



**Third Quarter and
Nine Months Financial
Statement for the Period
Ended 30 September 2014**

27 October 2014

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Third Quarter and Nine Months Financial Statement for the Period Ended 30 September 2014
PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS
1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year

	The Group			The Group		
	Third Quarter ended 30 Sep		Increase/ (Decrease)	Nine Months ended 30 Sep		Increase/ (Decrease)
	2014	2013 (Restated)*		2014	2013 (Restated)*	
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	26,158	25,954	0.8	83,822	77,420	8.3
Cost of works	(24,033)	(24,256)	(0.9)	(76,736)	(69,115)	11.0
Gross profit	2,125	1,698	25.1	7,086	8,305	(14.7)
Other income	328	369	(11.1)	1,004	906	10.8
Expenses						
- Administrative	(2,079)	(1,962)	6.0	(6,336)	(6,199)	2.2
- Finance	(13)	(12)	8.3	(40)	(45)	(11.1)
Share of (loss)/profit of investments accounted for using the equity method	(23)	246	(109.3)	87	837	(89.6)
Profit before income tax	338	339	(0.3)	1,801	3,804	(52.7)
Income tax expense	(58)	(52)	11.5	(111)	(432)	(74.3)
Net profit	280	287	(2.4)	1,690	3,372	(49.9)
Gross profit margin	8.1%	6.5%		8.5%	10.7%	
Net profit margin	1.1%	1.1%		2.0%	4.4%	
Effective tax rate	17.1%	15.3%		6.2%	11.4%	
Net profit attributable to:						
Equity holders of the Company	281	288	(2.4)	1,692	3,374	(49.9)
Non-controlling interests	(1)	(1)	-	(2)	(2)	-
	280	287	(2.4)	1,690	3,372	(49.9)

(*) – Certain comparative figures have been restated due to the adoption of FRS111 (new) – “Joint Arrangements”. Please refer to paragraph 5 of this announcement for details.

n.m. : not meaningful.



(i) Consolidated Statement of comprehensive income for the third quarter and nine months ended 30 September 2014

Note	The Group			The Group		
	Third Quarter ended 30 Sep		Increase/ (Decrease)	Nine Months ended 30 Sep		Increase/ (Decrease)
	2014	2013		2014	2013	
	\$'000	\$'000	%	\$'000	\$'000	%
Net profit	280	287	(2.4)	1,690	3,372	(49.9)
Other comprehensive income:						
Financial assets, available-for-sale						
- Fair value (loss) /gains, net of tax	(26)	10	(360.0)	23	(116)	119.8
- Reclassification	-	-	-	(44)	(26)	69.2
Total comprehensive income	254	297	(14.5)	1,669	3,230	(48.3)
Total comprehensive income attributable to:						
Equity holders of the Company	255	298	(14.4)	1,671	3,232	(48.3)
Non-controlling interests	(1)	(1)	-	(2)	(2)	-
	254	297	(14.5)	1,669	3,230	(48.3)

Note:

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



(ii) Additional disclosures

Profit before income tax was arrived at:

Note	The Group			The Group		
	Third Quarter ended 30 Sep		Increase/ (Decrease)	Nine Months ended 30 Sep		Increase/ (Decrease)
	2014	2013 (Restated)*		2014	2013 (Restated)*	
	\$'000	\$'000	%	\$'000	\$'000	%
<u>After charging:-</u>						
	7	7	-	23	16	43.8
Non-audit fee paid to the auditors of the Company						
	2	2	-	6	6	-
Amortisation of intangible asset						
	155	162	(4.3)	473	481	(1.7)
Depreciation of property, plant and equipment						
Directors' remuneration						
- Directors of the Company	659	653	0.9	1,977	2,180	(9.3)
- Other Directors	107	110	(2.7)	320	328	(2.4)
Directors' fee						
	45	45	-	135	135	-
Interest paid and payable						
- Finance lease liabilities	13	12	8.3	40	45	(11.1)
(Gain)/loss on foreign exchange	(39)	20	(295.0)	(14)	(69)	(79.7)
Currency translation differences arise from debt securities investment	-	5	n.m.	-	(21)	n.m.
Employees compensation cost	500	528	(5.3)	1,715	1,604	6.9

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.

(*) – Certain comparative figures have been restated due to the adoption of FRS111 (new) – “Joint Arrangements”. Please refer to paragraph 5 of this announcement for details.

n.m. – not meaningful.



	The Group			The Group		
	Third Quarter ended 30 Sep		Increase/ (Decrease)	Nine Months ended 30 Sep		Increase/ (Decrease)
	2014	2013 (Restated)*		2014	2013 (Restated)*	
	\$'000	\$'000	%	\$'000	\$'000	%
<u>After crediting:-</u>						
Interest income						
- Bank deposits	22	33	(33.3)	90	110	(18.2)
- Financial asset, held-to-maturity	7	5	40.0	18	27	(33.3)
- Financial asset, available for-sale	13	27	(51.9)	46	85	(45.9)
- Other receivables (non-current)	121	116	4.3	363	342	6.1
Net gain/(loss) on disposal of property, plant and equipment	12	(2)	700.0	131	23	469.6
Financial assets, available-for-sale						
- Profit/(loss) on disposal	28	-	n.m.	28	(20)	240.0
- Reclassification from other comprehensive income upon disposal	-	-	-	51	26	96.2
Rental income from investment properties	45	13	246.2	70	38	84.2
Government grant	24	19	26.3	128	63	103.2
<u>Included in the cost of works are the following:-</u>						
Depreciation of property, plant and equipment	581	646	(10.1)	1,651	1,776	(7.0)
Amortisation of intangible assets	16	16	-	47	47	-
Employees compensation cost	6,368	6,597	(3.5)	19,095	18,017	6.0

(*) – Certain comparative figures have been restated due to the adoption of FRS111 (new) – “Joint Arrangements”. Please refer to paragraph 5 of this announcement for details.

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 Sep 2014	30 Sep 2013 (Restated)*
\$'000	\$'000

Tax expense attributable to profit is made up of:

- Profit from current financial period:

- Current income tax - Singapore
- Deferred income tax

157	307
93	127
250	434

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

- Current income tax - Singapore
- Deferred income tax

(48)	(2)
(91)	-
(139)	(2)
111	432

(*) – Certain comparative figures have been restated due to the adoption of FRS111 (new) – “Joint Arrangements”. Please refer to paragraph 5 of this announcement for details.



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

Statements of Financial Position

Note	The Group		The Company	
	30 Sep 2014	31 Dec 2013 (Restated)*	30 Sep 2014	31 Dec 2013
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Current assets				
	37,629	37,577	2,868	2,780
i	30,974	31,934	2,816	3,975
	3,010	5,541	-	-
	71,613	75,052	5,684	6,755
Non-current assets				
ii	-	-	17,522	17,522
iii	3,301	3,118	-	-
iv	102	95	-	-
v	5,020	5,020	-	-
vi	29,034	28,054	17,406	17,145
vii	-	500	-	-
viii	986	1,713	-	-
	18,864	19,121	5,910	6,149
ix	1,846	1,899	19	23
	59,153	59,520	40,857	40,839
Total assets	130,766	134,572	46,541	47,594
LIABILITIES				
Current liabilities				
x	29,652	33,667	6,236	6,828
	739	738	-	-
	256	470	16	20
	30,647	34,875	6,252	6,848
Non-current liabilities				
	1,687	2,004	-	-
	985	990	88	90
	2,672	2,994	88	90
Total liabilities	33,319	37,869	6,340	6,938
NET ASSETS	97,447	96,703	40,201	40,656
EQUITY				
Capital and reserves attributable to equity holders of the Company				
	36,832	36,832	36,832	36,832
xi	1,344	1,365	-	-
	59,221	58,454	3,369	3,824
	97,397	96,651	40,201	40,656
Non-controlling interests	50	52	-	-
Total equity	97,447	96,703	40,201	40,656
Net tangible assets	95,550	94,752	40,182	40,633

(*) – Certain comparative figures have been restated due to the adoption of FRS111 (new) – “Joint Arrangements”. Please refer to paragraph 5 of this announcement for details.



Notes to Statements of Financial Position:

(i) Trade and other receivables

	The Group		The Company	
	30 Sep 2014	31 Dec 2013 (Restated)*	30 Sep 2014	31 Dec 2013
	\$'000	\$'000	\$'000	\$'000
Trade receivables				
- Non-related parties	5,960	6,779	-	-
- Subsidiaries	-	-	2,726	3,915
	5,960	6,779	2,726	3,915
Construction contracts				
- Due from customers	17,892	18,888	-	-
- Retentions	5,218	4,528	-	-
	23,110	23,416	-	-
Non-trade receivables				
- Subsidiaries	-	-	716	716
- Joint venture partners	3	3	-	-
- Non-related parties	2,004	1,997	4	5
	2,007	2,000	720	721
Less: Allowance for impairment of receivables	(1,474)	(1,474)	(688)	(688)
Non-trade receivables - net	533	526	32	33
Deposits	726	565	11	7
Prepayments	645	648	47	20
	<u>30,974</u>	<u>31,934</u>	<u>2,816</u>	<u>3,975</u>

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

(*) – Certain comparative figures have been restated due to the adoption of FRS111 (new) – “Joint Arrangements”. Please refer to paragraph 5 of this announcement for details.

(ii) Investments in subsidiaries

	The Company	
	30 Sep 2014	31 Dec 2013
	\$'000	\$'000
Equity investments at cost	17,522	15,774
Notional fair value of loan to a subsidiary	-	1,748
Total cost of investment	<u>17,522</u>	<u>17,522</u>



Name of subsidiaries	Principal activities	Country of incorporation	Equity holding	
			30 Sep 2014	31 Dec 2013

Held by the Company

Or Kim Peow Contractors (Pte) Ltd ^(@)	Business of road and building construction and maintenance	Singapore	100%	100%
Eng Lam Contractors Co. (Pte) Ltd ^(@)	Business of road construction and maintenance	Singapore	100%	100%
OKP Technical Management Pte Ltd ^{(@)(*)}	Provision of technical management and consultancy services	Singapore	100%	100%
OKP Investments (China) Pte Ltd ^{(@)(*)}	Investment holding	Singapore	100%	100%
OKP (Oil & Gas) Infrastructure Pte Ltd ^{(@)(*)}	Business of carrying out civil engineering projects in respect of oil, petrochemical and gas related businesses in Singapore	Singapore	100%	100%
United Pavement Specialists Pte Ltd ^{(@)(*)}	Provision of rental services and investment holding	Singapore	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 Group	
30 Sep 2014	31 Dec 2013 (Restated)*
\$'000	\$'000

Equity investment at cost

Beginning of financial period/year	3,118	1,263
Incorporation of a joint venture	-	100
Share of profit of investments accounted for using the equity method	280	1,072
Notional fair value of loan, representing additional capital contribution	(97)	683
End of financial period/year	3,301	3,118

Name of joint ventures	Principal activities	Country of incorporation	Equity holding	
			30 Sep 2014	31 Dec 2013

Held by the subsidiaries

CS-OKP Construction and Development Pte Ltd ^{(@)(1)}	Design, construction and execution of urban developments (including road infrastructure)	Singapore	50%	50%
Forte Builder Pte Ltd ^{(#)(2)}	Business of general construction	Singapore	50%	50%
Lakehomes Pte Ltd ^{(^)(3)}	Property development	Singapore	10%	10%

(@) Audited by Heng Lee Seng LLP.

(#) Audited by Nexia TS Public Accounting Corporation.

(^) Audited by Ernst & Young LLP.

(1) CS-OKP Construction and Development Pte Ltd ("CS-OKP"), incorporated in Singapore on 1 December 2009, remained inactive as at 30 September 2014. CS-OKP is a joint venture company of OKP Technical Management Pte Ltd ("OKPTM"), a wholly-owned subsidiary, and CS Mining Pte Ltd, a subsidiary of China Sonangol International Limited, with a share capital of \$100,000 consisting of 100 ordinary shares. OKPTM has a 50% equity interest at a cost of \$50,000 (2013: \$50,000) in CS-OKP.

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

(3) On 15 August 2013, an associated company, Lakehomes Pte Ltd ("LH") was incorporated in Singapore with a share capital of \$1,000,000 consisting of 1,000,000 ordinary shares. OKPL has a 10% equity interest at a cost of \$100,000 in LH. The principal activity of LH is to develop a land parcel into an executive condominium at Yuan Ching Road/Tao Ching Road. On 13 September 2013, OKPL entered into a joint venture agreement with BBR Development Pte Ltd, Evia Real Estate (5) Pte Ltd, CNH Investment Pte Ltd and Ho Lee Group Pte Ltd for the aforesaid executive condominium development.

(*) Certain comparative figures have been restated due to the adoption of FRS111 (new) – "Joint Arrangements". Please refer to paragraph 5 of this announcement for details.



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

The Group		
	30 Sep 2014	31 Dec 2013
	\$'000	\$'000
Assets		
- Current assets	342,093	318,185
Liabilities		
- Current liabilities	(16,783)	(10,890)
- Non-current liabilities	(312,837)	(295,644)
Net assets	<u>12,473</u>	<u>11,651</u>
Revenue	10,291	42,558
Expenses	(9,725)	(41,311)
Profit before income tax	<u>566</u>	<u>1,247</u>
Income tax expense	(84)	(379)
Net profit	<u>482</u>	<u>868</u>

The information above reflects the amounts included in the financial statements of the joint ventures, adjusted to reflect adjustments made by the Group when applying the equity method of accounting.

The Group has not recognised its share of losses of a joint venture amounting to \$7,681 (2013: \$47,653) because the Group's cumulative share of losses exceeds its interest in that entity and the Group has no obligation in respect of those losses. The cumulative unrecognised losses with respect to that entity amount to \$55,334 (2013: \$47,653) at the balance sheet date.

(iv) Investments in associated companies

The Group		
	30 Sep 2014	31 Dec 2013 (Restated)*
	\$'000	\$'000
Equity investment at cost		
Beginning of financial period/year	95	101
Incorporation of an associated company	200	-
Share of losses	(193)	(6)
End of financial period/year	<u>102</u>	<u>95</u>

(*) Certain comparative figures have been restated due to the adoption of FRS111 (new) – "Joint Arrangements". Please refer to paragraph 5 of this announcement for details.



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

The Group		
	30 Sep 2014	31 Dec 2013
	\$'000	\$'000
Assets	222,275	199,319
Liabilities	(222,193)	(198,374)
Revenue	-	-
Net loss	(1,617)	(54)

The Group has not recognised its share of losses of an associated company amounting to \$10,404 (2013: \$-) because the Group's cumulative share of losses exceeds its interest in that entity and the Group has no obligation in respect of those losses. The cumulative unrecognised losses with respect to that entity amount to \$10,404 (2013: \$-) at the balance sheet date.

Name of associated companies	Principal activities	Country of incorporation	Equity holding	
			30 Sep 2014	31 Dec 2013
CS Amber Development Pte Ltd ^{(@)(1)}	Property development	Singapore	10%	10%
United Singapore Builders Pte Ltd ^{(#)(2)}	General contractors	Singapore	20%	-

Held by a subsidiary

CS Amber Development Pte Ltd ^{(@)(1)}	Property development	Singapore	10%	10%
United Singapore Builders Pte Ltd ^{(#)(2)}	General contractors	Singapore	20%	-

(@) Audited by PricewaterhouseCoopers LLP.

(#) Audited by Nexia TS Public Accounting Corporation

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

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

(2) On 8 January 2014, Or Kim Peow Contractors (Pte) Ltd ("OKPC"), a wholly-owned subsidiary, entered into a shareholders' agreement with Chye Joo Construction Pte Ltd, Ho Lee Construction Pte Ltd, Hwa Seng Builder Pte Ltd, Swee Hong Limited and United Singapore Builders Pte Ltd ("USB") to tender for and, if successful, undertake Mass Rapid Transit projects, including the construction of related infrastructure such as stations, tunnels and depots. OKPC has a 20% equity interest at a cost of \$200,000 in USB.



(v) Investment properties

The Group	The Group
30 Sep 2014	31 Dec 2013
\$'000	\$'000

Beginning of financial period/year	5,020	4,830
Fair value gain recognised in profit and loss	-	190
End of financial period/year	<u>5,020</u>	<u>5,020</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 Sep 2014	31 Dec 2013	30 Sep 2014	31 Dec 2013
	\$'000	\$'000	\$'000	\$'000
Loan to an associated company				
- CS Amber Development Pte Ltd	19,479	19,115	-	-
Loan to a joint venture				
- Lakehomes Pte Ltd	9,555	8,939	-	-
Loan to a subsidiary	-	-	17,406	17,145
	<u>29,034</u>	<u>28,054</u>	<u>17,406</u>	<u>17,145</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 loans made to a joint venture and a subsidiary are unsecured and interest-free advances for the purpose of operating and development activities in their respective fields. The loans are not expected to be repaid within the next 12 months.



(vii) Financial assets, held-to-maturity (non-current)

The Group	
30 Sep 2014	31 Dec 2013
\$'000	\$'000

Beginning/end of financial period/year

- 500

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

Unlisted debt securities

- Bonds with fixed interest of 4.30% p.a. and maturity date on 9 November 2016 - Singapore

- 500

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

The Group	
30 Sep 2014	31 Dec 2013
\$'000	\$'000

Bonds with fixed interest of 4.30% p.a. and maturity date on 9 November 2016

- 523

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 Sep 2014	31 Dec 2013
\$'000	\$'000

Beginning of financial period/year	1,713	2,756
Currency translation differences	-	26
Fair value gains/(losses) recognised in other comprehensive income	23	(69)
Disposal	(750)	(1,000)
End of financial period/year	986	1,713

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

Unlisted debt securities

- Bonds with fixed interest of 7.875% p.a. without fixed maturity	-	750
- Bonds with fixed interest of 5.125% p.a. without fixed maturity	986	963
	986	1,713

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 Sep 2014	31 Dec 2013	30 Sep 2014	31 Dec 2013
\$'000	\$'000	\$'000	\$'000

Composition:

Goodwill arising on consolidation	1,688	1,688	-	-
Computer software licences	158	211	19	23
	<u>1,846</u>	<u>1,899</u>	<u>19</u>	<u>23</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/end of financial period/year	<u>353</u>	<u>353</u>	<u>39</u>	<u>39</u>
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Accumulated amortisation

Beginning of financial period/year	142	71	16	8
Amortisation charge	53	71	4	8
End of financial period/year	<u>195</u>	<u>142</u>	<u>20</u>	<u>16</u>
Net book value	<u>158</u>	<u>211</u>	<u>19</u>	<u>23</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 Sep 2014	31 Dec 2013 (Restated)*	30 Sep 2014	31 Dec 2013
	\$'000	\$'000	\$'000	\$'000
Trade payables				
- Non-related parties	18,825	23,566	68	61
Non-trade payables				
- Subsidiaries	-	-	5,349	5,569
- Non-controlling shareholder of a subsidiary	450	450	-	-
- Joint venture partners	50	50	-	-
	500	500	5,349	5,569
Construction contracts				
- Advances received	1,449	-	-	-
Accrued operating expenses	8,778	9,432	819	1,198
Other payables	100	169	-	-
	<u>29,652</u>	<u>33,667</u>	<u>6,236</u>	<u>6,828</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.

(*) – Certain comparative figures have been restated due to the adoption of FRS111 (new) – “Joint Arrangements”. Please refer to paragraph 5 of this announcement for details.



(xi) Other reserves

	The Group		The Company	
	30 Sep 2014	31 Dec 2013	30 Sep 2014	31 Dec 2013
	\$'000	\$'000	\$'000	\$'000
(a) Composition:				
Warrant reserve	-	-	-	-
Fair value reserve	(28)	(7)	-	-
Asset revaluation reserve	1,372	1,372	-	-
	<u>1,344</u>	<u>1,365</u>	<u>-</u>	<u>-</u>
(b) Movements:				
Warrant reserve				
Beginning of financial period/year	-	19	-	19
Warrants exercised	-	(12)	-	(12)
Warrants expired	-	(7)	-	(7)
End of financial period/year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fair value reserve				
Beginning of financial period/year	(7)	88	-	-
Financial asset, available-for-sale -Fair value gains/(losses)	23	(69)	-	-
Reclassification to profit or loss	(51)	(26)	-	-
Tax on reclassification	7	-	-	-
	<u>(44)</u>	<u>(26)</u>	<u>-</u>	<u>-</u>
End of financial period/year	<u>(28)</u>	<u>(7)</u>	<u>-</u>	<u>-</u>
Asset revaluation reserve				
Beginning and end of financial period/year	1,372	1,372	-	-

Other reserves are non-distributable.



Explanatory Notes:

(i) Current assets

Current assets decreased by \$3.5 million, from \$75.1 million as at 31 December 2013 to \$71.6 million as at 30 September 2014. The decrease was attributable to:

- (a) a decrease in trade and other receivables of approximately \$1.0 million due to settlement of billings by some customers as at 30 September 2014, and
- (b) a decrease in construction contract work-in-progress of approximately \$2.5 million due mainly to lower unbilled amounts expected to be collected from customers for contract work performed up till 30 September 2014 as compared to 31 December 2013.

(ii) Non-current assets

Non-current assets decreased by \$0.3 million, from \$59.5 million as at 31 December 2013 to \$59.2 million as at 30 September 2014. The decrease was due mainly to:

- (a) a decrease in the financial assets, available-for-sale of approximately \$0.7 million resulting from the sale of a financial asset, available-for-sale and fair value adjustments during the nine months ended 30 September 2014;
- (b) a decrease in property, plant and equipment of approximately \$0.3 million resulting from depreciation and disposal of property, plant & equipment, which were partially offset by the purchase of new plant and equipment during the nine months ended 30 September 2014; and
- (c) a decrease in the financial assets, held-to-maturity of approximately \$0.5 million resulting from an early redemption of the financial asset, held-to-maturity during the nine months ended 30 September 2014;

which were partially offset by:

- (d) an increase in other receivables of \$1.0 million, comprising mainly (1) approximately \$0.6 million arising from a notional fair value of loan extended to a joint venture, Lakehomes Pte Ltd, and (2) \$0.4 million relating to interest receivable from the loan extended to an associated company, CS Amber Development Pte Ltd, during the nine months ended 30 September 2014; and
- (e) an increase in investment in joint ventures of \$0.2 million resulting from the share of profit of joint ventures recognised during the nine months ended 30 September 2014.

(iii) Current liabilities

Current liabilities decreased by \$4.3 million, from \$34.9 million as at 31 December 2013 to \$30.6 million as at 30 September 2014. The decrease was due mainly to:

- (a) a decrease in trade and other payables of approximately \$4.1 million due mainly to lower accrued operating expenses relating to project costs and settlement of some major trade payables during the nine months ended 30 September 2014; and
- (b) a decrease in current income tax liabilities of approximately \$0.2 million due mainly to tax payments, which was partially offset by lower tax provision for lower profits generated for the nine months ended 30 September 2014.



(iv) Non-current liabilities

Non-current liabilities decreased by \$0.3 million, from \$3.0 million as at 31 December 2013 to \$2.7 million as at 30 September 2014. The decrease was due mainly to repayment of finance lease liabilities during the nine months ended 30 September 2014.

(v) Shareholders' equity

Shareholders' equity, comprising share capital, other reserves, retained profits and non-controlling interests, increased by \$0.8 million, from \$96.7 million as at 31 December 2013 to \$97.5 million as at 30 September 2014. The increase was largely attributable to:

- (a) the profit generated from operations of approximately \$1.7 million for the nine months ended 30 September 2014,

which was partially offset by:

- (b) the dividend payment to shareholders of approximately \$0.9 million during the nine months ended 30 September 2014.

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 Sep 2014		As at 31 Dec 2013	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
739	-	738	-

- (b) Amount repayable after one year

As at 30 Sep 2014		As at 31 Dec 2013	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
1,687	-	2,004	-

- (c) Details of any collateral

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



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

Consolidated statements of cash flows

	The Group		The Group	
	Third Quarter ended 30 Sep		Nine Months ended 30 Sep	
	2014	2013 (Restated)*	2014	2013 (Restated)*
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Net profit	280	287	1,690	3,372
Adjustments for:				
- Income tax expense	58	52	111	432
- Depreciation of property, plant and equipment	736	808	2,124	2,257
- Amortisation of intangible assets	18	18	53	53
- (Gain)/loss on disposal of property, plant and equipment	(12)	2	(131)	(23)
- Share of (profit)/loss of investments accounted for using the equity method	23	(246)	(87)	(837)
- (Gain)/loss on disposal of a financial asset, available-for-sale	(28)	-	(28)	20
- Reclassification of adjustment from fair value reserve to profit and loss	-	-	(51)	(26)
- Unrealised currency translation loss	-	5	-	(21)
- Interest income	(163)	(181)	(517)	(564)
- Interest expense	13	12	40	45
Operating cash flow before working capital changes	925	757	3,204	4,708
Change in working capital				
- Trade and other receivables	4,257	(2,376)	959	(1,758)
- Construction contract work-in-progress	553	(333)	2,531	609
- Trade and other payables	(2,750)	(1,150)	(4,015)	(8,078)
Cash used in operations	2,985	(3,102)	2,679	(4,519)
- Interest received	22	33	90	110
- Income tax paid	(153)	(446)	(323)	(1,719)
Net cash generated from/(used in) operating activities	2,854	(3,515)	2,446	(6,128)
Cash flows from investing activities				
- Additions to property, plant and equipment	(272)	(368)	(1,639)	(1,074)
- Disposal of property, plant and equipment	12	17	190	60
- Redemption/disposal of a financial asset, available-for-sale	-	-	750	980
- Redemption/disposal of a financial asset, held-to-maturity	528	1,000	528	1,000
- Loan to a joint venture	(520)	(7,639)	(520)	(7,639)
- Investment in a joint venture	-	(100)	-	(100)
- Investment in an associated company	-	-	(200)	-
- Interest received	20	32	64	112
Net cash used in investing activities	(232)	(7,058)	(827)	(6,661)

(*) – Certain comparative figures have been restated due to the adoption of FRS111 (new) – “Joint Arrangements”. Please refer to paragraph 5 of this announcement for details.



Consolidated statements of cash flows (Cont'd)

	The Group		The Group	
	Third Quarter ended 30 Sep		Nine Months ended 30 Sep	
	2014	2013 (Restated)*	2014	2013 (Restated)*
	\$'000	\$'000	\$'000	\$'000
Cash flows from financing activities				
- Repayment of finance lease liabilities	(193)	(36)	(602)	(393)
- Interest paid	(13)	(12)	(40)	(45)
- Proceeds from issuance of shares	-	-	-	242
- Dividend paid to shareholders	-	-	(925)	(4,626)
- Bank deposits pledged	(4)	2	(12)	(27)
Net cash used in financing activities	(210)	(46)	(1,579)	(4,849)
Net decrease in cash and cash equivalents	2,412	(10,619)	40	(17,638)
Cash and cash equivalents at the beginning of the financial period	30,142	40,897	32,514	47,916
Cash and cash equivalents at the end of the financial period	32,554	30,278	32,554	30,278

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 Sep 2014	30 Sep 2013 (Restated)*
	\$'000	\$'000
Cash at bank and on hand	18,029	11,749
Short-term bank deposits	19,600	23,584
Short-term bank deposits pledged to banks	37,629	35,333
	(5,075)	(5,055)
Cash and cash equivalents per consolidated statement of cash flows	32,554	30,278

Bank deposits of \$5,074,913 (30 September 2013: \$5,055,305) are pledged to banks for banking facilities of certain subsidiaries.

(*) – Certain comparative figures have been restated due to the adoption of FRS111 (new) – “Joint Arrangements”. Please refer to paragraph 5 of this announcement for details.



(ii) **Review of Cash Flows for the nine months ended 30 September 2014**

Net cash generated from operating activities

Our Group reported net cash of \$2.4 million generated from operating activities in the nine months ended 30 September 2014 as compared with net cash used in operating activities of \$6.1 million in the nine months ended 30 September 2013. The \$8.5 million increase in net cash generated from operating activities was due mainly to:

- (a) a decrease in net working capital outflow of approximately \$8.6 million; and
- (b) a decrease in income tax paid of approximately \$1.4 million during the nine months ended 30 September 2014;

which were partially offset by:

- (c) a decrease in cash generated from operating activities before working capital changes of approximately \$1.5 million.

Net cash used in investing activities

Net cash of \$0.8 million used in investing activities was due to:

- (a) the purchase of new property, plant and equipment of approximately \$1.6 million;
- (b) loan to a joint venture, Lakehomes Pte Ltd, of approximately \$0.5 million; and
- (c) investment in an associated company, United Singapore Builders Pte Ltd for approximately \$0.2 million,

which were partially offset by:

- (d) the proceeds received from the sale of a financial asset, available-for-sale of approximately \$0.8 million;
- (e) the proceeds received from the redemption of a financial asset, held-to-maturity of approximately \$0.5 million; and
- (f) the proceeds received from the disposal of property, plant and equipment of approximately \$0.2 million,

during the nine months ended 30 September 2014.

Net cash used in financing activities

Net cash of \$1.6 million was used in financing activities in the nine months ended 30 September 2014. The major outflows for the nine months ended 30 September 2014 related to (1) dividend payments to shareholders of approximately \$0.9 million and (2) repayment of finance lease liabilities of approximately \$0.6 million.

Overall, free cash and cash equivalents stood at \$32.6 million as at 30 September 2014, an increase of \$2.3 million, from \$30.3 million as at 30 September 2013. This works out to cash of 10.6 cents per share as at 30 September 2014 as compared to 9.8 cents per share as at 30 September 2013 (based on 308,430,594 issued shares as at 30 September 2014 and 30 September 2013).



(iii) **Review of Cash Flows for third quarter ended 30 September 2014**

Net cash generated from operating activities

Our Group's net cash generated from operating activities for the third quarter ended 30 September 2014 was \$2.9 million as compared with net cash used in operating activities of \$3.5 million for the third quarter ended 30 September 2013. The \$6.4 million increase in net cash generated from operating activities was due mainly to (1) a decrease in net working capital outflow of approximately \$5.9 million, (2) a decrease in income tax paid of approximately \$0.3 million and (3) an increase in cash generated from operating activities before working capital changes of approximately \$0.2 million.

Net cash used in investing activities

Net cash of \$0.2 million was used in investing activities for the third quarter ended 30 September 2014, compared with \$7.1 million for the third quarter ended 30 September 2013. The major outflows for the third quarter ended 30 September 2014 related to a loan to a joint venture of approximately \$0.5 million and the purchase of new property, plant and equipment of approximately \$0.3 million. The outflows were partially offset by proceeds from the redemption/disposal of financial assets, held-to-maturity and the proceeds received from the disposal of property, plant and equipment.

Net cash used in financing activities

The net cash used in financing activities was \$0.2 million for the third quarter ended 30 September 2014, compared with \$0.04 million for the third quarter ended 30 September 2013. The major outflows related to repayment of finance lease liabilities and interest payments in the third quarter ended 30 September 2014.



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

Attributable to equity holders of the Company							
Share capital	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 2014	36,832	-	(7)	1,372	58,454	96,651	52	96,703
Total comprehensive income for the period	-	-	(29)	-	1,066	1,037	(1)	1,036
As at 31 Mar 2014	36,832	-	(36)	1,372	59,520	97,688	51	97,739
Total comprehensive income for the period	-	-	34	-	345	379	-	379
Dividend relating to FY2013	-	-	-	-	(925)	(925)	-	(925)
As at 30 Jun 2014	36,832	-	(2)	1,372	58,940	97,142	51	97,193
Total comprehensive income for the period	-	-	(26)	-	281	255	(1)	254
As at 30 Sep 2014	36,832	-	(28)	1,372	59,221	97,397	50	97,447



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	94,868	54	94,922
Total comprehensive income for the period	-	-	10	-	287	297	(1)	296
As at 30 Sep 2013	36,832	-	(54)	1,372	57,015	95,165	53	95,218



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 2014	36,832	-	-	3,824	40,656	-	40,656
Total comprehensive income for the period	-	-	-	142	142	-	142
As at 31 Mar 2014	36,832	-	-	3,966	40,798	-	40,798
Total comprehensive income for the period	-	-	-	194	194	-	194
Dividend relating to FY2013	-	-	-	(925)	(925)	-	(925)
As at 30 Jun 2014	36,832	-	-	3,235	40,067	-	40,067
Total comprehensive income for the period	-	-	-	134	134	-	134
As at 30 Sep 2014	36,832	-	-	3,369	40,201	-	40,201



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
Total comprehensive income for the period	-	-	-	69	69	-	69
As at 30 Sep 2013	36,832	-	-	2,586	39,418	-	39,418



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

There have been no changes in the issued share capital of the Company since 30 June 2014.

Under the Share Buy Back Mandate which was approved by the Shareholders on 28 April 2014, no shares were bought back by the Company during the third quarter ended 30 September 2014.

There were no outstanding convertibles issued or treasury shares held by the Company as at 30 September 2014 and 30 September 2013.

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 Sep 2014	31 Dec 2013
Total number of issued shares (excluding treasury shares)	308,430,594	308,430,594

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

Not applicable

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

The figures have not been audited or reviewed.

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

Not applicable.

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

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those for the audited financial statements as at 31 December 2013.



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 2014.

- 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)
- Amendments to FRS 36 (Jul 2013) – Recoverable Amount Disclosure for Non-Financial 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)
- Amendments to FRS 110, FRS 111 and FRS 112, FRS 27 (2011) and FRS 28 (2011): Mandatory Effective Date (effective for annual periods beginning on or after 1 January 2014)
- Amendments to FRS 110, FRS 111 and FRS 112: Transition Guidance (effective for annual periods beginning on or after 1 January 2014)
- Amendments to FRS 110, FRS 112 and FRS 27: Investment 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 for the current period or prior year/period, except for the adoption of FRS 111 (new) – “Joint Arrangement”.

The Group adopted FRS 111 in accordance with the transition guidance set out in the standard. The new standard introduces changes to the recognition, measurement, presentation and disclosure of “Joint Arrangements”. The effects of the change in accounting policy on the balance sheet of the Group as at 31 December 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the third quarter and nine months ended 30 September 2013 are summarised below. The change in accounting policy has had no significant impact on earnings per share.



Impact of change in accounting policy on the statement of comprehensive income

	For the third quarter ended 30 Sep 2013	Effect of change in accounting policy	For the third quarter ended 30 Sep 2013 (Restated)	For the nine months ended 30 Sept 2013	Effect of change in accounting policy	For the nine months ended 30 Sep 2013 (Restated)
<u>Statement of comprehensive income</u>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	30,706	(4,752)	25,954	92,800	(15,380)	77,420
Cost of works	(28,699)	4,443	(24,256)	(83,495)	14,380	(69,115)
Gross profit	2,007	(309)	1,698	9,305	(1,000)	8,305
Other income	366	3	369	896	10	906
Expenses						
- Administrative	(1,965)	3	(1,962)	(6,205)	6	(6,199)
- Finance	(12)	-	(12)	(45)	-	(45)
Share of profit of investments accounted for using the equity method	(5)	251	246	(7)	844	837
Profit before income tax	391	(52)	339	3,944	(140)	3,804
Income tax expense	(104)	52	(52)	(572)	140	(432)
Net profit	287	-	287	3,372	-	3,372
Other comprehensive income, net of tax	10	-	10	(142)	-	(142)
Total comprehensive income	297	-	297	3,230	-	3,230



Impact of change in accounting policy on the statement of financial position

	As at 31 Dec 2013	Effect of change in accounting policy	As at 31 Dec 2013 (Restated)
	\$'000	\$'000	\$'000
ASSETS			
Non-current assets	57,085	2,435	59,520
Includes:			
- Investments in associates companies	778	(683)	95
- Investments in joint ventures	-	3,118	3,118
Current assets	82,313	(7,261)	75,052
Includes:			
- Cash and cash equivalents	39,863	(2,286)	37,577
- Trade and other receivables	36,909	(4,975)	31,934
Total assets	139,398	(4,826)	134,572
LIABILITIES			
Non-current liabilities	2,994	-	2,994
Current liabilities	39,701	(4,826)	34,875
Includes:			
- Trade and other payables	38,288	(4,621)	33,667
- Current income tax liabilities	675	(205)	470
Total liabilities	42,695	(4,826)	37,869
NET ASSETS	96,703	-	96,703
EQUITY			
Capital and reserves attributable to equity holders of the Company	96,651	-	96,651
Non-controlling interests	52	-	52
Total equity	96,703	-	96,703



Impact of change in accounting policy on the statement of cash flows:

	For the third quarter ended 30 Sep 2013	Effect of change in accounting policy	For the third quarter ended 30 Sep 2013 (Restated)*	For the nine months ended 30 Sept 2013	Effect of change in accounting policy	For the nine months ended 30 Sep 2013 (Restated)*
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Statement of cash flows</u>						
Cash flows used in operating activities	(3,230)	(285)	(3,515)	(5,292)	(836)	(6,128)
Includes:						
- Cash used in operations	(2,802)	(300)	(3,102)	(3,622)	(897)	(4,519)
- Interest received	34	(1)	33	113	(3)	110
- Income tax paid	(462)	16	(446)	(1,783)	64	(1,719)
Cash flows used in investing activities	(7,058)	-	(7,058)	(6,661)	-	(6,661)
Cash flows used in financing activities	(46)	-	(46)	(4,849)	-	(4,849)
Net decrease in cash and cash equivalents	(10,334)	(285)	(10,619)	(16,802)	(836)	(17,638)



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

Basic/diluted earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial period.

	The Group			The Group		
	Third Quarter ended 30 Sep		Increase / (Decrease)	Nine Months ended 30 Sep		Increase / (Decrease)
	2014	2013		2014	2013	
	\$'000	\$'000	%	\$'000	\$'000	%
Net profit attributable to equity holders of the Company (\$'000)	281	288	(2.4)	1,692	3,374	(49.9)
Weighted average number of ordinary shares in issue	308,430,594	308,430,594	-	308,430,594	308,430,594	-
Basic earnings per share (cents per share)	0.09	0.09	-	0.55	1.09	(49.5)
Diluted earnings per share (cents)	0.09	0.09	-	0.55	1.09	(49.5)

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 Sep 2014	As at 31 Dec 2013 (Restated)*	As at 30 Sep 2014	As at 31 Dec 2013	The Group	The Company
Net tangible assets (\$'000)	95,550	94,752	40,182	40,633	0.8	(1.1)
Number of shares	308,430,594	308,430,594	308,430,594	308,430,594	-	-
NTA per share (cents)	30.98	30.72	13.03	13.17	0.8	(1.1)

(*) – Certain comparative figures have been restated due to the adoption of FRS111 (new) – “Joint Arrangements”. Please refer to paragraph 5 of this announcement for details.



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

Our Business

OKP Holdings Limited is a home-grown infrastructure and civil engineering company in the region. We specialise in the construction of urban and arterial roads, expressways, vehicular bridges, flyovers, airport infrastructure and oil & gas related infrastructure for petrochemical plants and oil storage terminals as well as the maintenance of roads and roads related facilities and building construction-related works. We have expanded our 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 (Nine months ended 30 Sep 2014 vs nine months ended 30 Sep 2013)

	The Group					
	Current nine months ended 30 Sep 2014		Previous nine months ended 30 Sep 2013 (Restated)*		Increase / (Decrease)	
	\$'000		\$'000		\$'000	%
Construction	53,363	63.7%	58,691	75.8%	(5,328)	(9.1)
Maintenance	30,459	36.3%	18,729	24.2%	11,730	62.6
Total Revenue	83,822	100.0%	77,420	100.0%	6,402	8.3

(*) – Certain comparative figures have been restated due to the adoption of FRS111 (new) – “Joint Arrangements”. Please refer to paragraph 5 of this announcement for details

Revenue

Our Group reported a 8.3% or \$6.4 million increase in revenue to \$83.8 million in the nine months ended 30 September 2014 as compared to \$77.4 million in the nine months ended 30 September 2013. The increase was due mainly to a 62.6% increase in revenue from the maintenance segment to \$30.5 million, which was partially offset by a 9.1% decrease in revenue from the construction segment to \$53.4 million.

The growth in revenue from the maintenance segment was largely attributable to higher percentage of revenue recognised from a number of existing and newly-awarded maintenance projects as they progressed to a more active phase in the nine months ended 30 September 2014.



The decrease in revenue from the construction segment was largely attributable to the substantial completion of some existing construction projects in the nine months ended 30 September 2014 coupled with a lower percentage of revenue recognised from a few construction projects which were secured in the second quarter ended 30 June 2014.

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 63.7% (2013: 75.8%) and 36.3% (2013: 24.2%) of our Group's revenue respectively for the nine months ended 30 September 2014.

Cost of works

Our cost of works increased by 11.0% or \$7.6 million from \$69.1 million for the nine months ended 30 September 2013 to \$76.7 million for the nine months ended 30 September 2014. The increase in cost of works was due mainly to:

- (a) an increase in labour costs due to levy and salary adjustments during the nine months ended 30 September 2014;
- (b) an increase in sub-contracting costs which were mainly costs incurred for specialised works such as bored piling, asphalt works, mechanical and electrical works, soil-testing, landscaping and metalworks which are usually sub-contracted to external parties; and
- (c) an increase in the cost of construction material due to increase in the prices of raw material.

Gross profit and gross profit margin

Consequently, despite recording a higher revenue, our gross profit for the nine months ended 30 September 2014 decreased by 14.7% or \$1.2 million from \$8.3 million for the nine months ended 30 September 2013 to \$7.1 million for the nine months ended 30 September 2014.

Our gross profit margin declined from 10.7% for the nine months ended 30 September 2013 to 8.5% for the nine months ended 30 September 2014.

The lower gross profit margin was largely attributable to lower profit margins for new and some current projects as a result of a more competitive pricing environment, rising manpower costs and higher prices of construction material.

Other income

Other income increased by \$0.1 million or 10.8% from \$0.9 million for the nine months ended 30 September 2013 to \$1.0 million for the nine months ended 30 September 2014. The increase was largely attributable to the higher gain from disposal of property, plant and equipment and the receipt of wage credit, enhanced special employment credit and Productivity and Innovation Credit bonus from the government during the nine months ended 30 September 2014. The increase was partially offset by lower interest from bank deposits and interest earned from financial assets during the nine months ended 30 September 2014.



Administrative expenses

Administrative expenses increased by \$0.1 million or 2.2% from \$6.2 million for the nine months ended 30 September 2013 to \$6.3 million for the nine months ended 30 September 2014. The increase was largely attributable to (1) an increase in professional fees arising from legal services engaged for an on-going suit against a sub-contractor, (2) an increase in tender charges due to tenders for more complex projects and (3) an increase in staff costs due to salary adjustments during the nine months ended 30 September 2014. The increase was partially offset by lower directors' remuneration (including profit sharing) accrued as a result of the lower profit generated by the Group for the nine months ended 30 September 2014.

Finance expenses

Finance expenses decreased by \$5,000 due mainly to repayment of finance leases in the nine months ended 30 September 2014.

Share of profit of investments accounted for using the equity method

	The Group	
	Nine months ended 30 Sep 2014	Nine months ended 30 Sep 2013
	\$'000	\$'000
Share of profit of joint ventures ^(a)	280	842
Share of loss of associated companies ^(b)	(193)	(5)
	87	837

(a) Share of profit of joint ventures

The share of profit of joint ventures decreased by \$0.6 million due mainly to the share of lower profits recognised by Forte Builder Pte Ltd ("FBPL"). The building construction project undertaken by FBPL had been substantially completed during the nine months ended 30 September 2014.

(b) Share of loss of associated companies

The share of loss of associated companies was due mainly to the operating expenses incurred by the Group's 20% held associated company, United Singapore Builders Pte Ltd and operating losses incurred by the Group's 10% held associated company, CS Amber Development Pte Ltd, in the nine month ended 30 September 2014.



Profit before income tax

Profit before income tax decreased by \$2.0 million or 52.7% from \$3.8 million for the nine months ended 30 September 2013 to \$1.8 million for the nine months ended 30 September 2014. The decrease was due mainly to the decrease in gross profit of \$1.2 million, increase in administrative expenses of \$0.1 million and decrease in the share of profit of investments of \$0.8 million, which were partially offset by increase in other income of \$0.1 million and decrease in finance expenses of \$5,000, as explained above.

Income tax expense

Income tax expense decreased by \$0.3 million or 74.3% from \$0.4 million in the nine months ended 30 September 2013 to \$0.1 million in the nine months ended 30 September 2014 due mainly to lower profit before income tax, as explained above.

The effective tax rates for the nine months ended 30 September 2014 and nine months ended 30 September 2013 were 6.2% and 11.4% respectively.

The effective tax rate for the nine months ended 30 September 2014 was lower than the statutory tax rate of 17.0%. The lower effective tax rate was due mainly to (1) a refund of the over-provision of prior year's taxes from the tax authority, (2) an adjustment for over-provision of deferred tax liability charged in financial year ended 31 December 2013, (3) incentives from enhanced deduction for staff training under the Productivity and Innovation Credit scheme and (4) statutory stepped income exemption for the nine months ended 30 September 2014.

Non-controlling interests

Non-controlling interests related to losses incurred by a subsidiary during the nine months ended 30 September 2014.

Net profit

Overall, for the nine months ended 30 September 2014, net profit decreased by \$1.7 million or 49.9%, from \$3.4 million for the nine months ended 30 September 2013 to \$1.7 million for the nine months ended 30 September 2014, following the decrease in profit before income tax of \$2.0 million which was partially offset by the decline in income tax expense of \$0.3 million, as explained above.

Our net profit margin decreased from 4.4% for the nine months ended 30 September 2013 to 2.0% for the nine months ended 30 September 2014.



Income Statement Review (Third Quarter ended 30 September 2014 vs Third Quarter ended 30 September 2013)

	The Group					
	Current third quarter ended 30 Sep 2014		Previous third quarter ended 30 Sep 2013 (Restated)*		Increase / (Decrease)	
	\$'000		\$'000		\$'000	%
Construction	17,274	66.0%	17,854	68.8%	(580)	(3.2)
Maintenance	8,884	34.0%	8,100	31.2%	784	9.7
Total Revenue	26,158	100.0%	25,954	100.0%	204	0.8

(*) – Certain comparative figures have been restated due to the adoption of FRS111 (new) – “Joint Arrangements”. Please refer to paragraph 5 of this announcement for details.

Revenue

Our Group's revenue increased marginally by 0.8% or \$0.2 million to \$26.2 million in the third quarter ended 30 September 2014 as compared to \$26.0 million in the third quarter ended 30 September 2013. The increase in revenue was contributed by revenue growth of 9.7% from the maintenance segment, partially offset by a 3.2% decrease in revenue from the construction segment.

The maintenance segment contributed \$8.9 million to our Group's revenue in the third quarter ended 30 September 2014, compared to \$8.1 million in the third quarter ended 30 September 2013. A higher percentage of revenue was recognised from the maintenance segment due mainly to the substantial progression of some existing maintenance projects during the third quarter ended 30 September 2014.

Revenue from the construction segment decreased by 3.2% to \$17.3 million in the third quarter ended 30 September 2014 from \$17.9 million previously. The decrease was due mainly to some construction projects which were nearing completion with completion date expected in 2014.



Cost of works

Our cost of works decreased by 0.9% or \$0.2 million from \$24.2 million for the third quarter ended 30 September 2013 to \$24.0 million for the third quarter ended 30 September 2014. The decrease in cost of works was due mainly to a decrease in labour costs resulting from a decrease in staff headcount which was partially offset by salary adjustment during the third quarter ended 30 September 2014.

Gross profit and gross profit margin

Our gross profit for the third quarter ended 30 September 2014 increased by \$0.4 million or 25.1% from \$1.7 million for the third quarter ended 30 September 2013 to \$2.1 million for the third quarter ended 30 September 2014.

Our gross profit margin increased from 6.5% in the third quarter ended 30 September 2013 to 8.1% in the third quarter ended 30 September 2014.

Variation orders on some construction projects resulted in an increase in our gross profit margin in the third quarter ended 30 September 2014 as compared to the previous corresponding period.

Other income

Other income remained at \$0.3 million for the third quarters ended 30 September 2013 and 30 September 2014.

Administrative expenses

Administrative expenses increased by \$0.1 million or 6.0% from \$2.0 million for the third quarter ended 30 September 2013 to \$2.1 million for the third quarter ended 30 September 2014. The increase was largely attributable to (1) an increase in professional fees arising from legal services engaged for an on-going suit against a sub-contractor and (2) an increase in tender charges due to tenders for more complex projects during the third quarter ended 30 September 2014.

Finance expenses

Finance expenses remained at \$0.01 million for the third quarters ended 30 September 2013 and 30 September 2014.



Share of loss of investments accounted for using the equity method

The share of loss of investments in the third quarter ended 30 September 2014 was due mainly to the operating expenses incurred by an associated company and operating losses incurred by a joint venture.

Profit before income tax

Profit before income tax remained at \$0.3 million for the third quarters ended 30 September 2013 and 30 September 2014. The increase in gross profit of \$0.4 million was fully offset by an increase in administrative expenses of \$0.1 million and increase in share of loss of investments of \$0.3 million, as explained above.

Income tax expense

Income tax expense remained at \$0.05 million for the third quarters ended 30 September 2013 and 30 September 2014.

The effective tax rates for the third quarter ended 30 September 2014 and third quarter ended 30 September 2013 were 17.1% and 15.3% respectively.

The effective tax rate for the third quarter ended 30 September 2014 was comparable to the statutory tax rate of 17%.

Non-controlling interests

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

Net profit

Overall, net profit remained at \$0.3 million for the third quarters ended 30 September 2013 and 30 September 2014.

Our net profit margin remained constant at 1.1% for the third quarters ended 30 September 2013 and 30 September 2014.

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 third quarter ended 30 September 2014 from what was previously discussed under paragraph 10 of the Company's financial statements for the second quarter ended 30 June 2014.



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

Economic outlook

With reference to the advance estimates published by the Ministry of Trade and Industry on 14 October 2014, the Singapore economy grew 2.4% on a year-on-year basis in the third quarter ended 30 September 2014, matching growth in the previous quarter. A sector analysis revealed that the construction sector grew 1.4% on a year-on-year basis in third quarter ended 30 September 2014, paring a 4.1% growth in the second quarter ended 30 June 2014 as private sector construction activities continue to weaken.

Industry outlook

The business operating conditions for the construction industry is expected to remain challenging due to increasing business costs and the prevailing labour crunch situation in Singapore. With the implementation of government policies and legislation involving foreign worker hires, the industry also faces the issue of experienced and skilled manpower shortage.

Company outlook and order book update

Despite the difficult conditions in the construction industry, we remain optimistic as we are supported by a pipeline of projects within our core businesses in construction and maintenance work with a net construction order book of \$186.8 million extending to 2017.

As at the date of this announcement, we have been awarded with three new contracts involving civil engineering expertise totalling \$107.1 million. These contracts include widening of Tanah Merah Coast Road worth \$37.3 million from the Land Transport Authority, the improvement to roadside drains across Singapore worth \$19.2 million and construction of Stamford Diversion Canal worth \$50.6 million from the Public Utilities Board.

Earlier in January 2014, we formed a joint venture with four other home-grown established construction companies in Singapore to target MRT project tenders. With the Ministry of Transport on track to double the length of Singapore's rail network to 278 km from 138 km in 2008 at the cost of \$60.0 billion over the next decade, we remain positive about the growth potential and will seek tender opportunities within this segment.

On the property development front, we successfully launched our freehold residential development, Amber Skye, on 10 September 2014. This is our maiden foray into the property development business, with our minority investment of 10% stake in CS Amber Development Pte Ltd, a subsidiary of China Sonangol Land Pte. Ltd., the property arm of China Sonangol International (S) Pte. Ltd., as previously announced in July 2012.

In addition, we are involved in another property development, with a 10% stake in a joint venture, Lakehomes Pte Ltd, to develop an executive condominium, Lake Life, at Yuan Ching Road/Tao Ching Road. This was first announced in August 2013 and launched recently on 4 October 2014.

As we build on our track record, we continue to leverage on our civil engineering expertise to prospect actively for new construction and maintenance projects. While we remain vigilant amidst the challenging market conditions, we will continue to explore opportunities locally and overseas to grow our business.

**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/recommended, a statement to that effect

No dividend has been declared/recommended for the third quarter ended 30 September 2014.

13. Interested person transactions disclosure

Name of Interested Person	Aggregate value of all interested person transactions during three months ended 30 September 2014 (excluding transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions during three months ended 30 September 2014 conducted under shareholders' mandate pursuant to Rule 920
	\$'000	\$'000
Or Lay Tin - rental and deposit paid for employees' accommodation	6	-

Notes:

- (a) The rented premises is owned by Ms Or Lay Tin, who is the daughter of Mr Or Kim Peow, the Group Chairman of OKP Holdings Limited.

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



14. Use of proceeds as at 30 September 2014

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 third quarter and nine months ended 30 September 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Or Toh Wat
Group Managing Director
27 October 2014