half Year Financial Statement for the Period Ended 30 June 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			The Group		
	Second Quarter ended 30 June		Increase/ (Decrease)	Half Year ended 30 June		Increase/ (Decrease)
	2015	2014		2015	2014	
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	27,187	27,458	(1.0)	54,586	57,664	(5.3)
Cost of works	(22,987)	(25,135)	(8.5)	(47,680)	(52,703)	(9.5)
Gross profit	4,200	2,323	80.8	6,906	4,961	39.2
Other income	890	221	302.7	1,476	676	118.3
Expenses						
- Administrative	(2,080)	(2,040)	2.0	(4,036)	(4,257)	(5.2)
- Finance	(16)	(14)	14.3	(31)	(27)	14.8
Share of results of associated companies and joint ventures	134	(66)	303.0	104	110	(5.5)
Profit before income tax	3,128	424	637.7	4,419	1,463	202.1
Income tax expense	(180)	(79)	127.8	(346)	(53)	552.8
Net profit	2,948	345	754.5	4,073	1,410	188.9
Gross profit margin	15.4%	8.5%		12.7%	8.6%	
Net profit margin	10.8%	1.3%		7.5%	2.4%	
Effective tax rate	5.8%	18.6%		7.8%	3.6%	
Net profit attributable to:						
Equity holders of the Company	2,948	345	754.5	4,074	1,411	188.7
Non-controlling interests	-	-	-	(1)	(1)	-
	2,948	345	754.5	4,073	1,410	188.9



1(a)(i)

Consolidated Statement of comprehensive income for the second quarter and half-year ended 30 June 2015

Note	The Group			The Group		
	Second Quarter ended 30 June		Increase/ (Decrease)	Half Year ended 30 June		Increase/ (Decrease)
	2015	2014		2015	2014	
	\$'000	\$'000	%	\$'000	\$'000	%
Net profit	2,948	345	754.5	4,073	1,410	188.9
Other comprehensive income:						
Financial assets, available-for-sale						
- Fair value gains, net of tax	11	34	(67.6)	10	49	(79.6)
- Reclassification	-	-	-	-	(44)	n.m.
Total comprehensive income, net of tax	2,959	379	680.7	4,083	1,415	188.6
Total comprehensive income attributable to:						
Equity holders of the Company	2,959	379	680.7	4,084	1,416	188.4
Non-controlling interests	-	-	-	(1)	(1)	-
	2,959	379	680.7	4,083	1,415	188.6

Note:

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

n.m. – not meaningful



(i) Additional disclosures

Profit before income tax was arrived at:

	The Group			The Group		
	Second Quarter ended 30 June		Increase/ (Decrease)	Half Year ended 30 June		Increase/ (Decrease)
	2015	2014		2015	2014	
	\$'000	\$'000	%	\$'000	\$'000	%
<u>After charging:-</u>						
Non-audit fee paid to the auditors of the Company	5	6	(16.7)	13	16	(18.8)
Amortisation of intangible assets	2	2	-	4	4	-
Depreciation of property, plant and equipment	163	160	1.9	321	318	0.9
Directors' remuneration						
- Directors of the Company	829	636	30.3	1,529	1,318	16.0
- Other directors	108	105	2.9	218	213	2.3
Directors' fee	45	45	-	90	90	-
Interest paid and payable						
- Finance lease liabilities	16	14	14.3	31	27	14.8
Employees compensation cost	540	516	4.7	1,084	1,215	(10.8)
<u>Included in the cost of works are the following:-</u>						
Depreciation of property, plant and equipment	615	550	11.8	1,171	1,070	9.4
Amortisation of intangible assets	15	15	-	31	31	-
Employees compensation cost	5,903	6,295	(6.2)	11,312	12,727	(11.1)



Note	The Group			The Group		
	Second Quarter ended 30 June		Increase/ (Decrease)	Half Year ended 30 June		Increase/ (Decrease)
	2015	2014		2015	2014	
	\$'000	\$'000	%	\$'000	\$'000	%
<u>After crediting:-</u>						
Interest income						
- Bank deposits	52	35	48.6	89	68	30.9
- Financial asset, held-to-maturity	-	6	n.m.	-	11	n.m.
- Financial asset, available-for-sale	12	13	(7.7)	25	33	(24.2)
- Other receivables (non- current)	-	119	n.m.	88	242	(63.6)
Gain on disposal of property, plant and equipment (net)	42	8	425.0	43	119	(63.9)
Non-trade payables written off	438	-	n.m.	438	-	n.m.
Financial assets, available-for-sale						
- Reclassification from other comprehensive income upon disposal	-	-	-	-	51	n.m.
Rental income from investment properties	47	12	291.7	95	25	280.0
Government grant	33	23	43.5	174	104	67.3
(Loss)/gain on foreign exchange	(63)	(17)	270.6	73	(25)	392.0

Notes:

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

n.m. - not meaningful.



(ii) Extraordinary/Exceptional items

Nil

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

The Group	
30 June 2015	30 June 2014
\$'000	\$'000

Tax expense attributable to profit is made up of:

- Profit from current financial period:

- Current income tax - Singapore
- Deferred income tax

338	122
(27)	70

311 192

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

- Current income tax - Singapore
- Deferred income tax

35	(48)
-	(91)

35 (139)

346 53



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 2015	31 Dec 2014	30 Jun 2015	31 Dec 2014
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current assets					
		42,931	34,009	3,304	3,672
		28,862	34,113	2,710	2,517
		2,915	5,954	-	-
		74,708	74,076	6,014	6,189
Non-current assets					
		-	-	17,522	17,522
		3,190	3,262	-	-
		163	71	-	-
		5,140	5,140	-	-
		28,895	28,722	17,669	17,495
		1,005	995	-	-
		19,202	18,487	5,672	5,831
		1,793	1,828	11	15
		59,388	58,505	40,874	40,863
		134,096	132,581	46,888	47,052
LIABILITIES					
Current liabilities					
		27,978	31,309	6,194	6,316
		954	722	-	-
		440	171	32	21
		29,372	32,202	6,226	6,337
Non-current liabilities					
		2,110	1,513	-	-
		534	561	67	87
		2,644	2,074	67	87
		32,016	34,276	6,293	6,424
		102,080	98,305	40,595	40,628
EQUITY					
Capital and reserves attributable to equity holders of the Company					
		36,832	36,832	36,832	36,832
		1,363	1,353	-	-
		63,885	60,070	3,763	3,796
		102,080	98,255	40,595	40,628
		-	50	-	-
		102,080	98,305	40,595	40,628
		100,287	96,427	40,584	40,613



Notes to Statements of Financial Position:

(i) Trade and other receivables

	The Group		The Company	
	30 Jun 2015	31 Dec 2014	30 Jun 2015	31 Dec 2014
	\$'000	\$'000	\$'000	\$'000
Trade receivables				
- Non-related parties	4,512	8,354	-	-
- Subsidiaries	-	-	2,657	2,450
	4,512	8,354	2,657	2,450
Construction contracts				
- Due from customers	17,816	18,643	-	-
- Retentions	4,664	4,968	-	-
	22,480	23,611	-	-
Non-trade receivables				
- Subsidiaries	-	-	716	717
- Joint venture partner	3	6	-	-
- An associated company	500	-	-	-
- Non-related parties	97	1,970	4	4
	600	1,976	720	721
Less: Allowance for impairment of receivables	-	(1,474)	(688)	(688)
Non-trade receivables - net	600	502	32	33
Deposits	676	1,030	11	11
Prepayments	594	616	10	23
	28,862	34,113	2,710	2,517

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	
	30 Jun 2015	31 Dec 2014
	\$'000	\$'000
Equity investments at cost	17,522	17,522



Name of subsidiary	Principal activities	Country of incorporation	Equity holding	
			30 Jun 2015	31 Dec 2014

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	100%	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.

(^) On 2 June 2015, the Group acquired the remaining 45% of the issued shares of United Pavement Specialists Pte Ltd ("UPS") for a nominal consideration. As a consequence of this acquisition, the Group's interest in UPS has increased from 55% to 100%. The Group has derecognised non-controlling interests of \$49,027 and recorded an increase in equity attributable to owners of the parent of \$49,027.



(iii) Investments in joint ventures

The Group	
30 Jun 2015	31 Dec 2014
\$'000	\$'000

Equity investment at cost

Beginning of financial period/year	3,262	3,118
Share of profit	12	315
Notional fair value of loan (net)	(84)	(171)
End of financial period/year	3,190	3,262

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

Held by the subsidiaries

Incorporated joint ventures

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%

Unincorporated joint venture

Chye Joo – Or Kim Peow JV ^{(*)(4)}	Business of general construction	Singapore	50%	-
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- (@) Audited by Heng Lee Seng LLP.
 (#) Audited by Nexia TS Public Accounting Corporation.
 (^) Audited by Ernst & Young LLP.
 (*) Newly registered on 4 May 2015.

- (1) CS-OKP Construction and Development Pte Ltd ("CS-OKP"), incorporated in Singapore on 1 December 2009, remained inactive as at 30 June 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. OKP Land Pte Ltd ("OKPL"), a wholly-owned subsidiary, has a 10% equity interest at a cost of \$100,000 in LH. The principal activity of LH is to develop a land parcel at Yuan Ching Road/Tao Ching Road into an executive condominium. 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.
- (4) On 4 May 2015, a joint venture partnership, Chye Joo - Or Kim Peow JV was registered to execute the improvement to Bukit Timah First Diversion Canal Contract 3 (Holland Green to Clementi Road) awarded by the Public Utilities Board.

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 separate vehicles and provide the Group and the parties to the agreements with rights to the net assets of the entities under the arrangements. Therefore, these arrangements are classified as joint ventures, which are equity accounted.

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

The Group		
30 Jun 2015	31 Dec 2014	
\$'000	\$'000	
Assets		
- Current assets	256,283	328,341
Liabilities		
- Current liabilities	(11,902)	(18,491)
- Non-current liabilities	(232,025)	(297,572)
Net assets	<u>12,356</u>	<u>12,278</u>
Revenue	1,432	11,194
Expenses	(1,352)	(10,574)
Profit before income tax	<u>80</u>	<u>620</u>
Income tax expense	(1)	(64)
Net profit	<u><u>79</u></u>	<u><u>556</u></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 profits of a joint venture amounting to \$5,327 (2014: loss of \$5,052) because the Group's cumulative share of unrecognised losses with respect to that entity amount to \$49,802 (2014: \$52,705) at the balance sheet date.



(iv) Investments in associated companies

The Group		
	30 Jun 2015	31 Dec 2014
	\$'000	\$'000
Equity investment at cost		
Beginning of financial period/year	71	95
Incorporation of an associated company	-	200
Share of profits/(losses)	92	(224)
End of financial period/year	163	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		
	30 Jun 2015	31 Dec 2014
	\$'000	\$'000
Assets	233,419	226,103
Liabilities	(236,024)	(226,735)
Revenue	3,214	1,734
Net losses	(1,973)	(2,331)

The Group has not recognised its share of losses of an associated company amounting to \$235,737 (30 June 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 \$301,944 (30 June 2014: \$-) at the balance sheet date.



Name of associated companies	Principal activities	Country of incorporation	Equity holding	
			30 Jun 2015	31 Dec 2014

Held by a subsidiary

CS Amber Development Pte Ltd ^{(@)(1)}	Property development	Singapore	10%	10%
United Singapore Builders Pte Ltd ^{(#)(2)}	General contractors	Singapore	25%	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 December 2014, OKPC had a 20% equity interest at a cost of \$200,000 in USB. On 3 June 2015, OKPC acquired 5% of the issued share of USB by way of acquisition of 50,000 ordinary shares in the capital of USB for \$1.00. As at 30 June 2015, OKPC has a 25% equity interest at a cost of \$200,001 in USB.

(v) Investment properties

The Group	The Group
30 Jun 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	5,140	5,140

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 2015	31 Dec 2014	30 Jun 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	9,215	9,129	-	-
Loan to a subsidiary	-	-	17,669	17,495
	<u>28,895</u>	<u>28,722</u>	<u>17,669</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	
	30 Jun 2015	31 Dec 2014
	\$'000	\$'000
Beginning of financial period/year	995	1,713
Fair value gains/(losses) recognised in other comprehensive income	10	32
Disposal	-	(750)
End of financial period/year	<u>1,005</u>	<u>995</u>
Financial assets, available-for-sale are analysed as follows:		
Unlisted debt securities		
- Bonds with fixed interest of 5.125% p.a. without fixed maturity	1,005	995

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	
30 Jun 2015	31 Dec 2014	30 Jun 2015	31 Dec 2014
\$'000	\$'000	\$'000	\$'000

Composition:

Goodwill arising on consolidation	1,688	1,688	-	-
Computer software licences	105	140	11	15
	<u>1,793</u>	<u>1,828</u>	<u>11</u>	<u>15</u>

(a) Goodwill arising on consolidation

Cost/net book value

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

(b) Computer software licences

Cost

Beginning and 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	213	142	24	16
Amortisation charge	35	71	4	8
End of financial period/year	<u>248</u>	<u>213</u>	<u>28</u>	<u>24</u>
Net book value	<u>105</u>	<u>140</u>	<u>11</u>	<u>15</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.



(ix) Trade and other payables

	The Group		The Company	
	30 Jun 2015	31 Dec 2014	30 Jun 2015	31 Dec 2014
	\$'000	\$'000	\$'000	\$'000
Trade payables				
- Non-related parties	17,755	19,777	74	58
Non-trade payables				
- Subsidiaries	-	-	5,347	5,349
- Non-controlling shareholder of a subsidiary	-	450	-	-
- Joint venture partner	50	50	-	-
	50	500	5,347	5,349
Construction contracts	518	1,138	-	-
- Advance received				
Accrued operating expenses	9,517	9,786	773	909
Other payables	138	108	-	-
	<u>27,978</u>	<u>31,309</u>	<u>6,194</u>	<u>6,316</u>

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



(x) Other reserves

The Group	
30 June 2015	31 Dec 2014
\$'000	\$'000

(a) **Composition:**

Fair value reserve	(9)	(19)
Asset revaluation reserve	1,372	1,372
	<u>1,363</u>	<u>1,353</u>
<i>Fair value reserve</i>		
Beginning of financial period	(19)	(7)
Financial asset – available-for-sale -Fair value gains	10	32
Reclassification to profit or loss	-	(51)
Tax on reclassification	-	7
	-	(44)
End of financial period/year	<u>(9)</u>	<u>(19)</u>
<i>Asset revaluation reserve</i>		
Beginning of financial period/year	<u>1,372</u>	<u>1,372</u>

Other reserves are non-distributable.



Explanatory Notes:

(i) Current assets

Current assets increased by \$0.6 million, from \$74.1 million as at 31 December 2014 to \$74.7 million as at 30 June 2015. The increase was attributable to:

- (a) an increase in cash and cash equivalents of \$8.9 million. This was due mainly to the cash generated from operations for the half year ended 30 June 2015 of \$11.1 million, which was partially offset by cash used in investing activities and financing activities of \$1.3 million and \$0.9 million respectively,

which was partially offset by:

- (b) a decrease in construction contract work-in-progress of \$3.0 million due mainly to lower unbilled amounts expected to be collected from customers for contract work performed up till 30 June 2015 as compared to 31 December 2014; and
- (c) a decrease in trade and other receivables of \$5.3 million due to settlement of billings by a customer as at 30 June 2015.

(ii) Non-current assets

Non-current assets increased by \$0.9 million, from \$58.5 million as at 31 December 2014 to \$59.4 million as at 30 June 2015. The increase was attributable to:

- (a) an increase in property, plant and equipment of \$0.7 million resulting from the purchase of new plant and equipment, which was partially offset by the disposal and depreciation of property, plant and equipment during the half year ended 30 June 2015; and
- (b) an increase in other receivables of \$0.2 million arising from a notional fair value adjustment of loan extended to a joint venture, Lakehomes Pte Ltd, during the half year ended 30 June 2015.

(iii) Current liabilities

Current liabilities decreased by \$2.8 million, from \$32.2 million as at 31 December 2014 to \$29.4 million as at 30 June 2015. The decrease was due mainly to:

- (a) a decrease in trade and other payables of \$3.3 million due mainly to lower accrued operating expenses which related to project costs and settlement of some major trade payables during the half year ended 30 June 2015,

which was partially offset by:

- (b) an increase in current income tax liabilities of \$0.3 million due to higher tax provision resulting from higher profits generated during the half year ended 30 June 2015; and
- (c) 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 half year ended 30 June 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 30 June 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 half year ended 30 June 2015.



(iv) Shareholders' equity

Shareholders' equity, comprising share capital, other reserves, retained profits and non-controlling interests, increased by \$3.8 million, from \$98.3 million as at 31 December 2014 to \$102.1 million as at 30 June 2015. The increase was largely attributable to:

- (a) the profit generated from operations of \$4.1 million for the half year ended 30 June 2015,

which was partially offset by:

- (b) the dividend payment to shareholders of \$0.3 million during the half year ended 30 June 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 30 Jun 2015		As at 31 Dec 2014	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
954	-	722	-

- (b) Amount repayable after one year

As at 30 Jun 2015		As at 31 Dec 2014	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
2,110	-	1,513	-

- (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	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Net profit	2,948	345	4,073	1,410
Adjustments for:				
- Income tax expense	180	79	346	53
- Depreciation of property, plant and equipment	778	710	1,492	1,388
- Amortisation of intangible assets	17	17	35	35
- Gain on disposal of property, plant and equipment	(42)	(8)	(43)	(119)
- Share of (profit)/loss of investments accounted for using the equity method	(134)	66	(104)	(110)
- Reclassification adjustment from fair value reserve to profit and loss	-	-	-	(51)
- Interest income	(64)	(173)	(202)	(354)
- Interest expense	16	14	31	27
Operating cash flow before working capital changes	3,699	1,050	5,628	2,279
Change in working capital				
- Trade and other receivables	6,638	(8,862)	5,751	(3,298)
- Construction contract work-in-progress	(210)	485	3,039	1,978
- Trade and other payables	3,246	(691)	(3,331)	(1,265)
Cash generated from/(used in) operations	13,373	(8,018)	11,087	(306)
- Interest received	52	35	89	68
- Income tax paid	(37)	(153)	(104)	(170)
Net cash generated from/(used in) operating activities	13,388	(8,136)	11,072	(408)
Cash flows from investing activities				
- Additions to property, plant and equipment	(292)	(676)	(864)	(1,367)
- Disposal of property, plant and equipment	46	9	68	178
- Redemption/disposal of a financial asset, available-for-sale	-	-	-	750
- Advance to an associated company	-	-	(500)	-
- Investment in an associated company	-	-	-	(200)
- Interest received	12	19	25	44
Net cash used in investing activities	(234)	(648)	(1,271)	(595)



Consolidated statements of cash flows (Cont'd)

	The Group		The Group	
	Second Quarter ended 30 June		Half year ended 30 June	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Cash flows from financing activities				
- Repayment of finance lease liabilities	(319)	(98)	(539)	(409)
- Interest paid	(16)	(14)	(31)	(27)
- Dividend paid to shareholders	(308)	(925)	(308)	(925)
- Bank deposits pledged	8	(4)	(51)	(8)
Net cash used in financing activities	(635)	(1,041)	(929)	(1,369)
Net increase/(decrease) in cash and cash equivalents	12,519	(9,825)	8,872	(2,372)
Cash and cash equivalents at the beginning of the financial period	25,282	39,967	28,929	32,514
Cash and cash equivalents at the end of the financial period	37,801	30,142	37,801	30,142

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 2015	30 Jun 2014
	\$'000	\$'000
Cash at bank and on hand	21,857	10,602
Short-term bank deposits	21,074	24,611
Short-term bank deposits pledged to banks	42,931	35,213
	(5,130)	(5,071)
Cash and cash equivalents per consolidated statement of cash flows	37,801	30,142

Bank deposits of \$5,130,431 (30 June 2014: \$5,071,058) are pledged to banks for banking facilities of certain subsidiaries.



(ii) **Review of cash flows for the six months ended 30 June 2015**

Net cash generated from operating activities

Our Group reported net cash generated from operating activities of \$11.1 million in the six months ended 30 June 2015, an increase of \$11.5 million from net cash used in operating activities of \$0.4 million in the six months ended 30 June 2014. The net cash generated from operating activities comprise:

- (a) an increase in cash generated from operating activities before working capital changes of \$3.3 million; and
- (b) an increase in net working capital inflow of \$8.2 million,

Net cash used in investing activities

Net cash used in investing activities of \$1.3 million was due to:

- (a) the purchase of new property, plant and equipment of \$0.9 million; and
- (b) an advance of \$0.5 million extended to an associated company, United Singapore Builders Pte Ltd, during the six months ended 30 June 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 of \$0.1 million during the six months ended 30 June 2015.

Net cash used in financing activities

Net cash of \$0.9 million was used in financing activities in the six months ended 30 June 2015. The major outflows for the six months ended 30 June 2015 related to (1) dividend payments to shareholders of \$0.3 million, (2) repayment of finance lease liabilities of \$0.5 million, and (3) interest payments of \$31,000.

Overall, free cash and cash equivalents stood at \$37.8 million as at 30 June 2015, an increase of \$7.7 million, from \$30.1 million as at 30 June 2014. This works out to cash of 12.3 cents per share as at 30 June 2015 as compared to 9.8 cents per share as at 30 June 2014 (based on 308,430,594 issued shares as at 30 June 2015 and 30 June 2014).

(iii) **Review of cash flows for second quarter ended 30 June 2015**

Net cash generated from operating activities

Our Group's net cash generated from operating activities for the second quarter ended 30 June 2015 was \$13.4 million as compared with net cash used in operating activities of \$8.1 million for the second quarter ended 30 June 2014. The \$21.5 million increase was due mainly to (1) an increase in net working capital inflow of \$18.7 million, (2) an increase in cash generated from operating activities before working capital changes of \$2.7 million and (3) a decrease of income tax paid of \$0.1 million for the second quarter ended 30 June 2015.

Net cash used in investing activities

Net cash used in investing activities was \$0.2 million for the second quarter ended 30 June 2015, compared with \$0.6 million for the second quarter ended 30 June 2014. 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 \$0.6 million for the second quarter ended 30 June 2015, compared with \$1.0 million for the second quarter ended 30 June 2014. The major outflow for the second quarter ended 30 June 2015 related to dividends of \$0.3 million paid to shareholders, as compared with dividends of \$0.9 million paid to shareholders in the second quarter ended 30 June 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

As at 1 Jan 2015	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
As at 31 Mar 2015	36,832	(20)	1,372	61,196	99,380	49	99,429
Total comprehensive income for the period	-	11	-	2,948	2,959	-	2,959
Effect of changes in shareholdings in a subsidiary	-	-	-	49	49	(49)	-
Dividend relating to FY2014	-	-	-	(308)	(308)	-	(308)
As at 30 June 2015	36,832	(9)	1,372	63,885	102,080	-	102,080



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

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 June 2014	36,832	(2)	1,372	58,940	97,142	51	97,193



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

The Company

As at 1 Jan 2015	36,832	3,796	40,628	-	40,628
Total comprehensive income for the period	-	180	180	-	180
As at 31 Mar 2015	36,832	3,976	40,808	-	40,808
Total comprehensive income for the period	-	95	95	-	95
Dividend relating to FY2014	-	(308)	(308)	-	(308)
As at 30 June 2015	36,832	3,763	40,595	-	40,595



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



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 2015.

Under the Share Buy Back Mandate which was approved by the Shareholders on 27 April 2015, no shares were bought back by the Company during the second quarter ended 30 June 2015.

There were no outstanding convertibles issued or treasury shares held by the Company as at 30 June 2015 and 30 June 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

	30 Jun 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			The Group		
	Second Quarter ended 30 Jun		Increase / (Decrease)	Half Year ended 30 Jun		Increase / (Decrease)
	2015	2014		2015	2014	
	\$'000	\$'000	%	\$'000	\$'000	%
Net profit attributable to equity holders of the Company (\$'000)	2,948	345	754.5	4,074	1,411	188.7
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)	0.96	0.11	772.7	1.32	0.46	187.0
Diluted earnings per share (cents per share)	0.96	0.11	772.7	1.32	0.46	187.0

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 2015	As at 31 Dec 2014	As at 30 Jun 2015	As at 31 Dec 2014	The Group	The Company
Net tangible assets (\$'000)	100,287	96,427	40,584	40,613	4.0	(0.1)
Number of shares	308,430,594	308,430,594	308,430,594	308,430,594	-	-
NTA per share (cents)	32.52	31.26	13.16	13.17	4.0	(0.1)



8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Our Business

OKP Holdings Limited is a home-grown infrastructure and civil engineering company in the region. It specialises in the construction of urban and arterial roads, expressways, vehicular bridges, flyovers, airport infrastructure and oil & gas related infrastructure for petrochemical plants and oil storage terminals as well as the maintenance of roads and roads related facilities and building construction-related works. We 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 (Half Year ended 30 June 2015 vs Half Year ended 30 June 2014)

	The Group					
	Current half year ended 30 Jun 2015		Previous half year ended 30 Jun 2014		Increase / (Decrease)	
	\$'000		\$'000		\$'000	%
Construction	40,406	74.0%	36,089	62.6%	4,317	12.0
Maintenance	14,180	26.0%	21,575	37.4%	(7,395)	(34.3)
Total Revenue	54,586	100.0%	57,664	100.0%	(3,078)	(5.3)

Revenue

Our Group reported a 5.3% or \$3.1 million decrease in revenue to \$54.6 million in the half year ended 30 June 2015 as compared to \$57.7 million in the half year ended 30 June 2014. The decrease was due mainly to a 34.3% decrease in revenue from the maintenance segment to \$14.2 million, partially offset by a 12.0% increase in revenue from the construction segment to \$40.4 million.

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 half year ended 30 June 2015.



The strong growth in revenue from the construction segment was due mainly to the higher percentage of revenue recognised from a number of both existing and newly awarded construction projects as they progressed to a more active phase in the half year ended 30 June 2015.

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 74.0% (2014: 62.6%) and 26.0% (2014: 37.4%) of our Group's revenue respectively for the half year ended 30 June 2015.

Cost of works

Our cost of works decreased by 9.5% or \$5.0 million from \$52.7 million for the half year ended 30 June 2014 to \$47.7 million for the half year ended 30 June 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 half year ended 30 June 2015; and
- (b) the decrease in the cost of construction materials due to lesser utilisation of materials resulting from better design and project implementation and decreases in the prices of some raw 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 half year ended 30 June 2015.

Gross profit and gross profit margin

Consequently, our gross profit for the half year ended 30 June 2015 increased by 39.2% or \$1.9 million from \$5.0 million for the half year ended 30 June 2014 to \$6.9 million for the half year ended 30 June 2015.

Our gross profit margin improved from 8.6% for the half year ended 30 June 2014 to 12.7% for the half year ended 30 June 2015.

The higher gross profit and gross profit margin for the half year ended 30 June 2015 as compared to the half year ended 30 June 2014 were largely attributable to (1) the recognition of variation orders of a construction project and (2) cost savings in certain maintenance projects which commanded higher gross profit margins.

Other income

Other income increased by \$0.8 million or 118.3% from \$0.7 million for the half year ended 30 June 2014 to \$1.5 million for the half year ended 30 June 2015. The increase was due mainly to a write-back of non-trade payables of \$0.4 million during the half year ended 30 June 2015. This write-back of non-trade payables was a one-time exercise, as a result of the acquisition of the remaining 45% of the issued shares of a subsidiary from the non-controlling shareholders during the second quarter ended 30 June 2015. The remaining \$0.4 million increase in other income was due mainly 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 half year ended 30 June 2015.



Administrative expenses

Administrative expenses decreased by \$0.2 million or 5.2% from \$4.2 million for the half year ended 30 June 2014 to \$4.0 million for the half year ended 30 June 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 half year ended 30 June 2015. The decrease was partially offset by higher directors' remuneration (including profit sharing) accrued as a result of the higher profit generated by the Group during the half year ended 30 June 2015.

Finance expenses

Finance expenses increased by \$4,000 due mainly to an increase in finance leases for the purpose of financing the acquisition of plant and equipment to support new projects during the half year ended 30 June 2015.

Share of results of associated companies and joint ventures

	The Group	
	Half year ended 30 Jun 2015	Half year ended 30 Jun 2014
	\$'000	\$'000
Share of profits of joint ventures ^(a)	12	183
Share of profits/(losses) of associated companies ^(b)	92	(73)
	104	110

(a) Share of profits of joint ventures

The share of profits of joint ventures decreased by \$0.2 million due mainly to the share of lower profits recognised by Forte Builder Pte Ltd ("FBPL"), which was partially offset by Chye Joo - Or Kim Peow JV commencing the recognition of profits for a construction project during the half year ended 30 June 2015. The building construction project undertaken by FBPL had been substantially completed during the financial year ended 31 December 2014.

(b) Share of profits/(losses) of associated companies

The increase in the share of profits of associated companies in the half year ended 30 June 2015 was due mainly to the share of higher profits recognised by our 25% shareholding interest in United Singapore Builders Pte Ltd, which commenced the recognition of profits for a construction project during the half year ended 30 June 2015.

Profit before income tax

Profit before income tax increased by \$2.9 million or 202.1% from \$1.5 million for the half year ended 30 June 2014 to \$4.4 million for the half year ended 30 June 2015. The increase was due mainly to (1) the increase in gross profit of \$1.9 million, (2) the increase in other income of \$0.8 million and (3) the decrease in administrative expenses of \$0.2 million, as explained above.



Income tax expense

Income tax expense increased by \$0.2 million or 552.8% from \$0.1 million in the half year ended 30 June 2014 to \$0.3 million in the half year ended 30 June 2015 due mainly to higher profit before income tax, as explained above.

The effective tax rates for the half year ended 30 June 2015 and half year ended 30 June 2014 were 7.8% and 3.6% respectively.

Due to the utilisation of capital allowances carried forward from prior years, the effective tax rate of 7.8% for the half year ended 30 June 2015 was lower than the statutory tax rate of 17.0%.

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 for the period from 1 January 2015 to 31 May 2015.

Net profit

Overall, for the half year ended 30 June 2015, net profit increased by \$2.7 million or 188.9%, from \$1.4 million for the half year ended 30 June 2014 to \$4.1 million for the half year ended 30 June 2015, following the increase in profit before income tax of \$2.9 million which was partially offset by the increase in income tax expense of \$0.2 million, as explained above.

Our net profit margin increased from 2.4% for the half year ended 30 June 2014 to 7.5% for the half year ended 30 June 2015.



Income Statement Review (Second Quarter ended 30 June 2015 vs Second Quarter ended 30 June 2014)

	The Group					
	Current second quarter ended 30 Jun 2015		Previous second quarter ended 30 Jun 2014		Increase / (Decrease)	
	\$'000		\$'000		\$'000	%
Construction	20,675	76.0%	16,491	60.1%	4,184	25.4
Maintenance	6,512	24.0%	10,967	39.9%	(4,455)	(40.6)
Total Revenue	27,187	100.0%	27,458	100.0%	(271)	(1.0)

Revenue

Our Group registered a revenue of \$27.2 million in the second quarter ended 30 June 2015 as compared to \$27.5 million in the second quarter ended 30 June 2014. The decrease in revenue from the maintenance segment was partially offset by an 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 second quarter ended 30 June 2015.

A higher revenue was recognised from the construction segment as some of the construction projects progressed to a more active phase during the second quarter ended 30 June 2015.

Cost of works

Our cost of works decreased by 8.5% or \$2.1 million from \$25.1 million for the second quarter ended 30 June 2014 to \$23.0 million for the second quarter ended 30 June 2015. The decrease in cost of works was due mainly to:

- the decrease in labour costs due to a drop in headcount, which was partially offset by levy adjustment during the second quarter ended 30 June 2015; and
- the decrease in the cost of construction materials due to lesser utilisation of materials resulting from better design and project implementation and decreases in the prices of some raw materials,

which were partially offset by:

- 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 second quarter ended 30 June 2015.



Gross profit and gross profit margin

Consequently, our gross profit increased by \$1.9 million or 80.8% from \$2.3 million for the second quarter ended 30 June 2014 to \$4.2 million for the second quarter ended 30 June 2015.

Our gross profit margin improved from 8.5% for the second quarter ended 30 June 2014 to 15.4% for the second quarter ended 30 June 2015.

The higher gross profit and gross profit margin for the second quarter ended 30 June 2015 as compared to the second quarter ended 30 June 2014 were largely attributable to the recognition of variation orders of a construction project during the second quarter ended 30 June 2015.

Other income

Other income increased by \$0.7 million or 302.7% from \$0.2 million for the second quarter ended 30 June 2014 to \$0.9 million for the second quarter ended 30 June 2015. The increase was due mainly to a write-back of non-trade payables of \$0.4 million during the second quarter ended 30 June 2015. This write-back of non-trade payables was a one-time exercise, as a result of the acquisition of the remaining 45% of the issued shares of a subsidiary from the non-controlling shareholders during the second quarter ended 30 June 2015. The remaining \$0.3 million increase in other income was due mainly to the increase in grants from the government and sale of construction materials during the second quarter ended 30 June 2015.

Administrative expenses

Administrative expenses increased by \$0.1 million or 2.0% from \$2.0 million for the second quarter ended 30 June 2014 to \$2.1 million for the second quarter ended 30 June 2015. The increase was largely attributable to higher directors' remuneration (including profit sharing) and staff costs accrued as a result of the higher profit generated by the Group during the second quarter ended 30 June 2015. The increase was partially offset by the lower professional fees as a result of the conclusion of a suit against a sub-contractor.

Finance expenses

Finance expenses increased by \$2,000 due mainly to an increase in finance leases for the purpose of financing the acquisition of plant and equipment to support new projects in the second quarter ended 30 June 2015.

Share of results of associated companies and joint ventures

The share of profits of investments in the second quarter ended 30 June 2015 was due mainly to some of the joint ventures commencing the recognition of construction profits during the second quarter ended 30 June 2015.

Profit before income tax

Profit before income tax increased by \$2.7 million or 637.7% from \$0.4 million in the second quarter ended 30 June 2014 to \$3.1 million in the second quarter ended 30 June 2015. The increase was due mainly to (1) the increase in gross profit of \$1.9 million, (2) the increase in other income of \$0.7 million and (3) the increase in share of results of investments of \$0.2 million, which were partially offset by the increase in administrative expenses of \$0.1 million, as explained above.



Income tax expense

Income tax expense for the second quarter ended 30 June 2015 increased by \$0.1 million or 127.8% from \$0.1 million for the second quarter ended 30 June 2014 to \$0.2 million for the second quarter ended 30 June 2015. The higher income tax expense was due to higher profit before income tax, as explained above

The effective tax rates for the second quarter ended 30 June 2015 and second quarter ended 30 June 2014 were 5.8% and 18.6% respectively.

The effective tax rate for the second quarter ended 30 June 2015 was lower than the statutory tax rate of 17.0% due to the utilisation of capital allowances carried forward from prior years during the second quarter ended 30 June 2015.

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.

Net profit

Overall, for the second quarter ended 30 June 2015, net profit increased by \$2.6 million or 754.5% to \$3.0 million as compared to \$0.4 million for the second quarter ended 30 June 2014, following the increase in profit before income tax of \$2.7 million which was partially offset by the increase in income tax expense of \$0.1 million, as explained above.

Our net profit margin increased from 1.3% for the second quarter ended 30 June 2014 to 10.8% for the second quarter ended 30 June 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 second quarter ended 30 June 2015 from what was previously discussed under paragraph 10 of the Company's financial statements for the first quarter ended 31 March 2015.



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 by the Ministry of Trade and Industry (“MTI”), Singapore’s economy grew by 1.7% on a year-on-year (“y-o-y”) basis in the second quarter of 2015 which was a decrease from the 2.8% growth recorded in the previous quarter. In an earlier forecast in May 2015, the MTI expects the Singapore economy to grow modestly between 2.0% to 4.0% for 2015.

Industry outlook

For the second quarter of 2015, the MTI estimated Singapore’s construction sector to have expanded by 2.7% on a y-o-y basis, an improvement from the 2.1% growth achieved in the previous quarter. This was mainly attributable to the stronger expansion in construction activities in the public sector.

On the outlook for 2015, the Building and Construction Authority continues to expect construction contracts to reach between \$29.0 billion and \$36.0 billion largely as a result of the greater supply of public sector projects. These projects are likely to account for about 60.0% of the total construction demand. On a segmental basis, public sector projects are forecasted to be between \$18.0 billion and \$21.0 billion of the overall demand in construction while private sector projects are anticipated to be in the range of \$11.0 billion to \$15.0 billion.

With a rise in industrial projects coupled with a sustained pipeline of institutional and civil engineering projects, the general demand for public construction works should remain stable.

The Ministry of Transport is in the process of developing detailed designs for Changi Airport’s new Terminal 5, which will span a total of 10.0 million square feet. With its immense size, the new terminal will dwarf the collective size of Terminals 1, 2 and 3. The large scale of the new passenger terminal and its related facilities is anticipated to cost tens of billions of dollars and also includes a third runway and taxiways. As such, we expect to benefit from the construction and civil engineering opportunities arising from the project.

However for 2015, the MTI has cautioned that labour-intensive sectors, including construction, may be weighed down by labour constraints.

Company outlook and order book update

Leveraging our strong expertise in civil engineering, we successfully secured four contracts this year totalling approximately \$184.0 million. The projects include the \$20.4 million contract from JTC Corporation for the construction of roads, drains and sewers and soil improvement works at Tuas South Avenue 7/14, two Land Transport Authority contracts worth \$143.9 million for the construction of sheltered linkways under the Walk2Ride programme and a \$19.7 million contract from the Land Transport Authority in May 2015 for the improvement of road related facilities, road structures and road safety schemes in the East Sector of Singapore.

With the pipeline of new projects secured during the quarter, we remain optimistic with regard to its medium term prospects, although the general operating environment remains challenging. This is mainly due to rising operating costs and a tight labour market which has led to a lower supply of skilled and experienced manpower.



We strive to actively seek new projects in the core construction and maintenance business segments to bolster our order book. As at 30 June 2015, our net construction order book stood at \$276.7 million as compared to \$212.7 million as at 30 June 2014.

We recently reached a new milestone when we obtained a licence in July 2015, to operate a representative foreign construction service company in Jakarta, Indonesia. This marks our first step in venturing beyond the borders of Singapore into the region. With the country's growth potential and infrastructure needs, it opens up opportunities for us to leverage our strong track record in civil engineering and build a business in Indonesia.

On the property development and construction front, beyond the successful launch of the Lake Life Executive Condominium in October 2014, the marketing of units at the 109-unit freehold residential development, Amber Skye, continues. The Group has a 10% minority investment in the developer, CS Amber Development Pte Ltd, a subsidiary of China Sonangol Land Pte. Ltd..

We will selectively pursue growth opportunities and leverage the core competencies and network of contacts which we have built over our more than four decades of operations, both locally and overseas.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes

Name of Dividends	Interim
Dividend Type	Cash
Dividend amount per share	\$0.001
	One-tier tax exempt

(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

To be announced later.

(d) Books closure date

To be announced later.

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

Not applicable.



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 second quarter ended 30 June 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 30 June 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

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 2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Or Toh Wat
Group Managing Director
3 August 2015