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OKP Holdings Limited posts 52% higher net profit of S$14.4 million on record revenue of S$130.0 million for financial year ended 31 December 2009

"We remain optimistic about the Group's long-term business outlook. With our solid financial footing, positive business prospects, established track record and sturdy fundamentals, we believe we are well-positioned for fresh challenges in the year ahead," says Group Managing Director, Mr Or Toh Wat

GROUP'S FINANCIAL HIGHLIGHTS						
S$' million	**Q4 FY2009**	**Q4 FY2008**	**Change**	**12-MONTH FY2009**	**12-MONTH FY2008**	**Change**
Revenue	33.4	27.6	▲21%	130.0	101.8	▲28%
Gross Profit	7.6	8.5	▼11%	23.4	21.3	▲10%
Profit Before Tax	4.2	4.0	▲8%	17.1	12.2	▲40%
Profit after Tax & Minority Interest	3.6	3.0	▲20%	14.4	9.5	▲52%
Gross Profit Margin	22.8%	31.0%	-	18.0%	20.9%	-
Basic Earnings per share (EPS)	1.52 cts	1.34 cts	▲13%	6.06 cts	4.21 cts	▲44%
Net Tangible Assets Value per share	-	-	-	23.14 cts	25.64 cts	▼10%
Gross Order Book: S$266.6 million as at 25 February 2010 based on secured contracts						

SINGAPORE, 25 February 2010 – MAINBOARD-LISTED infrastructure and civil engineering company **OKP Holdings Limited (OKP or the Group)** today announced financial results for its full financial year ended 31 December 2009, registering a net profit after tax and minority interest of S$14.4 million, up by 52% from the S$9.5 million it made in the preceding year. This came on the back of a record revenue of S$130.0 million, an increase of 28% from S$101.8 million in financial year ended 31 December 2008.

Profit before income tax was S$17.1 million, up 40% from the S$12.2 million it recorded previously. This was due mainly to an increase in gross profit of S$2.1 million and other income of S$0.6 million coupled with a fall in administrative expenses of S$2.0 million, other expenses of S$0.2 million and finance costs of S$0.01 million.

The Group's overall performance was largely driven by its construction segment which continued to account for the lion's share, or 76%, of total revenue. The segment saw revenue of S$98.2 million, up 39% from S$70.9 million it achieved previously. This was attributable to the higher percentage of revenue recognised from a few construction projects which were in full swing as well as revenue from some new projects secured during fiscal 2009. Revenue from the Group's maintenance segment remained relatively stable at S$31.8 million, up 3% against the S$30.9 million it earned in the year before.

OKP is a leading home-grown infrastructure and civil engineering company in the region specialising 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. The Company is also engaged in maintenance works for roads and roads-related facilities as well as building construction-related works.

The Board of Directors has proposed a one-tier tax exempt first and final dividend of 2.0 cents per share and special dividend of 1.0 cent per share payable on 27 May 2010 to shareholders. This works out to a dividend yield of 6.1% based on today's closing share price of 49.0 cents and dividend payout ratio of 49.5%

Group Managing Director, Mr Or Toh Wat, expressed pleasure with the progress that the Group made during fiscal 2009.

He said: “We achieved a set of creditable results for fiscal 2009, driven by strong organic growth in our core business. Our results reflect the benefits of a keen focus on maintaining strong client relationships, coupled with our attentiveness to a high quality of service delivery underpinned by our technical strength in civil engineering and infrastructure construction.

“They also reflect a commitment to operational discipline which enables us to ramp up quickly to meet any surge in demand, while maintaining healthy operating margins and high quality of service," he added.

He continued: “While the global economy continues to be uncertain, early signs of turning around in some economies are already evident. We continue to work diligently to bring the Group to the next level of growth, focusing always on growing long-term shareholder value. “

The Group reported a gross profit margin of 18.0% compared to 20.9% in the previous year due primarily to the relatively higher costs accrued during the initial stages of a few new projects that started in FY2009.

Earnings per share for the year rose to 6.06 cents, from 4.21 cents, in the previous year.

Strong financials

The Group’s financials remain in strong shape. Its assets totalled S$122.3 million and net tangible assets were S$57.2 million giving a net tangible asset per share of 23.14 cents per share, compared with 25.64 cents per share as at 31 December 2008.

The Group's attention to judicious working capital management resulted in a higher cash and bank balances as at 31 December 2009. Its operating cash flow remained positive. For the 12 months to 31 December 2009, OKP generated a healthy net cash flow of S$44.6 million from its operating activities, up from S$15.8 million it earned in the preceding year, with cash and cash equivalents of S$72.2 million against S$29.9 million it recorded previously, a steep rise of 141%. This worked out to cash of 29.2 cents per share as at 31 December 2009 compared with 20.0 cents per share as at 31 December 2008.

OKP ended financial year ended 31 December 2009 with shareholders' fund of $59.5 million, no long-term bank debt and working capital of $44.6 million. Shareholders' equity rose by 46% or S$18.8 million in FY2009, mainly due to profit generated from operations of $11.5 million, increase in share capital of S$6.7 million resulting from the issuance of new shares, and warrants reserve of S$0.6 million relating to the rights issue exercise. The Group's market capitalisation stood at S$121.2 million, based on the closing price of S$0.49 as at 25 February 2010.

Said Mr Or: "We remain optimistic about the Group's long-term business outlook. With our solid financial footing, positive business prospects, established track record and sturdy fundamentals, we believe we are well-positioned for fresh challenges in the year ahead."

Positive outlook in near term

Citing government statistics Mr Or said Singapore's GDP growth forecast for 2010 at 3% to 5% augurs well for the construction sector. Indeed, the Building and Construction Authority's (BCA) construction demand forecast for 2010 of between $21 billion and $27 billion includes a strong pipeline of committed public sector projects. The public sector is expected to continue to drive construction demand and account for 65% of total demand of between $14.0 billion and $17.9 billion, led mainly by building construction demand and strong civil engineering projects from the Land Transport Authority (LTA) such as the MRT and related projects. These factors, said Mr Or, appeared to confirm his positive outlook for the sector in the next 12 months.

Said Mr Or: “Our excellent track record and leading position in public sector work put us in a good position to benefit from this strong pipeline of large government infrastructure projects. Public sector projects will continue to be the mainstay of our earnings base in fiscal 2010, although we will continue to tender for both public and private civil engineering projects to strengthen our construction order book.”

The Group remains committed to strengthening its presence in the Oil & Gas sector, continually honing its knowledge and maintaining strong ties with clients and industry players in the sector. At the same time, the Group is actively exploring opportunities for new businesses and suitable investments to grow the business.

The Group has a healthy construction gross order book which stands at S$266.6 million based on secured contracts as at 25 February 2010, with projects lasting up to financial year ending 31 December 2011.

OKP’s myriad of public sector projects including the Public Utilities Board’s drainage improvement works, the Land Transport Authority’s project to widen the Central Expressway from Pan Island Expressway to Braddell Interchange, the Urban Redevelopment Authority’s project for environmental improvement works at Siglap Village, Upper Serangoon Road and Kampong Sireh, and the National Parks Board’s contract to construct three park connectors as well as the project from Foster Wheeler Asia Pacific Pte Ltd and WorleyParsons Pte Ltd to carry out civil works on Jurong Island will keep OKP busy with progressive completion and delivery dates from now until 2011.

Strategy priorities

Commenting on OKP's strategy to drive the Group to new levels of growth in a volatile and challenging environment, Mr Or said that the priorities for FY2010 will continue to be as follows:

• Focusing on core competencies: civil engineering projects will continue to feature prominently as this is OKP's area of expertise where it has built up a distinctive track record over the years.

• Growing presence in Oil & Gas: OKP will actively foray into the Oil & Gas sector.

• Exploring overseas opportunities: While keeping a firm grip on the local market, it will continually look for opportunities to grow its business overseas.

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About OKP Holdings Limited (www.okph.com)

OKP Holdings Limited (OKP) is a leading home-grown infrastructure and civil engineering company in the region, specialising in the construction of airport runways and taxiways, expressways, flyovers, vehicular bridges, urban and arterial roads, airport infrastructure and oil & gas related infrastructure for petrochemical plants and oil storage terminals. Established in 1966 by Founder and Chairman, Mr Or Kim Peow, OKP has two core business segments, Construction and Maintenance. The Group tenders for both public and private civil engineering and infrastructure construction projects.

The Group's client base includes public sector agencies such as Civil Aviation Authority of Singapore, Housing & Development Board, JTC Corporation, Land Transport Authority, National Parks Board, Public Utilities Board and Urban Redevelopment Authority as well as private sector organisations like Foster Wheeler Asia Pacific Pte Ltd and WorleyParsons Pte Ltd and Far East Organisation. OKP had been listed on the Singapore Exchange Dealing and Automated Quotation System (SESDAQ), now renamed CATALIST, on 26 July 2002. Its listing was upgraded from the SGX Catalist to the SGX Mainboard with effect from 25 July 2008.

Since 2006, the Group has forged a presence in the Oil & Gas sector. It has since completed a project relating to the $750 million Universal Terminal, a massive petroleum storage facility on Jurong Island, Singapore's oil refining and petrochemical hub, and has gone on to secure a number of other projects, including civil works relating to ExxonMobil's multi-billion dollar petrochemical project, known as the Singapore Parallel Train Project.

OKP has won a number of awards for its annual reports and its excellence in Investor Relations. At the Singapore Corporate Awards 2009, it bagged two awards – Best Investor Relations Award (Gold) and Best Annual Report Award (Silver). At the Singapore Corporate Awards 2008, OKP was the Silver winner for Best Investor Relations Award. It also won the second runner-up position at the 30th Annual Report Awards in 2004 and Best Annual Report Award (Gold) at the Inaugural Singapore Corporate Awards in 2006 for excellent standards of corporate disclosure.

On 17 February 2009, a Certificate of Achievement was awarded to OKP in recognition of the Company's achievement in entering the 22nd "Singapore 1000 & SME 500" rankings. The certificate was awarded by DP Information Group, the Publisher and Ranking Body, and its partners comprising Ernst & Young, SPRING Singapore, IE Singapore and The Business Times.

Wholly-owned subsidiary, Eng Lam Contractors Co (Pte) Ltd, was upgraded to an A2 grade civil engineering contractor under the BCA Contractors' Registry System in August 2009 allowing it to tender for public sector construction projects with contract values of up to $85 million each. In 2008, another subsidiary, Or Kim Peow Contractors (Pte) Ltd was upgraded to an A1 grade civil engineering contractor, which allows it to tender for public sector construction projects of unlimited value.

Issued on behalf of OKP Holdings Limited by: Waterbrooks Consultants Pte Ltd

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