



**Second Quarter and
Half Year Financial
Statement for the Period
Ended 30 June 2013**

29 July 2013

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Second Quarter and Half Year Financial Statement for the Period Ended 30 June 2013
PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS
1(a) An income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	The Group			The Group		
	Second Quarter ended 30 June		Increase/ (Decrease)	Half Year ended 30 June		Increase/ (Decrease)
	2013	2012		2013	2012	
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	30,056	23,576	27.5	62,094	48,530	27.9
Cost of works	(27,597)	(17,838)	54.7	(54,796)	(37,548)	45.9
Gross profit	2,459	5,738	(57.1)	7,298	10,982	(33.5)
Other income	231	433	(46.7)	530	1,182	(55.2)
Expenses						
- Administrative	(1,853)	(2,369)	(21.8)	(4,240)	(4,580)	(7.4)
- Other	-	16	n.m.	-	(106)	n.m.
- Finance	(15)	(24)	(37.5)	(33)	(51)	(35.3)
Share of loss of an associated company	(2)	-	n.m.	(2)	-	n.m.
Profit before income tax	820	3,794	(78.4)	3,553	7,427	(52.2)
Income tax expense	(109)	(710)	(84.6)	(468)	(1,290)	(63.7)
Net profit	711	3,084	(76.9)	3,085	6,137	(49.7)
Gross profit margin	8.2%	24.3%		11.8%	22.6%	
Net profit margin	2.4%	13.1%		5.0%	12.6%	
Effective tax rate	13.3%	18.7%		13.2%	17.4%	
Net profit attributable to:						
Equity holders of the Company	711	3,085	(77.0)	3,086	6,139	(49.7)
Non-controlling interests	-	(1)	n.m.	(1)	(2)	(50.0)
	711	3,084	(76.9)	3,085	6,137	(49.7)

n.m. : not meaningful.



(i) Consolidated Statement of comprehensive income for the second quarter and half-year ended 30 June 2013

Note	The Group			The Group		
	Second Quarter ended 30 June		Increase/ (Decrease)	Half Year ended 30 June		Increase/ (Decrease)
	2013	2012		2013	2012	
	\$'000	\$'000	%	\$'000	\$'000	%
Net profit	711	3,084	(76.9)	3,085	6,137	(49.7)
Other comprehensive income:						
Financial assets, available-for-sale						
- Fair value losses, net of tax	(80)	(42)	90.5	(126)	(24)	425.0
- Reclassification	-	-	n.m.	(26)	-	n.m.
Total comprehensive income	631	3,042	(79.3)	2,933	6,113	(52.0)
Total comprehensive income attributable to:						
Equity holders of the Company	631	3,043	(79.3)	2,934	6,115	(52.0)
Non-controlling interests	-	(1)	n.m.	(1)	(2)	(50.0)
	631	3,042	(79.3)	2,933	6,113	(52.0)

Note:

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

n.m. : not meaningful.



(ii) Additional disclosures

Profit before income tax was arrived at:

Note	The Group			The Group		
	Second Quarter ended 30 June		Increase/ (Decrease)	Half Year ended 30 June		Increase/ (Decrease)
	2013	2012		2013	2012	
	\$'000	\$'000	%	\$'000	\$'000	%
<u>After charging:-</u>						
	5	4	25.0	10	9	11.1
Non-audit fee paid to the auditors of the Company						
	2	-	n.m.	4	-	n.m.
Amortisation of tangible asset						
	162	179	(9.5)	319	272	17.3
Depreciation of property, plant and equipment						
	669	1,265	(47.1)	1,527	2,210	(30.9)
Directors' remuneration - Directors of the Company						
- Other Directors	108	104	3.8	218	212	2.8
Directors' fee						
	45	45	-	90	90	-
Interest paid and payable - Finance lease liabilities						
	15	24	(37.5)	33	51	(35.3)
(Gain)/loss on foreign exchange						
	(59)	(16)	268.8	(89)	106	(184.0)
Currency translation differences arise from debt securities investment						
	(13)	(9)	44.4	(26)	15	(273.3)
Employees compensation cost						
	440	464	(5.2)	1,076	1,058	1.7

Notes:

- (i) Gain/loss on foreign exchange mainly arose from the revaluation of assets denominated in United States dollar to Singapore dollar.
- (ii) Currency translation differences mainly arose from the revaluation of financial asset, available-for-sale denominated in United States dollar to Singapore dollar.

n.m. – not meaningful.



Note	The Group			The Group		
	Second Quarter ended 30 June		Increase/ (Decrease)	Half Year ended 30 June		Increase/ (Decrease)
	2013	2012		2013	2012	
	\$'000	\$'000	%	\$'000	\$'000	%
<u>After crediting:-</u>						
Interest income						
- Bank deposits	29	68	(57.4)	79	124	(36.3)
- Financial asset, held-to-maturity	11	19	(42.1)	22	25	(12.0)
- Financial asset, available for-sale	26	71	(63.4)	58	96	(39.6)
- Other receivables (non-current)	114	5	2,180.0	226	5	4,420.0
Gain on disposal of property, plant and equipment	-	80	n.m.	25	80	(68.8)
Financial assets, available-for-sale						
- Loss on disposal	-	-	-	(20)	-	n.m.
- Reclassification from other comprehensive income upon disposal	-	-	-	26	-	n.m.
Rental income from an investment property	12	11	9.1	25	22	13.6
Trade creditors written off	-	-	-	-	487	n.m.
Government grant	-	117	n.m.	44	167	n.m.
<u>Included in the cost of works are the following:-</u>						
Depreciation of property, plant and equipment	584	560	4.3	1,130	1,142	(1.1)
Amortisation of tangible assets	15	-	n.m.	31	-	n.m.
Employees compensation cost	5,699	4,870	17.0	11,420	9,741	17.2

n.m. : not meaningful



(iii) Extraordinary/Exceptional items

Nil

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

The Group	
30 June 2013	30 June 2012
\$'000	\$'000

Tax expense attributable to profit is made up of:

- Profit from current financial period:

Current income tax - Singapore

384 1,270

Deferred income tax

86 20

470 1,290

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

(2) -

468 1,290



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 2013	31 Dec 2012	30 Jun 2013	31 Dec 2012
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current assets					
	Cash and cash equivalents	47,553	53,992	2,910	2,761
	Trade and other receivables	30,552	30,919	2,849	11,144
	Financial assets, held-to-maturity	1,000	1,000	-	-
	Construction contract works-in-progress	2,661	3,604	-	-
		81,766	89,515	5,759	13,905
Non-current assets					
	Investments in subsidiaries	-	-	15,774	15,774
	Investments in joint ventures	-	-	-	-
	Investment in an associated company	99	101	-	-
	Investment properties	4,830	4,830	-	-
	Other receivables	18,890	18,664	18,543	18,543
	Financial assets, held-to-maturity	500	500	-	-
	Financial assets, available-for-sale	1,656	2,756	-	-
	Property, plant and equipment	19,151	19,183	6,286	6,350
	Intangible asset	1,935	1,970	27	31
		47,061	48,004	40,630	40,698
Total assets		128,827	137,519	46,389	54,603
LIABILITIES					
Current liabilities					
	Trade and other payables	29,889	36,648	6,990	11,558
	Finance lease liabilities	535	524	-	-
	Current income tax liabilities	1,265	2,204	5	-
		31,689	39,376	6,995	11,558
Non-current liabilities					
	Finance lease liabilities	1,289	930	-	-
	Deferred income tax liabilities	927	840	45	25
		2,216	1,770	45	25
Total liabilities		33,905	41,146	7,040	11,583
NET ASSETS		94,922	96,373	39,349	43,020
EQUITY					
Capital and reserves attributable to equity holders of the Company					
	Share capital	36,832	36,578	36,832	36,578
	Other reserves	1,308	1,479	-	19
	Retained profits	56,728	58,261	2,517	6,423
		94,868	96,318	39,349	43,020
Non-controlling interests		54	55	-	-
Total equity		94,922	96,373	39,349	43,020
Net tangible assets		92,933	94,348	39,322	42,989



Notes to Statements of Financial Position:

(i) Trade and other receivables

	The Group		The Company	
	30 Jun 2013	31 Dec 2012	30 Jun 2013	31 Dec 2012
	\$'000	\$'000	\$'000	\$'000
Trade receivables				
- Non-related parties	3,272	5,920	-	-
- Subsidiaries	-	-	2,782	11,016
	3,272	5,920	2,782	11,016
Construction contracts				
- Due from customers	19,572	18,207	-	-
- Retentions	5,960	4,935	-	-
	25,532	23,142	-	-
Non-trade receivables				
- Subsidiaries	-	-	717	717
- Joint venture partners	70	62	-	-
- Non-related parties	2,085	2,176	4	72
	2,155	2,238	721	789
Less: Allowance for impairment of receivables	(1,474)	(1,474)	(688)	(688)
Non-trade receivables - net	681	764	33	101
Deposits	436	398	11	11
Prepayments	631	695	23	16
	30,552	30,919	2,849	11,144

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

(ii) Investments in subsidiaries

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



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

(@) Audited by Nexia TS Public Accounting Corporation.

(*) Dormant company.



(iii) Investments in joint ventures

The following amounts represent the Group's 50% share of the assets, liabilities, income and expenses of the joint ventures which are included in the consolidated statement of financial position and statement of comprehensive income using the line-by-line format of proportionate consolidation:

	The Group	
	30 Jun 2013	31 Dec 2012
	\$'000	\$'000
Assets		
- Current assets	6,594	4,792
Liabilities		
- Current liabilities	(4,762)	(3,552)
Net assets	1,832	1,240
Revenue	10,628	8,666
Expenses	(9,938)	(8,107)
Profit before income tax	690	559
Income tax expense	(88)	(78)
Net profit	602	481
Operating cash inflows, representing total cash inflows	550	402

Name of joint ventures	Principal activities	Country of incorporation	Equity holding	
			30 Jun 2013	31 Dec 2012
CS-OKP Construction and Development Pte Ltd (formerly known as CIF-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%

Held by the subsidiaries

CS-OKP Construction and Development Pte Ltd (formerly known as CIF-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%

(@) Audited by Heng Lee Seng LLP.

(#) Audited by Nexia TS Public Accounting Corporation.

(1) CS-OKP Construction and Development Pte Ltd (formerly known as CIF-OKP Construction and Development Pte Ltd) ("CS-OKP"), incorporated in Singapore on 1 December 2009, remained inactive as at 30 June 2013. CS-OKP is a joint venture company of OKP Technical Management Pte Ltd ("OKPTM"), a wholly owned subsidiary, and CIF Singapore Pte Ltd, a subsidiary of China Sonangol International Limited, with a share capital of \$100,000 consisting of 100 ordinary shares. OKPTM has a 50% equity interest at a cost of \$50,000 (2012: \$50,000) in CS-OKP.

(2) On 8 December 2010, Or Kim Peow Contractors (Pte) Ltd ("OKPC"), a wholly-owned subsidiary, entered into a joint venture agreement with Soil-Build (Pte) Ltd ("SBPL"), incorporated in Singapore and a subsidiary of Soilbuild Group Holdings Ltd., to form a 50:50 joint venture company. On the same date, the joint venture company, Forte Builder Pte. Ltd. ("FBPL") was incorporated in Singapore with a share capital of \$1,000,000 consisting of 1,000,000 ordinary shares. OKPC has a 50% equity interest at a cost of \$500,000 in FBPL. The principal activity of FBPL is the construction of the condominium housing development, comprising one (1) 36-storey block of 54 residential units at Angullia Park.



(iv) Investment in an associated company

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

The Group accounts for its investment in CS Amber as an associated company although the Group holds less than 20% of the issued share capital of CS Amber as the Group is able to exercise significant influence over the investment due to the Group's voting power (both through its equity holding and its representation on the Board).

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

Equity investment at cost

Beginning of financial period/year	101	-
Acquisition of an associated company	-	111
Share of losses	(2)	(10)
End of financial period/year	99	101

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

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

Assets	192,181	188,675
Liabilities	(191,192)	(187,668)
Revenue	-	-
Net loss	(17)	(87)

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

Held by a subsidiary

CS Amber Development Pte Ltd (formerly known as CS Land Properties Pte Ltd)	Property development	Singapore	10%	10%
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(Audited by PricewaterhouseCoopers LLP)



(v) Investment properties

	The Group	
	30 Jun 2013	31 Dec 2012
	\$'000	\$'000
Beginning of financial period/year	4,830	1,650
Additions		
- Transfer from property, plant and equipment	-	3,120
Fair value gain recognised in profit and loss	-	60
End of financial period/year	<u>4,830</u>	<u>4,830</u>

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

(vi) Other receivables (non-current)

	The Group		The Company	
	30 Jun 2013	31 Dec 2012	30 Jun 2013	31 Dec 2012
	\$'000	\$'000	\$'000	\$'000
Other receivables				
- Loan to an associated company	18,890	18,664	-	-
- Loan to a subsidiary	-	-	18,543	18,543
	<u>18,890</u>	<u>18,664</u>	<u>18,543</u>	<u>18,543</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 loan made to a subsidiary is an interest-free advance for the purpose of funding its operating and development activities. The loan is not expected to be repaid within the next 12 months.



(vii) Financial assets, held-to-maturity

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

Current portion	1,000	1,000
Non-current portion	500	500
	<hr/>	<hr/>
	1,500	1,500

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

Unlisted debt securities

- Bonds with fixed interest of 2.22% p.a. and maturity date on 5 July 2013 - Singapore	1,000	1,000
- Bonds with fixed interest of 4.30% p.a. and maturity date on 9 November 2016 - Singapore	500	500
	<hr/>	<hr/>
	1,500	1,500

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

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

Bonds with fixed interest of 2.22% p.a. and maturity date on 5 July 2013	1,000	1,007
Bonds with fixed interest of 4.30% p.a. and maturity date on 9 November 2016	509	517
	<hr/>	<hr/>

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



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

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

Beginning of financial period/year	2,756	708
Additions	-	4,500
Currency translation differences	26	(43)
Fair value (losses)/gains recognised in other comprehensive income	(126)	91
Disposal	(1,000)	(2,500)
End of financial period/year	1,656	2,756

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

Unlisted debt securities

- Bonds with fixed interest of 7.875% p.a. without fixed maturity	734	727
- Bonds with fixed interest of 5.125% p.a. without fixed maturity	922	2,029
	1,656	2,756

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



(ix) Intangible assets

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

Composition:

Goodwill arising on consolidation	1,688	1,688	-	-
Computer software licences	247	282	27	31
	<u>1,935</u>	<u>1,970</u>	<u>27</u>	<u>31</u>

(a) Goodwill arising on consolidation

Cost/net book value

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

(b) Computer software licences

Cost

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

Accumulated amortisation

Beginning of financial period/year	71	-	8	-
Amortisation charge	35	71	4	8
End of financial period/year	<u>106</u>	<u>71</u>	<u>12</u>	<u>8</u>
Net book value	<u>247</u>	<u>282</u>	<u>27</u>	<u>31</u>

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



(x) Trade and other payables

	The Group		The Company	
	30 Jun 2013	31 Dec 2012	30 Jun 2013	31 Dec 2012
	\$'000	\$'000	\$'000	\$'000
Trade payables				
- Non-related parties	17,843	18,791	72	141
- Joint venture partner	4,606	3,445	-	-
	22,449	22,236	72	141
Non-trade payables				
- Subsidiaries	-	-	6,083	8,655
- Non-controlling shareholder of a subsidiary	450	450	-	-
- Joint venture partners	32	32	-	-
	482	482	6,083	8,655
Construction contracts				
- Advances received	917	2,091	-	-
Accrued operating expenses	5,946	11,623	835	2,762
Other payables	95	216	-	-
	<u>29,889</u>	<u>36,648</u>	<u>6,990</u>	<u>11,558</u>

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



(xi) Other reserves

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

(a) **Composition:**

Warrant reserve	-	19	-	19
Fair value reserve	(64)	88	-	-
Asset revaluation reserve	1,372	1,372	-	-
	<u>1,308</u>	<u>1,479</u>	<u>-</u>	<u>19</u>

(b) **Movements:**

Warrant reserve

Beginning of financial period/year	19	39	19	39
Warrants exercised	(12)	(20)	(12)	(20)
Warrants expired	(7)	-	(7)	-
End of financial period/year	<u>-</u>	<u>19</u>	<u>-</u>	<u>19</u>

Fair value reserve

Beginning of financial period	88	(11)	-	-
Financial asset, available-for-sale				
-Fair value (losses)/ gains	(126)	91	-	-
-Tax on fair value changes	-	(15)	-	-
	<u>(126)</u>	<u>76</u>	<u>-</u>	<u>-</u>
Reclassification to profit or loss	(26)	23	-	-
End of financial period/year	<u>(64)</u>	<u>88</u>	<u>-</u>	<u>-</u>

Asset revaluation reserve

Beginning of financial period/year	1,372	-	-	-
Revaluation gains	-	1,372	-	-
End of financial period/year	<u>1,372</u>	<u>1,372</u>	<u>-</u>	<u>-</u>

Other reserves are non-distributable.



Explanatory Notes:

(i) Current assets

Current assets decreased by \$7.7 million, from \$89.5 million as at 31 December 2012 to \$81.8 million as at 30 June 2013. The decrease was attributable to:

- (a) a decrease in cash and cash equivalents of approximately \$6.4 million. This was due mainly to the cash used in operations for the half year ended 30 June 2013 of approximately \$2.0 million and cash used in financing activities of approximately \$4.8 million, which were partially offset by cash generated from investing activities of approximately \$0.4 million;
- (b) a decrease in trade and other receivables of approximately \$0.4 million. The decrease was due mainly to:
 - (1) a decrease in trade receivables of approximately \$2.7 million due to settlement of billings by a customer as at 30 June 2013;
which was partially offset by:
 - (2) an increase in construction contracts due from customers of approximately \$1.3 million which related to accrued revenue that has not been billed, which arose from progress claims pending certification by customers as at 30 June 2013; and
 - (3) an increase in construction contracts - retentions of approximately \$1.0 million following higher revenue recognised for the first half year ended 30 June 2013;
 - (c) a decrease in construction contract work-in-progress of approximately \$0.9 million due mainly to lower unbilled amounts expected to be collected from customers for contract work performed up till 30 June 2013 as compared to 31 December 2012.

(ii) Non-current assets

Non-current assets decreased by \$0.9 million, from \$48.0 million as at 31 December 2012 to \$47.1 million as at 30 June 2013. The decrease was due mainly to:

- (a) a decrease in the financial assets, available-for-sale of approximately \$1.1 million resulting from the sale of a financial asset, available-for-sale and fair value adjustments during the half year ended 30 June 2013;

which was partially offset by:

- (b) an increase in other receivables of approximately \$0.2 million relating to interest receivables from a loan extended to an associated company, CS Amber Development Pte Ltd for the half year ended 30 June 2013.

(iii) Current liabilities

Current liabilities decreased by \$7.7 million, from \$39.4 million as at 31 December 2012 to \$31.7 million as at 30 June 2013. The decrease was due mainly to:

- (a) a decrease in trade and other payables of approximately \$6.8 million due mainly to the settlement of some major trade and other payables during the first half year ended 30 June 2013; and
- (b) a decrease in current income tax liabilities of approximately \$0.9 million due mainly to tax payments, which was partially offset by lower tax provision for lower profits generated for the half year ended 30 June 2013.



(iv) Non-current liabilities

Non-current liabilities increased by \$0.4 million, from \$1.8 million as at 31 December 2012 to \$2.2 million as at 30 June 2013. The increase was due mainly to the increase in finance lease liabilities as a result of the purchase of new property, plant and equipment to support newly-awarded projects during the half year ended 30 June 2013.

(v) Shareholders' equity

Shareholders' equity, comprising share capital, other reserves, retained profits and non-controlling interests, decreased by \$1.5 million, from \$96.4 million as at 31 December 2012 to \$94.9 million as at 30 June 2013. The decrease was largely attributable to:

- (a) the dividend payment to shareholders of approximately \$4.6 million during the half year ended 30 June 2013;

which was partially offset by:

- (b) the profit generated from operations of approximately \$3.1 million for the half year ended 30 June 2013.

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

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

As at 30 Jun 2013		As at 31 Dec 2012	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
535	-	524	-

- (b) Amount repayable after one year

As at 30 Jun 2013		As at 31 Dec 2012	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
1,289	-	930	-

- (c) Details of any collateral

The above secured borrowings of the Group relate to finance lease liabilities secured by way of corporate guarantees issued by the Company and charges over the property, plant and equipment under the finance leases.



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

Consolidated statements of cash flows

	The Group		The Group	
	Second Quarter ended 30 June		Half year ended 30 June	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Net profit	711	3,084	3,085	6,137
Adjustments for:				
- Income tax expense	109	710	468	1,290
- Depreciation of property, plant and equipment	746	739	1,449	1,414
- Amortisation of intangible assets	17	-	35	-
- Gain on disposal of property, plant and equipment	-	(80)	(25)	(80)
- Gain on disposal of a financial asset, available-for-sale	-	-	(6)	-
- Unrealised currency translation gain	(13)	(9)	(26)	15
- Interest income	(292)	(163)	(385)	(250)
- Interest expense	15	24	33	51
Operating cash flow before working capital changes	1,293	4,305	4,628	8,577
Change in working capital				
- Trade and other receivables	1,643	(4,302)	367	(3,112)
- Construction contract work-in-progress	807	266	943	(1,586)
- Trade and other payables	(5,563)	(6,175)	(6,759)	(9,426)
Cash used in operations	(1,820)	(5,906)	(821)	(5,547)
- Interest received	29	68	79	124
- Income tax paid	(661)	(1,479)	(1,320)	(2,958)
Net cash used in operating activities	(2,452)	(7,317)	(2,062)	(8,381)
Cash flows from investing activities				
- Additions to property, plant and equipment	(487)	(1,454)	(706)	(1,775)
- Disposal of property, plant and equipment	9	98	43	98
- Purchase of financial asset, available-for-sale	-	-	-	(4,500)
- Disposal of a financial asset, available-for-sale	-	-	980	-
- Loan to an associated company	-	(18,437)	-	(18,437)
- Investment in an associated company	-	(111)	-	(111)
- Interest received	37	95	80	126
Net cash (used in) / generated from investing activities	(441)	(19,809)	397	(24,599)



Consolidated statements of cash flows (Cont'd)

	The Group		The Group	
	Second Quarter ended 30 June		Half year ended 30 June	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Cash flows from financing activities				
- Repayment of finance lease liabilities	(173)	(209)	(357)	(430)
- Interest paid	(15)	(24)	(33)	(51)
- Proceeds from issuance of shares	-	39	242	103
- Dividend paid to shareholders	(4,626)	(6,115)	(4,626)	(6,115)
- Bank deposits pledged	(17)	(27)	(29)	33
Net cash used in financing activities	(4,831)	(6,336)	(4,803)	(6,460)
Net decrease in cash and cash equivalents	(7,724)	(33,462)	(6,468)	(39,440)
Cash and cash equivalents at the beginning of the financial period	50,220	81,470	48,964	87,448
Cash and cash equivalents at the end of the financial period	42,496	48,008	42,496	48,008

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 2013	30 Jun 2012
	\$'000	\$'000
Cash at bank and on hand	11,392	12,974
Short-term bank deposits	36,161	40,077
Short-term bank deposits pledged to banks	(5,057)	(5,043)
Cash and cash equivalents per consolidated statement of cash flows	42,496	48,008

Bank deposits of \$5,056,973 (30 June 2012: \$5,042,852) are pledged to banks for banking facilities of certain subsidiaries.



(ii) **Review of Cash Flows for the six months ended 30 June 2013**

Net cash used in operating activities

Our Group reported a net cash of \$2.0 million used in operating activities in the six months ended 30 June 2013, a decrease of \$6.4 million from net cash used in operating activities of \$8.4 million in the six months ended 30 June 2012. The net cash used in operating activities comprise:

- (a) a decrease in net working capital of approximately \$8.7 million; and
- (b) a decrease in income tax paid of approximately \$1.6 million during the six months ended 30 June 2013;

which were partially offset by:

- (c) a decrease in cash generated from operating activities before working capital changes of approximately \$3.9 million.

Net cash generated from investing activities

Net cash generated from investing activities was \$0.4 million in the six months ended 30 June 2013, as compared with net cash used in investing activities of \$24.6 million in the six months ended 30 June 2012. The major inflow for the six months ended 30 June 2013 related to the proceeds received from the sale of a financial asset, available-for-sale of approximately \$1.0 million and interest income received of approximately \$0.1 million, which were partially offset by purchase of new property, plant and equipment of approximately \$0.7 million.

Net cash used in financing activities

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

Overall, free cash and cash equivalents stood at \$42.5 million as at 30 June 2013, a decrease of \$5.5 million, from \$48.0 million as at 30 June 2012. This works out to cash of 13.8 cents per share (based on 308,430,594 issued shares) as at 30 June 2013 as compared to 15.7 cents per share (based on 305,761,585 issued shares) as at 30 June 2012.

(iii) **Review of Cash Flows for second quarter ended 30 June 2013**

Net cash used in operating activities

Our Group's net cash used in operating activities for the second quarter ended 30 June 2013 was \$2.5 million as compared with \$7.3 million for the second quarter ended 30 June 2012. The decrease was due mainly to lower operating cash flow before working capital changes in the second quarter ended 30 June 2013 resulting from a lower net profit reported for the second quarter ended 30 June 2012.

Net cash used in investing activities

Net cash of \$0.4 million was used in investing activities for the second quarter ended 30 June 2013, compared with \$19.8 million for the second quarter ended 30 June 2012. The major outflow for the second quarter ended 30 June 2012 related to a loan to an associated company of approximately \$18.4 million and investment in an associated company of approximately \$0.1 million which did not recur in the second quarter ended 30 June 2013. The outflows for both quarters were partially offset by interest received from financial assets and the proceeds received from the disposal of property, plant and equipment.

Net cash used in financing activities

The net cash used in financing activities was \$4.8 million for the second quarter ended 30 June 2013, compared with \$6.3 million for the second quarter ended 30 June 2012. The major outflow for the second quarter ended 30 June 2013 related to dividends of approximately \$4.6 million paid to shareholders, compared with dividends of approximately \$6.1 million paid to shareholders in the second quarter ended 30 June 2012.



1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

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

The Group

As at 1 Jan 2013	36,578	19	88	1,372	58,261	96,318	55	96,373
Total comprehensive income for the period	-	-	(72)	-	2,375	2,303	(1)	2,302
Issue of shares pursuant to exercise of warrants	254	(12)	-	-	-	242	-	242
Expiry of outstanding warrants	-	(7)	-	-	7	-	-	-
As at 31 Mar 2013	36,832	-	16	1,372	60,643	98,863	54	98,917
Total comprehensive income for the period	-	-	(80)	-	711	631	-	631
Dividend relating to FY2012	-	-	-	-	(4,626)	(4,626)	-	(4,626)
As at 30 Jun 2013	36,832	-	(64)	1,372	56,728	94,848	54	94,922



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

The Group

As at 1 Jan 2012	36,163	39	(11)	-	52,012	88,203	(121)	88,082
Total comprehensive income for the period	-	-	18	-	3,054	3,072	(1)	3,071
Issue of shares pursuant to exercise of warrants	67	(3)	-	-	-	64	-	64
As at 31 Mar 2012	36,230	36	7	-	55,066	91,339	(122)	91,217
Total comprehensive income for the period	-	-	(42)	-	3,085	3,043	(1)	3,042
Issue of shares pursuant to exercise of warrants	42	(2)	-	-	-	40	-	40
Dividend relating to FY2011	-	-	-	-	(6,115)	(6,115)	-	(6,115)
As at 30 Jun 2012	36,272	34	(35)	-	52,036	88,307	(123)	88,184



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

The Company

As at 1 Jan 2013	36,578	19	-	6,423	43,020	-	43,020
Total comprehensive income for the period	-	-	-	663	663	-	663
Issue of shares pursuant to exercise of warrants	254	(12)	-	-	242	-	242
Expiry of outstanding warrants	-	(7)	-	7	-	-	-
As at 31 Mar 2013	36,832	-	-	7,093	43,925	-	43,925
Total comprehensive income for the period	-	-	-	50	50	-	50
Dividend relating to FY2012	-	-	-	(4,626)	(4,626)	-	(4,626)
As at 30 Jun 2013	36,832	-	-	2,517	39,349	-	39,349
As at 1 Jan 2012	36,163	39	-	8,150	44,352	-	44,352
Total comprehensive income for the period	-	-	-	53	53	-	53
Issue of shares pursuant to exercise of warrants	67	(3)	-	-	64	-	64
As at 31 Mar 2012	36,230	36	-	8,203	44,469	-	44,469
Total comprehensive income for the period	-	-	-	116	116	-	116
Issue of shares pursuant to exercise of warrants	42	(2)	-	-	40	-	40
Dividend relating to FY2011	-	-	-	(6,115)	(6,115)	-	(6,115)
As at 30 Jun 2012	36,272	34	-	2,204	38,510	-	38,510



1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

	Number of shares	\$
<u>Share Capital</u>		
Ordinary shares issued and fully paid		
Balance as at 1 January 2013	307,220,210	36,578,119
Issue of new shares pursuant to exercise of warrants	1,210,384	242,077
Transfer from warrants reserve to share capital upon exercise of warrants	-	12,104
Balance as at 31 March 2013 and 30 June 2013	308,430,594	36,832,300

The Company issued 61,822,852 warrants on 6 January 2010 and the outstanding warrants expired on 4 January 2013. There were no outstanding warrants as at 30 June 2013 and 3,352,675 outstanding warrants as at 30 June 2012.

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

There have been no changes in the issued share capital of the Company since 31 March 2013.

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



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

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

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

Not applicable

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those for the audited financial statements as at 31 December 2012.



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

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

- Amendments to FRS 1 – Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after 1 July 2012)
- FRS 19 (Revised) – Employee Benefits (effective for annual periods beginning on or after 1 January 2013)
- FRS 113 (New) – Fair Value Measurements (effective for annual periods beginning on or after 1 January 2013)
- Amendments to FRS 101 First-time Adoption of Financial Reporting Standards – Government Loans (effective for annual periods beginning on or after 1 January 2013)
- Amendments to FRS 107 Disclosures – Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2013)
- FRS 27 (Revised) – Separate Financial Statements (effective for annual periods beginning on or after 1 January 2014)
- FRS 28 (Revised) – Investments in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2014)
- Amendments to FRS 32 – Financial Instruments: Offsetting of Financial Liabilities and Assets (effective for annual periods beginning on or after 1 January 2014)
- FRS 110 (New) – Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2014)
- FRS 111 (New) – Joint Arrangements (effective for annual periods beginning on or after 1 January 2014)
- FRS 112 (New) – Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2014)

The adoption of the above FRSs did not result in any substantial change to the Group's accounting policies nor any material impact on the financial statements of the Group.



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

Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial period:

	The Group			The Group		
	Second Quarter ended 30 Jun		Increase / (Decrease)	Half Year ended 30 Jun		Increase / (Decrease)
	2013	2012		2013	2012	
	\$'000	\$'000	%	\$'000	\$'000	%
Net profit attributable to equity holders of the Company (\$'000)	711	3,085	(77.0)	3,086	6,139	(49.7)
Weighted average number of ordinary shares outstanding for basic earnings per share	308,430,594	305,523,140	1.0	308,430,594	305,523,140	1.0
Basic earnings per share (cents)	0.23	1.01	(77.2)	1.00	2.01	(50.2)



Diluted earnings per share

For the purpose of calculating diluted earnings per share, the weighted average number of ordinary shares outstanding is adjusted for the effects of all dilutive potential shares. The Company had warrants as dilutive potential ordinary shares prior to 5 January 2013.

	The Group			The Group		
	Second Quarter ended 30 Jun		Increase / (Decrease)	Half Year ended 30 Jun		Increase / (Decrease)
	2013	2012		2013	2012	
	\$'000	\$'000	%	\$'000	\$'000	%
Net profit attributable to equity holders of the Company (\$'000)	711	3,085	(77.0)	3,086	6,139	(49.7)
Weighted average number of ordinary shares outstanding for basic earnings per share	308,430,594	305,523,140	1.0	308,430,594	305,523,140	1.0
Adjustment for - warrants	-	2,198,239	n.m.	-	2,198,239	n.m.
	308,430,594	307,721,379	0.2	308,430,594	307,721,379	0.2
Diluted earnings per share (cents)	0.23	1.00	(77.0)	1.00	1.99	(49.7)

n.m. – not meaningful



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

	The Group		The Company		Increase / (Decrease) %	
	As at 30 Jun 2013	As at 31 Dec 2012	As at 30 Jun 2013	As at 31 Dec 2012	The Group	The Company
Net tangible assets (\$'000)	92,933	94,348	39,322	42,989	(1.5)	(8.5)
Number of shares	308,430,594	307,220,210	308,430,594	307,220,210	0.4	0.4
NTA per share (cents)	30.13	30.71	12.75	13.99	(1.9)	(8.9)

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

Our Business

OKP Holdings Limited is a home-grown infrastructure and civil engineering company in the region. It specialises in the construction of urban and arterial roads, expressways, vehicular bridges, flyovers, airport infrastructure and oil & gas related infrastructure for petrochemical plants and oil storage terminals as well as the maintenance of roads and roads related facilities and building construction-related works. It has expanded its core business to include property development and investment. We tender for both public and private civil engineering and infrastructure construction projects.

We have two core business segments: Construction and Maintenance.



Income Statement Review (Half Year ended 30 Jun 2013 vs Half Year ended 30 Jun 2012)

	The Group					
	Current half year ended 30 Jun 2013		Previous half year ended 30 Jun 2012		Increase / (Decrease)	
	\$'000		\$'000		\$'000	%
Construction	51,465	82.9%	41,125	84.7%	10,340	25.1
Maintenance	10,629	17.1%	7,405	15.3%	3,224	43.5
Total Revenue	62,094	100.0%	48,530	100.0%	13,564	27.9

Revenue

Our Group recorded a 27.9% or \$13.6 million increase in revenue to \$62.1 million in the half year ended 30 June 2013 as compared to \$48.5 million in the half year ended 30 June 2012. The increase was due mainly to a 25.1% increase in revenue from the construction segment to \$51.5 million, coupled with a 43.5% increase in revenue from the maintenance segment to \$10.6 million.

The growth in revenue from the construction segment was largely attributable to higher percentage of revenue recognised from a few key construction projects which were in full swing in the half year ended 30 June 2013.

The increase in revenue from the maintenance segment was due mainly to higher percentage of revenue recognised from a number of both existing and newly-awarded maintenance projects as they progressed to a more active phase in the half year ended 30 June 2013.

The construction segment continues to be the major contributor to our Group's revenue. On a segmental basis, our core construction segment and maintenance segment accounted for 82.9% (2012: 84.7%) and 17.1% (2012: 15.3%) of our Group's revenue respectively for the half year ended 30 June 2013.

Cost of works

Our cost of works increased by 45.9% or \$17.3 million from \$37.5 million for the half year ended 30 June 2012 to \$54.8 million for the half year ended 30 June 2013. The increase in cost of works was disproportionately higher than the increase in revenue. The increase in cost of works was due mainly to:

- an increase in sub-contracting costs as a result of sub-contracting construction building works to third party sub-contractors;
- an increase in labour costs due to salary and levy adjustments and an increase in headcounts during the half year ended 30 June 2013; and
- additional costs incurred for some sewer-related projects which resulted from unfavourable site conditions that required additional unforeseen works for the half year ended 30 June 2013.



Gross profit and gross profit margin

Consequently, despite recording a higher revenue, our gross profit for the half year ended 30 June 2013 decreased by 33.5% or \$3.7 million from \$11.0 million for the half year ended 30 June 2012 to \$7.3 million for the half year ended 30 June 2013.

Our gross profit margin declined from 22.6% for the half year ended 30 June 2012 to 11.8% for the half year ended 30 June 2013.

Other income

Other income decreased by \$0.7 million or 55.2% from \$1.2 million for the half year ended 30 June 2012 to \$0.5 million for the half year ended 30 June 2013. The decrease was largely attributable to the write-back of trade payables of \$0.5 million in the half year ended 30 June 2012 which did not recur in the half year ended 30 June 2013. The remaining \$0.2 million decrease in other income was due mainly to the decrease in interest from bank deposits, interest earned from financial assets, government grant and equipment hiring income from the rental of equipment and machinery during the half year ended 30 June 2013.

Administrative expenses

Administrative expenses decreased by \$0.4 million or 7.4% from \$4.6 million for the half year ended 30 June 2012 to \$4.2 million for the half year ended 30 June 2013. The decrease was largely attributable to lower directors' remuneration (including profit sharing) accrued as a result of the lower profit generated by the Group for the half year ended 30 June 2013. The decrease was partially offset by an increase in depreciation charges as a result of the acquisition of new office furniture and fittings, increase in tender charges due to tenders for complex projects and increase in staff costs due to salary adjustments during the half year ended 30 June 2013.

Other expenses

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

Finance expenses

Finance expenses decreased by \$18,000 due mainly to repayment of finance leases in the half year ended 30 June 2013.

Share of loss of an associated company

The share of loss of an associated company in the half year ended 30 June 2013 was due mainly to the operating expenses incurred for the joint venture development project.

Profit before income tax

Profit before income tax decreased by \$3.9 million or 52.2% from \$7.4 million for the half year ended 30 June 2012 to \$3.5 million for the half year ended 30 June 2013. The decrease was due mainly to the decrease in gross profit of \$3.7 million and decrease in other income of \$0.7 million which were partially offset by decrease in administrative expenses of \$0.4 million, decrease in other expenses of \$0.1 million and decrease in finance expenses of \$18,000, as explained above.



Income tax expense

Income tax expense decreased by \$0.8 million or 63.7% from \$1.3 million in the half year ended 30 June 2012 to \$0.5 million in the half year ended 30 June 2013 due mainly to lower profit before income tax, as explained above.

The effective tax rates for the half year ended 30 June 2013 and half year ended 30 June 2012 were 13.2% and 17.4% respectively.

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

Non-controlling interests

Non-controlling interests related to losses incurred by a subsidiary during the half year ended 30 June 2013.

Net profit

Overall, for the half year ended 30 June 2013, net profit decreased by \$3.1 million or 49.7%, from \$6.1 million for the half year ended 30 June 2012 to \$3.0 million for the half year ended 30 June 2013, following the decrease in profit before income tax of \$3.9 million which was partially offset by the decline in income tax expense of \$0.8 million, as explained above.

Our net profit margin decreased from 12.6% for the half year ended 30 June 2012 to 5.0% for the half year ended 30 June 2013.



Income Statement Review (Second Quarter ended 30 Jun 2013 vs Second Quarter ended 30 Jun 2012)

	The Group					
	Current second quarter ended 30 Jun 2013		Previous second quarter ended 30 Jun 2012		Increase / (Decrease)	
	\$'000		\$'000		\$'000	%
Construction	24,646	82.0%	20,410	86.6%	4,236	20.8
Maintenance	5,410	18.0%	3,166	13.4%	2,244	70.9
Total Revenue	30,056	100.0%	23,576	100.0%	6,480	27.5

Revenue

Our Group registered a growth in revenue in the second quarter ended 30 June 2013. Our Group's revenue increased by 27.5% or \$6.5 million to \$30.1 million in the second quarter ended 30 June 2013 as compared to \$23.6 million in the second quarter ended 30 June 2012.

The growth in revenue from both segments was due mainly to higher percentage of revenue recognised from a few key construction and maintenance projects which were in full swing in the second quarter ended 30 June 2013.

Cost of works

Our cost of works increased by 54.7% or \$9.8 million from \$17.8 million for the second quarter ended 30 June 2012 to \$27.6 million for the second quarter ended 30 June 2013. For the second quarter ended 30 June 2013, the increase in cost of works was disproportionately higher than the increase in revenue. The increase in cost of works was due mainly to:

- an increase in sub-contracting costs as a result of sub-contracting construction building works to third party sub-contractors;
- an increase in labour costs due to salary and levy adjustments and an increase in headcounts; and
- additional costs incurred for some sewer-related projects which resulted from unfavourable site conditions that required additional unforeseen works during the second quarter ended 30 June 2013.

Gross profit and gross profit margin

Despite recording a higher revenue, our gross profit for the second quarter ended 30 June 2013 decreased by \$3.3 million or 57.1% from \$5.7 million for the second quarter ended 30 June 2012 to \$2.4 million for the second quarter ended 30 June 2013.

Our gross profit margin dropped from 24.3% in the second quarter ended 30 June 2012 to 8.2% in the second quarter ended 30 June 2013.



Other income

Other income decreased by \$0.2 million or 46.7% in the second quarter ended 30 June 2013. The decrease was due mainly to the decrease in interest from bank deposits, interest earned from financial assets, government grant and equipment hiring income from the rental of equipment and machinery during the second quarter ended 30 June 2013.

Administrative expenses

Administrative expenses decreased by \$0.5 million or 21.8% from \$2.4 million for the second quarter ended 30 June 2012 to \$1.9 million for the second quarter ended 30 June 2013. The decrease was largely attributable to lower directors' remuneration (including profit sharing) accrued as a result of the lower profit generated by the Group for the second quarter ended 30 June 2013.

Other expenses

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

Finance expenses

Finance expenses decreased marginally by \$9,000 due to repayment of finance leases in the second quarter ended 30 June 2013.

Share of loss of an associated company

The share of loss of an associated company in the second quarter ended 30 June 2013 was due mainly to the operating expenses incurred for the joint venture development project.

Profit before income tax

Profit before income tax decreased by \$3.0 million or 78.4% from \$3.8 million in the second quarter ended 30 June 2012 to \$0.8 million in the second quarter ended 30 June 2013. The decrease was due mainly to a decrease in gross profit of \$3.3 million and decrease in other income of \$0.2 million which were partially offset by a decrease in administrative expenses of \$0.5 million, decrease in other expenses of \$16,000 and decrease in finance expenses of \$9,000, as explained above.

Income tax expense

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

The effective tax rates for the second quarter ended 30 June 2013 and second quarter ended 30 June 2012 were 13.3% and 18.7% respectively.

The effective tax rate for the second quarter ended 30 June 2013 was lower than the statutory tax rate of 17.0% due mainly to higher tax deduction under the Productivity and Innovation Credit scheme in the second quarter ended 30 June 2013.

Non-controlling interests

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



Net profit

Overall, for the second quarter ended 30 June 2013, net profit decreased by \$2.4 million or 76.9% to \$0.7 million as compared to \$3.1 million for the second quarter ended 30 June 2012, following the decrease in profit before income tax of \$3.0 million which was partially offset by the drop in income tax expense of \$0.6 million, as explained above.

Our net profit margin decreased from 13.1% for the second quarter ended 30 June 2012 to 2.4% for the second quarter ended 30 June 2013.

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

There is no material deviation in the actual results for the second quarter ended 30 June 2013 from what was previously discussed under paragraph 10 of the Company's financial statements for the first quarter ended 31 March 2013.

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

Economic and industry outlook

According to advanced estimates released by the Ministry of Trade and Industry on 12 July 2013, the Singapore economy grew by 3.7% on a year-on-year basis during the second quarter ended 30 June 2013, compared to 0.2% in the preceding quarter. The construction sector grew by 5.6% on a year-on-year basis, compared to 6.8% in the preceding quarter. As we have observed that the growth of the Singapore construction industry is generally linked to Singapore's economic growth, we believe that the outlook for the construction industry will remain positive but competitive for the next twelve months.

Company outlook and order book update

In 2013, despite stiffer competition, we have to date successfully tendered for and been awarded a total of 5 new contracts totalling approximately \$52.2 million from the Public Utilities Board. The contracts include (i) dredging of Sungei Api Api worth \$6.7 million, (ii) improvement to roadside drains at Joo Chiat areas worth \$10.2 million, (iii) improvement to roadside drains at Lucky Heights Estate (Eastern Sector) worth \$15.0 million, (iv) improvement works to Stamford Canal (from Napier Road to Marina Reservoir) worth \$6.7 million and (v) improvement to roadside drains at Geylang areas worth \$13.6 million.

As at the date of this announcement, our order book based on secured contracts stands at approximately \$428.8 million (30 June 2012: \$341.6 million), with some projects completing in 2015.

Going forward, we will continue to focus on our traditional core business of construction and maintenance activities as we have built up our expertise and distinctive track records in these areas over the past 47 years. Backed by a sturdy track record in public sector works, ability to manage resources, strong client relationships as well as an experienced, committed and hands-on management at helm, we shall strive to further augment our performance and reputation in this sector.

We will continue to prospect actively for new projects that yield reasonable returns, adopting stringent cost control measures, investing in productivity improvement measures, increasing the use of automation and improved technologies, and improving the efficiency of our construction process so as to stay competitive.

In order to generate greater profitability and raise our corporate profile within the construction industry, we intend to participate in tenders for larger and more complex civil engineering projects by leveraging on our experience and financial strength. Apart from public sector works, we continue to seek opportunities to extend our civil engineering capabilities in the oil and gas sector.



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 second quarter ended 30 June 2013.

13. Interested person transactions disclosure

There was no interested person transaction, as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited, entered into by the Group or by the Company during the second quarter ended 30 June 2013.

The Company does not have a general mandate from shareholders for interested person transactions.



14. Use of proceeds as at 30 June 2013

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

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

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

The unutilised proceeds are deposited with a bank pending deployment.

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

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

BY ORDER OF THE BOARD

Or Toh Wat
Group Managing Director
29 July 2013