



**Half Year Financial  
Statement for the period  
ended 30 June 2005**

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**27 July 2005**

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**Half Year Financial Statement for the period ended 30 June 2005**
**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**
**1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

		← The Group →		
	Note	30 June 2005 \$'000	30 June 2004 (Restated)* \$'000	Increase/ (Decrease) %
<b>Revenue</b>	i	36,788	36,123	1.8
Cost of works		(34,047)	(32,483)	4.8
<b>Gross profit</b>	ii	<u>2,741</u>	<u>3,640</u>	(24.7)
Other income including interest income	iii	392	133	194.7
Administrative expenses	iv	(1,808)	(1,921)	(5.9)
Other operating expenses	v	(14)	(2)	600.0
<b>Profit from operating activities</b>	vi	<u>1,311</u>	<u>1,850</u>	(29.1)
Share of results of associated company	vii	(-)	(6)	n.m.
<b>Profit before interest and tax</b>		<u>1,311</u>	<u>1,844</u>	(28.9)
Finance costs	viii	(60)	(87)	(31.0)
<b>Profit before taxation</b>	ix	<u>1,251</u>	<u>1,757</u>	(28.8)
Taxation	x	(319)	(387)	(17.6)
<b>Profit after taxation</b>	xi	<u>932</u>	<u>1,370</u>	(32.0)

n.m. – not meaningful

\* "Restated" used in this Announcement refers to the restatement of certain 1H2004 figures for comparative purposes in accordance with the revised Singapore Financial Reporting Standards ("FRS") adopted with effect from 1 January 2005 as explained in Note 5.

## **Explanatory Notes:**

(i) Revenue

In 1H2005, revenue increased marginally by \$0.7 million or 1.8% from \$36.1 million to \$36.8 million over the last period. The higher revenue was achieved by the road & building construction segment. However, the increase was dampened by a lower revenue from the road maintenance segment.

(ii) Gross profit

The lower gross profit margin was due to lower profit margin from some existing projects.

(iii) Other income

The increase in other income of \$0.3 million or 194.7% was largely attributable to receipts of a government grant and insurance claims and higher interest income earned on higher cash and cash equivalents in 1H2005.

(iv) Administrative expenses

Administrative expenses decreased by \$0.1 million or 5.9% mainly due to lower staff payroll and directors' remuneration expenses.

(v) Other operating expenses

Other operating expenses referred mainly to the loss on disposal of plant and equipment.

(vi) Profit from operating activities

As a result of the above, profit from operating activities declined by \$0.5 million from \$1.9 million in 1H2004 to \$1.3 million in 1H2005.

(vii) Share of results of associated company

Share of results of associated company amounted to \$105 in 1H2005. This represented the share of losses incurred by the associated company during 1H2005.

(viii) Finance costs

Finance costs decreased by \$0.03 million or 31.0%. The decrease was due mainly to full repayment of bank long term loans in 1H2005.

(ix) Profit before taxation

Profit before taxation for 1H2005 decreased by \$0.5million or 28.9% to \$1.3 million for 1H2005. This was due to lower gross profit margin from some existing projects.

(x) Taxation

The decrease in taxation by \$0.1 million from \$0.4 million for 1H2004 to \$0.3 million for 1H2005 was the result of lower profit before taxation as explained above.

(xi) Profit after taxation

Overall, 1H2005 profit after taxation of \$0.9 million declined by 32.0 % over the 1H2004 profit after taxation of \$1.4 million following the drop in profit before taxation as explained above.

(xii) Additional disclosures

Profit before taxation was arrived at after:

	← The Group →		
	30 June 2005	30 June 2004 (Restated)*	Increase/ (Decrease)
	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>
<u>After charging:-</u>			
Non-audit fee paid to the auditors of the Company	2	2	-
Depreciation of property, plant and equipment	136	149	(8.7)
Directors' remuneration			
- Directors of the Company	685	723	(5.3)
- Other Directors	132	134	(1.5)
Directors' fee	60	60	-
Interest paid and payable			
- Hire purchase creditors	54	43	25.6
- Banks	7	44	(84.1)
Loss on disposal of plant and equipment	14	2	600.0
Allowances for doubtful receivables (trade)	-	48	n.m.
Staff costs	500	512	(2.2)
<u>After crediting:-</u>			
Interest income from bank deposits	46	11	(318.2)
Allowances for doubtful receivables recovered (trade)	48	-	n.m.
Gain on disposal of plant and equipment	54	2	n.m.
<u>Included in the cost of works are the following:-</u>			
Depreciation of plant and equipment	515	568	(9.5)
Staff costs	5,199	3,984	30.5

(xiii) Extraordinary/Exceptional items

nil

(xiv) Adjustments for under or over provision of tax in respect of prior years

There were no material adjustments for under or overprovision of tax in respect of prior years.

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

	← The Group →		← The Company →	
	30 Jun 2005 \$'000	31 Dec 2004 \$'000	30 Jun 2005 \$'000	31 Dec 2004 \$'000
<b>Non-Current Assets</b>				
Properties, plant and equipment	6,559	7,160	30	36
Interests in subsidiary companies	-	-	13,926	13,926
Interests in associated company	63	63	-	-
Investment property	800	800	-	-
Intangible assets	1,688	1,688	-	-
Deferred tax assets	79	79	-	-
	<u>9,189</u>	<u>9,790</u>	<u>13,956</u>	<u>13,962</u>
<b>Current Assets</b>				
Construction contracts work-in-progress	4,454	5,284	-	-
Trade receivables	10,696	13,591	-	-
Advances to subsidiary companies	-	-	450	450
Amounts due from subsidiary companies (trade)	-	-	1,062	1,871
Amounts due from subsidiary companies (non-trade)	-	-	19	19
Amounts due from an associated company (non-trade)	1	1	-	-
Amounts due from a related party (non-trade)	9	-	-	-
Other receivables, deposits and prepayments	1,141	735	6	14
Cash and cash equivalents	12,989	11,935	177	218
	<u>29,290</u>	<u>31,546</u>	<u>1,714</u>	<u>2,572</u>
<b>Current Liabilities</b>				
Trade and other payables	16,851	18,422	320	521
Current portion of obligations under hire purchase creditors	697	835	11	11
Current portion of interest- bearing bank loans (secured)	-	1,100	-	-
Provision for income tax	488	447	16	33
	<u>18,036</u>	<u>20,804</u>	<u>347</u>	<u>565</u>
<b>Net Current Assets</b>	<b>11,254</b>	<b>10,742</b>	<b>1,367</b>	<b>2,007</b>
<b>Non-Current Liabilities</b>				
Obligations under hire purchase creditors	(930)	(1,284)	(13)	(19)
Deferred tax liabilities	(329)	(329)	-	-
<b>Net assets</b>	<b>19,184</b>	<b>18,919</b>	<b>15,310</b>	<b>15,950</b>
<b>Capital and Reserves</b>				
Share capital	13,626	13,626	13,626	13,626
Share premium	1,329	1,329	1,329	1,329
Revenue reserves	4,229	3,964	355	995
	<u>19,184</u>	<u>18,919</u>	<u>15,310</u>	<u>15,950</u>
<b>Net tangible assets</b>	<b>17,496</b>	<b>17,231</b>	<b>15,310</b>	<b>15,950</b>

**Explanatory Notes:**

(i) Non-current assets

Property, plant and equipment decreased by \$0.6 million from \$7.2 million as at 30 June 2004 to \$6.6 million as at 30 June 2005. The decrease was due mainly to depreciation charges of \$0.7 million which was partially offset by capital expenditure of \$0.1 million in 1H2005.

(ii) Current assets

Current assets decreased by \$2.2 million from \$31.5 million to \$29.3 million. The decrease was mainly as a result of lower trade receivables due to better collections.

(iii) Current Liabilities

Current liabilities declined by \$2.8 million from \$20.8 million to \$18.0 million. The decrease was largely attributable to lower trade and other payables as a result from settlement of a few significant invoices near month end and full repayment of bank loans during 1H2005.

(iv) Shareholders' equity

Shareholders' equity comprised share capital, share premium and unappropriated profit. It increased by \$0.3 million from \$18.9 million to \$19.2 million. The increase was mainly the result of profit generated from operations for 1H2005.

**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 June 2005		As at 31 Dec 2004	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
697	-	1,935	-

(b) Amount repayable after one year

As at 30 June 2005		As at 31 Dec 2004	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
930	-	1,284	-

(c) Details of any collateral

The borrowings of the Group are generally secured by:-

- a. Legal mortgage over one of the Group's freehold properties and investment property with net carrying value amounting to \$1,136,932 (31 Dec 2004: \$1,150,000) and \$800,048 (31 Dec 2004: \$800,048) respectively;
- b. Pledge of fixed deposits of subsidiary companies;
- c. Negative pledges over assets of certain subsidiary companies and
- d. Corporate guarantee by OKP Holdings Limited.



1(c)

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

	← The Group →	
Note	30 Jun 2005	30 Jun 2004 (Restated)*
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Profit before taxation and after share of results of associated company	1,251	1,757
Adjustments for:		
Depreciation of properties, plant and equipment	651	717
Gain on disposal of plant and equipment	(54)	(2)
Loss on disposal of plant and equipment	14	2
Interest income from bank deposits	(46)	(11)
Hire purchase interest	54	43
Bank loan interest	7	44
Allowances for doubtful receivables (trade)	-	48
Share of results of associated company	-	6
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	1,877	2,604
Change in operating assets and liabilities:		
Construction contracts work-in-progress	830	386
Trade receivables	2,942	(731)
Other receivables, deposits and prepayments	(406)	(150)
Trade and other payables	(1,573)	807
Amount due from a related party (non-trade)	(9)	-
<b>Cash generated from operations</b>	3,661	2,916
Hire purchase interest paid	(54)	(43)
Bank loans interest paid	(7)	(44)
Interest income from bank deposits received	46	11
Income tax paid	(277)	(534)
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	3,369	2,306
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(126)	(401)
Proceeds from disposal of plant and equipment	61	53
<b>NET CASH OUTFLOW USED IN INVESTING ACTIVITIES</b>	(65)	(348)
<b>Cash flows from financing activities</b>		
Payment to hire purchase creditors	(484)	(308)
Payment of dividend to shareholders	(667)	(563)
Repayment of bank loans	(1,100)	(71)
Fixed deposits pledged with banks	(37)	(1,711)
<b>NET CASH OUTFLOW USED IN FINANCING ACTIVITIES</b>	(2,288)	(2,653)

		The Group	
		←	→
	Note	30 Jun 2005	30 Jun 2004 (Restated)*
		\$'000	\$'000
<b>Net increase/(decrease) in cash and cash equivalents held</b>	i	1,016	(695)
Cash and cash equivalents at the beginning of the financial period		6,968	7,164
<b>Cash and cash equivalents at the end of the financial period</b>	ii	7,984	6,469

**Explanatory Notes:**

- (i) Net cash flow from operating activities was higher by \$1.1 million due to an increase in the working capital inflow by \$1.5 million from \$0.3 million in 1H2004 to \$1.8 million in 1H2005 which was resulted from better working capital management.

Net cash outflow from investing activities was mainly due to purchase of plant and equipment which is partially offset by proceeds from disposal of plant and equipment.

Net cash outflow from financing activities was due to full repayment of bank loan during 1H2005.

Overall, net cash inflow for the period ended 30 June 2005 was \$1.0 million. Our Group is in healthy position and we will retain additional cash reserves in our Group for future expansion.

- (ii) 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	
		30 June 2005	30 June 2004
		\$'000	\$'000
Cash at bank and in hand		4,732	6,373
Fixed deposits with banks		8,257	5,043
		12,989	11,416
Fixed deposits pledged to banks		(5,005)	(4,947)
Cash and cash equivalents in consolidated statement of cash flows		7,984	6,469

**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**

	Issue Capital	Share Premium	Revenue Reserves	Total
<u>The Group</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>As at 1 Jan 2005</b>	13,626	1,329	3,964	18,919
Net profit for the period	-	-	932	932
Final dividend paid of 0.49 cents per share in respect of financial year ended 31 December 2004	-	-	(667)	(667)
<b>As at 30 June 2005</b>	13,626	1,329	4,229	19,184
<b>As at 1 Jan 2004</b>	13,626	1,329	2,963	17,918
Net profit for the period -as previously stated	-	-	1,251	1,251
-effect of adopting FRS 103	-	-	119	119
-as restated	-	-	1,370	1,370
Final dividend paid of 0.41 cents per share in respect of financial year ended 31 December 2003	-	-	(563)	(563)
<b>As at 30 June 2004</b>	13,626	1,329	3,770	18,725
<u>The Company</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>As at 1 Jan 2005</b>	13,626	1,329	995	15,950
Net profit for the period	-	-	27	27
Final dividend paid of 0.49 cents per share in respect of financial year ended 31 December 2004	-	-	(667)	(667)
<b>As at 30 June 2005</b>	13,626	1,329	355	15,310
<b>As at 1 Jan 2004</b>	13,626	1,329	723	15,678
Net profit for the year	-	-	23	23
Final dividend paid of 0.41 cents per share in respect of financial year ended 31 December 2003	-	-	(563)	(563)
<b>As at 30 June 2004</b>	13,626	1,329	183	15,138

- 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 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 to the issued share capital of the Company since 31 December 2004.

- 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 mentioned in Section 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2004.

- 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**

As announced in full year 2004, the Group had early adopted FRS103: Business Combinations with effect from 1 January 2004. FRS 103 requires goodwill acquired in a business combination to be measured at cost less any accumulated impairment losses. However, the first half year of 2004 announcement has stated the results of the Group on the basis of amortising goodwill; these were restated in the results for the financial year ended 31 December 2004. The first half year of 2004 comparative figures in this announcement have been restated to account for the impact of FRS 103. As such, the profit and loss statement for half year ended 30 June 2004 was increased by \$119,000.

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**

	The Group	
	30 Jun 2005	30 Jun 2004 (Restated)
Profit after taxation (\$'000)		
Number of shares	932	1,370
EPS (per cent)	136,260,940	136,260,940
	0.68	1.01

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

	The Group		The Company	
	30 Jun 2005	31 Dec 2004	30 Jun 2005	31 Dec 2004
Net tangible assets (\$'000)	17,496	17,231	15,310	15,950
Number of shares	136,260,940	136,260,940	136,260,940	136,260,940
NTA per share (cents)	12.84	12.65	11.24	11.71

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

(i) **Revenue**

	The Group			
	1H2005	1H2004	Increase/(Decrease)	
	\$'000	\$'000	\$'000	%
Road & Building Construction	30,331	24,077	6,254	26.0
Road Maintenance	6,457	12,046	(5,589)	(46.4)
<b>Total Revenue</b>	<b>36,788</b>	<b>36,123</b>	665	1.8

For 1H2005, our Group's revenue grew marginally by 1.8% to \$36.8 million. The road & building construction segment recorded a surge of revenue from \$24.1 million in 1H2004 to \$30.3 million in 1H2005, or a 26.0% increase year-on-year. This resulted in the change of revenue structure between road & building construction revenue and road maintenance revenue from 67% against 33% in 1H2004 to 82% against 18% for 1H2005.

The strong growth in the road & building construction segment was due to the higher percentage of revenue recognised from a few road construction projects which are in full swing and revenue from some new projects in 1H2005 as compared to 1H2004.

However, the increase in revenue from the road & building construction segment was dampened by the lower percentage of revenue recognition for the road maintenance segment due to completion of a few road maintenance projects in 1H2005 as compared to 1H2004.

(ii) **Profitability**

	The Group			
	1H2005	1H2004 (Restated)	Increase/(Decrease)	
	\$'000	\$'000	\$'000	%
<b>Profit before interest and tax</b>	<b>1,311</b>	<b>1,844</b>	(533)	(28.9)
<u>Comprising:</u>				
Road and Building Construction	616	622	(6)	(1.0)
Road Maintenance	695	1,222	(527)	(43.1)
<b>Profit before interest and tax</b>	<b>1,311</b>	<b>1,844</b>	(533)	(28.9)
<b>Profit after tax</b>	<b>932</b>	<b>1,370</b>	(438)	(32.0)

Profit before interest and tax

Our Group recorded profit before interest and tax of \$1.3 million, a drop of 28.9% over 1H2004. The drop was due mainly to lower gross profit contributed from both the road & building construction and road maintenance segments.

The drop in gross profit resulted from the increase in sub-contracting costs. Sub-contracting costs as a percentage of revenue increased from 36.3% to 39.3% in 1H2005.

Profit after tax

Profit after tax dropped by \$0.4 million to \$0.9 million in 1H2005 as a result of lower profit before tax generated in 1H2005.

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

No forecast was made in the previous announcement.

**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.**

Our Group does not expect to see a strong upturn in the construction industry in the short term. The outlook for the construction industry is expected to remain challenging.

Despite intense price competition, we have been awarded with \$13.59 million worth of new contracts in 1H2005. The 3 new contracts awarded by the Housing & Development Board amounted to \$6.07 million and a project awarded by the Jurong Town Corporation was \$7.52 million.

The highly competitive environment in the Singapore construction industry has prompted our Group to actively identify and pursue suitable business opportunities beyond our shores to grow our core business. In June 2005, we incorporated a subsidiary company, OKP (CNMI) Corporation in Saipan, Commonwealth of the Northern Mariana Islands ("CNMI") to handle our Group's infrastructure construction and building-related businesses in CNMI.

Our business continues to generate strong operating cash flows and maintain profitability in a difficult business environment. Our balance sheet has strengthened with cash and cash equivalents growing to \$13.0 million as at 30 June 2005.

We will continue our strategy to focus on our traditional core business of road and building construction and maintenance activities and leverage on our steady track record, expertise and strengths as a niche transport infrastructure builder in the construction industry.

In view of the competitive pricing situation prevalent in the Singapore construction industry, our Group will continue to be selective and meticulous in our tender participations. Prudent measures will be continually taken to control and reduce costs so as to enhance our Group's core competencies and efficiency.



**11. Dividend**

***(a) Current Financial Period Reported On***

Any dividend declared for the current financial period reported on? No

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

Any dividend declared for the corresponding period of the immediately preceding financial year? No

***(c) Date payable***

Not applicable.

***(d) Books closure date***

Not applicable.

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

No dividend has been declared/recommendeded for the half year ended 30 June 2005. The first and final dividend of 0.49 cent (one tier tax-exempt) for the financial year ended 31 December 2004 was approved at the Company's Annual General Meeting on 27 April 2005. Payment of the dividend was made on 27 May 2005.

**13. Interested persons transactions disclosure**

Interested Party	Nature of Transactions	Relationship	For half year ended 30 June 2005	For half year ended 30 June 2004
			\$'000	\$'000
Oh Enc Nam	Sale of motor vehicle	Oh Enc Nam is an Executive Director of the Company	130	-
Loo & Partners	Provision of legal services	Mr Loo Choon Chiaw, our independent director, is the Managing Partner of Loo & Partners (Note 1)	7	9
Sin Kah Heng Motor Trading Co	Purchase of plant & equipment	Sin Kah Heng Motor Trading Co is owned by sister-in-law of Mr Or Kim Peow, our Chairman	-	57
Citysafe Pte Ltd	Purchase of plant & equipment	Mr Or Kim Peow, our Chairman, Mr Or Toh Wat, our Group Managing Director and Mr Or Kiam Meng are directors of Citysafe Pte Ltd	-	7

Note 1: Mr Loo Choon Chiaw has stepped down as an Independent Director of the Company with effect from 31 May 2005.

**BY ORDER OF THE BOARD**

Or Toh Wat  
Group Managing Director  
27 July 2005