



**First Quarter
Financial Statement
for the Period Ended
31 March 2014**

5 May 2014

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First Quarter Financial Statement for the Period Ended 31 March 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		Increase/ (Decrease)
	Current first quarter ended 31 Mar 2014	Previous first quarter ended 31 Mar 2013 (Restated)*	
	\$'000	\$'000	
Revenue	30,206	26,561	13.7
Cost of works	(27,568)	(22,078)	24.9
Gross profit	2,638	4,483	(41.2)
Other income	463	303	52.8
Expenses			
- Administrative	(2,216)	(2,385)	(7.1)
- Other	(8)	-	n.m.
- Finance	(14)	(18)	(22.2)
Share of profit of investments accounted for using the equity method	176	318	(44.7)
Profit before income tax	1,039	2,701	(61.5)
Income tax income/(expense)	26	(327)	(108.0)
Net profit	1,065	2,374	(55.1)
Gross profit margin	8.7%	16.9%	
Net profit margin	3.5%	8.9%	
Effective tax rate	-%	12.1%	
Net profit attributable to:			
Equity holders of the Company	1,066	2,375	(55.1)
Non-controlling interests	(1)	(1)	-
	1,065	2,374	(55.1)

(*) – 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.

n.m. – not meaningful



(i) Consolidated statement of comprehensive income for the first quarter ended 31 March 2014

		The Group		
	Note	Current first quarter ended 31 Mar 2014	Previous first quarter ended 31 Mar 2013	Increase/ (Decrease)
		\$'000	\$'000	%
		Net profit		1,065
Other comprehensive income:				
Financial assets, available-for-sale				
- Fair value gains/(losses), net of tax	i	15	(46)	(132.6)
- Reclassification		(44)	(26)	69.2
Total comprehensive income, net of tax		1,036	2,302	(55.0)
Total comprehensive income attributable to:				
Equity holders of the Company		1,037	2,303	(55.0)
Non-controlling interests		(1)	(1)	-
		1,036	2,302	(55.0)

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:

		The Group		
	Note	Current first quarter ended 31 Mar 2014	Previous first quarter ended 31 Mar 2013 (Restated)*	Increase/ (Decrease)
		\$'000	\$'000	%
<u>After charging:</u>				
Non-audit fee paid to the auditors of the Company		10	4	150.0
Amortisation of intangible assets		2	2	-
Depreciation of property, plant and equipment		158	157	0.6
Directors' remuneration				
- Directors of the Company		682	858	(20.5)
- Other Directors		108	110	(1.8)
Directors' fee		45	45	-
Interest paid and payable				
- Finance lease liabilities		13	18	(27.8)
Currency translation differences arising from investment in debt securities	i	-	(13)	n.m.
Employee compensation cost		699	636	9.9
<u>After crediting:</u>				
Interest income				
- Bank deposits		33	49	(32.7)
- Financial assets, held-to-maturity		5	11	(54.5)
- Financial assets, available-for-sale		20	32	(37.5)
- Other receivables (non-current)		123	112	9.8
Gain on disposal of property, plant and equipment (net)		111	25	344.0
Rental income from an investment property		13	13	-
(Loss)/gain on foreign exchange	ii	(8)	30	(126.7)
Financial assets, available-for-sale				
- Loss on disposal		-	(20)	n.m.
- Reclassification from other comprehensive income upon disposal		51	26	96.2
Government grant		81	44	(84.1)
<u>Included in the cost of works are the following:</u>				
Depreciation of property, plant and equipment		520	546	(4.8)
Amortisation of intangible assets		16	16	-
Employee compensation cost		6,432	5,721	12.4

Note:

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



(iii) Extraordinary/Exceptional items

Nil

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

The Group	
31 Mar 2014	31 Mar 2013 (Restated)*
\$'000	\$'000

Tax (income)/expense attributable to profit is made up of:

- Profit from current financial period:

-Current income tax - Singapore

84

294

-Deferred income tax

29

35

113

329

- Over provision of income tax in prior financial periods

-Current income tax

(48)

(2)

-Deferred income tax

(91)

-

(26)

327

(*) – 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	
		31 Mar 2014	31 Dec 2013 (Restated)*	31 Mar 2014	31 Dec 2013
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current assets					
Cash and cash equivalents		45,034	37,577	2,686	2,780
Trade and other receivables	i	26,368	31,934	4,157	3,975
Construction contract work-in-progress		4,048	5,541	-	-
		75,450	75,052	6,843	6,755
Non-current assets					
Investments in subsidiaries	ii	-	-	17,522	17,522
Investments in joint ventures	iii	3,280	3,118	-	-
Investment in associated companies	iv	267	95	-	-
Investment properties	v	5,020	5,020	-	-
Other receivables	vi	28,220	28,054	17,232	17,145
Financial assets, held-to-maturity	vii	500	500	-	-
Financial assets, available-for-sale	viii	978	1,713	-	-
Property, plant and equipment		19,267	19,121	6,070	6,149
Intangible assets	ix	1,881	1,899	21	23
		59,413	59,520	40,845	40,839
Total assets		134,863	134,572	47,688	47,594
LIABILITIES					
Current liabilities					
Trade and other payables	x	33,093	33,667	6,769	6,828
Finance lease liabilities		740	738	-	-
Current income tax liabilities		490	470	32	20
		34,323	34,875	6,801	6,848
Non-current liabilities					
Finance lease liabilities		1,881	2,004	-	-
Deferred income tax liabilities		920	990	89	90
		2,801	2,994	89	90
Total liabilities		37,124	37,869	6,890	6,938
NET ASSETS		97,739	96,703	40,798	40,656
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital		36,832	36,832	36,832	36,832
Other reserves	xi	1,336	1,365	-	-
Retained profits		59,520	58,454	3,966	3,824
		97,688	96,651	40,798	40,656
Non-controlling interests		51	52	-	-
Total equity		97,739	96,703	40,798	40,656
Net tangible assets		95,807	94,752	40,777	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	
	31 Mar 2014	31 Dec 2013 (Restated)*	31 Mar 2014	31 Dec 2013
	\$'000	\$'000	\$'000	\$'000
Trade receivables				
- Non-related parties	5,911	6,779	-	-
- Subsidiaries	-	-	4,063	3,915
	5,911	6,779	4,063	3,915
Construction contracts				
- Due from customers	14,045	18,888	-	-
- Retentions	4,844	4,528	-	-
	18,889	23,416	-	-
Non-trade receivables				
- Subsidiaries	-	-	716	716
- Joint venture partners	3	3	-	-
- An associated company	1	-	-	-
- Non-related parties	1,974	1,997	5	5
	1,978	2,000	721	721
Less: Allowance for impairment of receivables	(1,474)	(1,474)	(688)	(688)
Non-trade receivables - net	504	526	33	33
Deposits	487	565	7	7
Prepayments	577	648	54	20
	26,368	31,934	4,157	3,975

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.

(*) – 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	
	31 Mar 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	17,522	17,522

Name of subsidiaries	Principal activities	Country of incorporation	Equity holding	
			31 Mar 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	
31 Mar 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	204	1,072
Notional fair value of loan, representing additional capital contribution	(42)	683
End of financial period/year	3,280	3,118

Name of joint ventures	Principal activities	Country of incorporation	Equity holding	
			31 Mar 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) CIF-OKP Construction and Development Pte Ltd ("CIF-OKP"), incorporated in Singapore on 1 December 2009, remained inactive as at 31 March 2014. CIF-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 (2013: \$50,000) in CIF-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	
		31 Mar 2014	31 Dec 2013
		\$'000	\$'000
Assets			
- Current assets		320,635	318,185
Liabilities			
- Current liabilities		(12,531)	(10,890)
- Non-current liabilities		(296,071)	(295,644)
Net assets		12,033	11,651
Revenue			
		7,224	42,558
Expenses			
		(6,788)	(41,311)
Profit before income tax		436	1,247
Income tax expense		(53)	(379)
Net profit		383	868

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 \$2,481 (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 \$50,134 (2013: \$47,653) at the balance sheet date

(iv) Investment in associated companies

		The Group	
		31 Mar 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		(28)	(6)
End of financial period/year		267	95

(*) 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		
	31 Mar 2014	31 Dec 2013
	\$'000	\$'000
Assets	199,222	199,319
Liabilities	(197,747)	(198,374)
Revenue	-	-
Net profit/(loss)	(145)	(54)

Name of associated companies	Principal activities	Country of incorporation	Equity holding	
			31 Mar 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
31 Mar 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	
31 Mar 2014	31 Dec 2013	31 Mar 2014	31 Dec 2013
\$'000	\$'000	\$'000	\$'000

Loan to an associated company				
- CS Amber Development Pte Ltd	19,239	19,115	-	-
Loan to a joint venture				
- Lakehomes Pte Ltd	8,981	8,939		
Loan to a subsidiary	-	-	17,232	17,145
	<u>28,220</u>	<u>28,054</u>	<u>17,232</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	
31 Mar 2014	31 Dec 2013
\$'000	\$'000

Beginning/end of financial period/year

500

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

500

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

The Group	
31 Mar 2014	31 Dec 2013
\$'000	\$'000

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

531

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	
31 Mar 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	15	(69)
Disposal	(750)	(1,000)
End of financial period/year	978	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	978	963
	978	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	
31 Mar 2014	31 Dec 2013	31 Mar 2014	31 Dec 2013
\$'000	\$'000	\$'000	\$'000

Composition:

Goodwill arising on consolidation	1,688	1,688	-	-
Computer software licences	193	211	21	23
	<u>1,881</u>	<u>1,899</u>	<u>21</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

<i>Cost</i> Beginning/end of financial period/year	<u>353</u>	<u>353</u>	<u>39</u>	<u>39</u>
<i>Accumulated amortisation</i> Beginning of financial period/year	142	71	16	8
Amortisation charge	18	71	2	8
End of financial period/year	<u>160</u>	<u>142</u>	<u>18</u>	<u>16</u>
Net book value	<u>193</u>	<u>211</u>	<u>21</u>	<u>23</u>

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



(x) Trade and other payables

	The Group		The Company	
	31 Mar 2014	31 Dec 2013 (Restated)*	31 Mar 2014	31 Dec 2013
	\$'000	\$'000	\$'000	\$'000
Trade payables				
- Non-related parties	23,409	23,566	78	61
Non-trade payables				
- Subsidiaries	-	-	5,565	5,569
- Non-controlling shareholder of a subsidiary	450	450	-	-
- Joint venture partners	50	50	-	-
	500	500	5,565	5,569
Accrued operating expenses	9,082	9,432	1,126	1,198
Other payables	102	169	-	-
	<u>33,093</u>	<u>33,667</u>	<u>6,769</u>	<u>6,828</u>

The non-trade amounts due to subsidiaries and non-controlling shareholder of a subsidiary 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	
31 Mar 2014	31 Dec 2013	31 Mar 2014	31 Dec 2013
\$'000	\$'000	\$'000	\$'000

(a) **Composition:**

Warrant reserve	-	-	-	-
Fair value reserve	(36)	(7)	-	-
Asset revaluation reserve	1,372	1,372	-	-
	<u>1,336</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	(7)	88	-	-
Financial asset – available-for-sale				
-Fair value (losses)/ gains	15	(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>(36)</u>	<u>(7)</u>	<u>-</u>	<u>-</u>

Asset revaluation reserve

Beginning of financial period/year	1,372	1,372	-	-
Revaluation gains	-	-	-	-
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 increased by \$0.4 million, from \$75.1 million as at 31 December 2013 to \$75.5 million as at 31 March 2014. The increase was attributable to:

- (a) an increase in cash and cash equivalents of approximately \$7.5 million. This was due mainly to the cash generated from operations for the first quarter ended 31 March 2014 of approximately \$7.7 million coupled with the cash generated from investing activities of approximately \$53,000. The increase was partially offset by the cash used in financing activities of approximately \$0.3 million;

which was partially offset by:

- (b) a decrease in trade and other receivables of approximately \$5.6 million resulting from collections from a few major customers at the end of the first quarter ended 31 March 2014; and
- (c) a decrease in construction contract work-in-progress of approximately \$1.5 million due mainly to lower unbilled amounts expected to be collected from customers for contract work performed up till 31 March 2014 as compared to 31 December 2013.

(ii) Non-current assets

Non-current assets decreased by \$0.1 million, from \$59.5 million as at 31 December 2013 to \$59.4 million as at 31 March 2014. The decrease was due mainly to:

- (a) a decrease in the financial assets, available-for-sale of \$0.7 million resulting from the sale of a financial asset, available-for-sale during the first quarter ended 31 March 2014;

which was partially offset by:

- (b) an investment in an associated company, United Singapore Builders Pte Ltd, for \$0.2 million during the first quarter ended 31 March 2014;
- (c) an increase in other receivables of \$0.2 million relating to interest receivables from the loan extended to another associated company, CS Amber Development Pte Ltd during the first quarter ended 31 March 2014; and
- (d) an increase in investment in joint ventures of \$0.2 million resulting from the share of profit of joint ventures recognised during the first quarter ended 31 March 2014.

(iii) Current liabilities

Current liabilities decreased by \$0.5 million, from \$34.8 million as at 31 December 2013 to \$34.3 million as at 31 March 2014. This was due mainly to a decrease in trade and other payables as a result of the settlement of some major trade and other payables during the first quarter ended 31 March 2014.

(iv) Non-current liabilities

Non-current liabilities decreased by \$0.2 million, from \$3.0 million as at 31 December 2013 to \$2.8 million as at 31 March 2014. The decrease was due mainly to repayment of finance lease liabilities during the first quarter ended 31 March 2014.



(v) Shareholders' equity

Shareholders' equity, comprising share capital, other reserves, retained profits and non-controlling interests, increased by \$1.0 million, from \$96.7 million as at 31 December 2013 to \$97.7 million as at 31 March 2014. The increase was largely attributable to:

- (a) the profit generated from operations of approximately \$1.1 million for the first quarter ended 31 March 2014;

which was partially offset by:

- (b) the decrease in fair value reserve of approximately \$0.1 million due mainly to the changes in the fair values and disposal of the financial assets, available-for-sale during the first quarter ended 31 March 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 31 Mar 2014		As at 31 Dec 2013	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
740	-	738	-

- (b) Amount repayable after one year

As at 31 Mar 2014		As at 31 Dec 2013	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
1,881	-	2,004	-

- (c) Details of any collateral

The above secured borrowings of the Group relate to finance lease liabilities secured by 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 for the first quarter ended 31 March:

	The Group	
	Current first quarter ended 31 Mar 2014	Previous first quarter ended 31 Mar 2013 Restated*
	\$'000	\$'000
Cash flows from operating activities		
Net profit	1,065	2,374
Adjustments for:		
- Income tax (income)/expense	(26)	327
- Depreciation of property, plant and equipment	678	703
- Amortisation of intangible assets	18	18
- Gain on disposal of property, plant and equipment (net)	(111)	(25)
- Share of profit of investments accounted for using the equity method	(176)	(318)
- Loss on disposal of a financial asset, available-for-sale	-	20
- Reclassification adjustment from fair value reserve to profit and loss	(51)	(26)
- Unrealised currency translation gain	-	(13)
- Interest income	(181)	(204)
- Interest expense	13	18
Operating cash flow before working capital changes	1,229	2,874
Change in working capital		
- Trade and other receivables	5,564	253
- Construction contract work-in-progress	1,493	136
- Trade and other payables	(574)	(2,620)
Cash generated from operations	7,712	643
- Interest received	33	49
- Income tax paid	(17)	(636)
Net cash provided by operating activities	7,728	56
Cash flows from investing activities		
- Additions to property, plant and equipment	(691)	(107)
- Disposal of property, plant and equipment	169	34
- Investment in an associated company	(200)	-
- Redemption/disposal of a financial asset, available-for-sale	750	980
- Interest received	25	43
Net cash generated from investing activities	53	950

(*) 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 Group	
Current first quarter ended 31 Mar 2014	Previous first quarter ended 31 Mar 2013 (Restated)*
\$'000	\$'000

Cash flows from financing activities

- Repayment of finance lease liabilities	(311)	(184)
- Interest paid	(13)	(18)
- Proceeds from issuance of shares	-	242
- Bank deposits pledged	(4)	(12)
Net cash (used in)/generated from financing activities	(328)	28
Net increase in cash and cash equivalents	7,453	1,034
Cash and cash equivalents at beginning of financial period	32,514	47,916
Cash and cash equivalents at end of financial period	39,967	48,950

Explanatory Notes:

- (i) For the purpose of the consolidated cash flow statement, the consolidated cash and cash equivalents at the end of the financial period comprised the following:

	The Group	
	31 Mar 2014	31 Mar 2013 (Restated)*
	\$'000	\$'000
Cash at bank and on hand	20,433	17,884
Short-term bank deposits	24,601	36,106
Bank deposits pledged	45,034	53,990
	(5,067)	(5,040)
Cash and cash equivalents per consolidated statement of cash flows	39,967	48,950

Bank deposits of \$5,067,198 (31 March 2013: \$5,040,171) 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 first quarter ended 31 March 2014**

Net cash provided by operating activities

Our Group reported net cash of \$7.7 million provided by operating activities in the first quarter ended 31 March 2014, an increase of \$7.6 million from net cash provided by operating activities of \$56,000 in the first quarter ended 31 March 2013. The increase in net cash provided by operating activities was due mainly to:

- (a) an increase in net working capital of approximately \$8.6 million; and
- (b) a decrease in income tax paid of approximately \$0.6 million during the first quarter ended 31 March 2014;

which were partially offset by:

- (c) a decrease in cash generated from operating activities before working capital changes of approximately \$1.6 million.

Net cash generated from investing activities

Net cash of \$53,000 was generated from investing activities in the first quarter ended 31 March 2014, as compared with net cash generated from investing activities of \$1.0 million in the first quarter ended 31 March 2013. The major inflow for the first quarter ended 31 March 2014 related to (1) the proceeds received from the sale of a financial asset, available-for-sale of \$0.8 million and (2) the proceeds received from the disposal of property, plant and equipment of approximately \$0.2 million, which were partially offset by (1) purchase of new property, plant and equipment of approximately \$0.7 million and (2) investment in an associated company, United Singapore Builders Pte Ltd for approximately \$0.2 million during the first quarter ended 31 March 2014.

Net cash used in financing activities

The net cash used in financing activities was \$0.3 million for the first quarter ended 31 March 2014, compared with net cash generated from financing activities of \$28,000 for the first quarter ended 31 March 2013. This was due to the cash proceeds from the issuance of new shares arising from the exercise of warrants of \$0.2 million during the first quarter ended 31 March 2013, as compared to no such proceeds during the first quarter ended 31 March 2014. The major outflow for the first quarter ended 31 March 2014 related to repayment of finance lease liabilities and servicing of interest payments.

Overall, free cash and cash equivalents stood at \$40.0 million as at 31 March 2014, a decrease of \$9.0 million, from \$49.0 million as at 31 March 2013. This works out to cash of 13.0 cents per share as at 31 March 2014 as compared to 15.9 cents per share as at 31 March 2013 (based on 308,430,594 shares issued as at 31 March 2014 and 31 March 2013).



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

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

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 first quarter ended 31 March 2014.

There were no outstanding convertibles issued or treasury shares held by the Company as at 31 March 2014 and 31 March 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**

	31 Mar 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)
- 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 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 financial period ended 31 March 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 first quarter ended 31 Mar 2013	Effect of change in accounting policy	For first quarter ended 31 Mar 2013 (Restated)
<u>Statement of comprehensive income</u>	\$'000	\$'000	\$'000
Revenue	32,038	(5,477)	26,561
Cost of works	(27,199)	5,121	(22,078)
Gross profit	4,839	(356)	4,483
Other income	299	4	303
Expenses			
- Administrative	(2,387)	2	(2,385)
- Other	-	-	-
- Finance	(18)	-	(18)
Share of profit of investments accounted for using the equity method	-	318	318
Profit before income tax	2,733	(32)	2,701
Income tax expense	(359)	32	(327)
Net profit	2,374	-	2,374
Other comprehensive income, net of tax	(72)	-	(72)
Total comprehensive income	2,302	-	2,302



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 period ended 31 Mar 2013	Effect of change in accounting policy	For the period ended 31 Mar 2013 (Restated)
	\$'000	\$'000	\$'000
<u>Statement of cash flows</u>			
Cash flows provided by operating activities	278	(222)	56
Includes:			
- Cash generated from operations	887	(244)	643
- Interest received	50	(1)	49
- Income tax paid	(659)	23	(636)
Cash flows generated from investing activities	950	-	950
Cash flows generated from financing activities	28	-	28
Net increase in cash and cash equivalents	1,256	(222)	1,034



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			
	Current first quarter ended 31 Mar 2014	Previous first quarter ended 31 Mar 2013	Increase/ (Decrease) %
Net profit attributable to equity holders of the Company (\$'000)	1,066	2,375	(55.1)
Weighted average number of ordinary shares in share	308,430,594	308,430,594	-
Basic earnings per share (cents per share)	0.35	0.77	(54.5)
Diluted earnings per share (cents per share)	0.35	0.77	(54.5)

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 31 Mar 2014	As at 31 Dec 2013 (Restated)*	As at 31 Mar 2014	As at 31 Dec 2013	The Group	The Company
Net tangible assets (\$'000)	95,807	94,752	40,777	40,633	1.1	0.4
Number of shares	308,430,594	308,430,594	308,430,594	308,430,594	-	-
NTA per share (cents)	31.06	30.72	13.22	13.17	1.1	0.4

(*) 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 tender for both public and private civil engineering and infrastructure construction projects. We have expanded our core business to include property development and investment.

We have two core business segments: Construction and Maintenance.

Income Statement Review (First Quarter of 2014 vs First Quarter of 2013)

	The Group					
	Current first quarter ended 31 Mar 2014		Previous first quarter ended 31 Mar 2013 (restated)*		Increase / (Decrease)	
	\$'000	%	\$'000	%	\$'000	%
Construction	19,598	64.9%	21,342	80.4%	(1,744)	(8.2)
Maintenance	10,608	35.1%	5,219	19.6%	5,389	103.3
Total Revenue	30,206	100.0%	26,561	100.0%	3,645	13.7

(*) 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 registered a 13.7% or \$3.6 million increase in revenue to \$30.2 million in the first quarter ended 31 March 2014 as compared to \$26.6 million in the first quarter ended 31 March 2013.

The strong growth in revenue from the maintenance segment was attributable to the 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 first quarter ended 31 March 2014.



The increase in revenue from the maintenance segment was partially offset by a decrease in revenue from the construction segment. The decrease in revenue from the construction segment was largely attributable to a lower percentage of revenue recognised from a few construction projects which were reaching completion, and the absence of new construction contracts secured during the first quarter ended 31 March 2014.

The construction segment continued to be the major contributor to our Group's revenue. On a segmental basis, our core construction segment and maintenance segment accounted for 64.9% (2013: 80.4%) and 35.1% (2013: 19.6%), respectively, of our Group's revenue for the first quarter ended 31 March 2014.

Cost of works

Our cost of works increased by 24.9% or \$5.5 million from \$22.1 million for the first quarter ended 31 March 2013 to \$27.6 million for the first quarter ended 31 March 2014. The increase in cost of works was disproportionately higher than the increase in revenue. The increase in cost of works was due mainly to:

- (a) an increase in labour costs due to levy adjustment and an increase in headcount during the first quarter ended 31 March 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 subcontracted to external parties; and
- (c) an increase in the cost of construction material due to fluctuation of prices of raw material.

Gross profit and gross profit margin

Consequently, despite recording a higher revenue, our gross profit for the first quarter ended 31 March 2014 decreased by 41.2% or \$1.9 million from \$4.5 million for the first quarter ended 31 March 2013 to \$2.6 million for the first quarter ended 31 March 2014.

Our gross profit margin declined from 16.9% for the first quarter ended 31 March 2013 to 8.7% for the first quarter ended 31 March 2014.

The lower gross profit margin was largely attributable to lower profit margins for new and existing construction and maintenance projects as a result of industry competition and rising variable costs such as manpower cost and costs of construction material.

Other income

Other income increased by \$0.2 million or 52.8% from \$0.3 million for the first quarter ended 31 March 2013 to \$0.5 million for the first quarter ended 31 March 2014. The increase was largely attributable to the higher gain from disposal of property, plant and equipment and interest income earned from a loan extended to an associated company during the first quarter ended 31 March 2014.

Administrative expenses

Administrative expenses decreased by \$0.2 million or 7.1% from \$2.4 million for the first quarter ended 31 March 2013 to \$2.2 million for the first quarter ended 31 March 2014. The decrease was largely attributable to (1) lower directors' remuneration (including profit sharing) accrued as a result of the lower profit generated by the Group during the first quarter ended 31 March 2014 and (2) decrease in tender charges. The decrease was partially offset by (1) an increase in professional fees arising from legal services engaged for an on-going suit against a sub-contractor and (2) increase in staff costs during the first quarter ended 31 March 2014.



Other expenses

Other expenses related to loss from foreign exchange resulting from the weakening of the US dollar against the Singapore dollar during the first quarter ended 31 March 2014.

Finance expenses

Finance expenses decreased marginally by \$4,000 due mainly to repayment of finance leases in the first quarter ended 31 March 2014.

Share of profit of investments accounted for using the equity method

	The Group	
	31 Mar 2014	31 Mar 2013
	\$'000	\$'000
Share of profit of joint ventures ^(a)	204	318
Share of loss of associated companies ^(b)	(28)	-
	<hr/>	<hr/>
	176	318
	<hr/>	<hr/>

(a) Share of profit of joint ventures

The share of profit of joint ventures decreased by \$0.1 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 first quarter ended 31 March 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, in the first quarter ended 31 March 2014.

Profit before income tax

Profit before income tax decreased by \$1.7 million or 61.5% from \$2.7 million in the first quarter ended 31 March 2013 to \$1.0 million in the first quarter ended 31 March 2014. The decrease was due mainly to (1) the decrease in gross profit of \$1.9 million, (2) the increase in other expenses of \$8,000 and (3) the decrease in share of profit of investments of \$0.1 million, which were partially offset by (1) the increase in other income of \$0.2 million, (2) the decrease in administrative expenses of \$0.2 million and (3) the decrease in finance expenses of \$4,000, as explained above.



Income tax expense

Income tax expense decreased by \$0.4 million or 108.0% from an income tax expense of \$0.3 million in the first quarter ended 31 March 2013 to a tax income of \$26,000 in the first quarter ended 31 March 2014.

Tax income of \$26,000 for the first quarter ended 31 March 2014 arose from (1) a refund of the overprovision of tax amounting to \$48,000 and (2) an adjustment for overprovision of deferred tax of \$91,000. The tax income was partially offset by a provision of current tax of \$0.1 million made in the first quarter ended 31 March 2014.

Non-controlling interests

Non-controlling interests was due to losses incurred by a subsidiary in the first quarter ended 31 March 2014.

Net profit

Overall, for the first quarter ended 31 March 2014, net profit dropped by \$1.3 million, or 55.1%, from \$2.4 million for the first quarter ended 31 March 2013 to \$1.1 million for the first quarter ended 31 March 2014, following the decrease in profit before income tax of \$1.7 million which was partially offset by the decline in income tax expense of \$0.4 million, as explained above.

Our net profit margin decreased from 8.9% for the first quarter ended 31 March 2013 to 3.5% for the first quarter ended 31 March 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 first quarter ended 31 March 2014 from what was previously discussed under paragraph 10 of the announcement of the Company's financial statements for the financial year ended 31 December 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 outlook

According to advanced estimates released by the Ministry of Trade and Industry ("MTI") on 14 April 2014, the Singapore economy grew by 5.1% on a year-on-year ("yoy") basis in the first quarter ended 31 January 2014 ("1Q2014"), compared to a marginally higher 5.5% in the previous quarter. The construction sector grew by 6.5% yoy in 1Q2014, marking an improvement from 4.8% in the preceding quarter due to an expansion in public sector construction activities.

Industry outlook

Earlier in 2014, the Building and Construction Authority forecasted the overall construction demand to be between \$31 billion and \$38 billion for this year. Supported by the statistics published by MTI, public sector projects are on track to contribute to the majority of the industry's demand at an estimated value of \$19 billion to \$22 billion. The expansion is expected to be fulfilled by the higher volume of contracts awarded for institutional and civil engineering construction works.



The business operating environment for the construction industry is expected to remain challenging due to rising business costs and the prevailing labour crunch situation in Singapore. In addition to government policies and legislation involving foreign worker hires, the shortage of experienced and skilled manpower continues to adversely affect the industry.

Company outlook and order book update

Since the start of 2014, we have secured a total of 2 new contracts totalling approximately \$56.5 million. The contracts include the widening of Tanah Merah Coast Road worth \$37.3 million from the Land Transport Authority and the improvement to roadside drains across Singapore worth \$19.2 million from the Public Utilities Board.

Going forward, we are optimistic about our business and the industry as we remain well-supported by a pipeline of construction projects. As at the date of this announcement, we have a net construction order book of approximately \$189.6 million with contracts lasting up to 2017.

As previously announced in July 2012, we invested in a minority stake of 10% in CS Amber Development Pte Ltd, a subsidiary of China Sonangol Land Pte. Ltd., the property arm of China Sonangol International (S) Pte. Ltd. This marked our maiden foray into the property development business. In August 2013, we furthered our involvement in this area of business with a 10% stake in Lakehomes Pte Ltd to co-develop an executive condominium at Yuan Ching Road/Tao Ching Road.

Apart from the property development business, we also formed a joint venture in January 2014 with four other home-grown established construction companies in Singapore to target MRT project tenders. With the Ministry of Transport targeting to double the length of Singapore's rail network to 278 km from 138 km in 2008 at the cost of \$60 billion over the next decade, we are optimistic about the potential growth opportunities available.

Leveraging on our sterling track record of 48 years in the industry, we will continue to focus on our core civil engineering expertise in mainstay construction and maintenance businesses. Against the industry headwinds, we will exercise prudence in our operations but continue to prospect actively and selectively for new projects, both locally and overseas. In order to expand our business, we diligently seek to explore growth opportunities through acquisitions, joint ventures and/or strategic alliances that could enhance or value-add to our construction and maintenance businesses.



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 first quarter ended 31 March 2014.

The final one-tier tax exempt dividend of 0.3 cents per ordinary share for the financial year ended 31 December 2013 was approved at the Company's Twelfth Annual General Meeting on 28 April 2014. Payment of the dividend will be made on 27 May 2014.

13. Interested person transactions disclosure

Name of Interested Person	Aggregate value of all interested person transactions during three months ended 31 March 2014 (excluding transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions during three months ended 31 March 2014 conducted under shareholders' mandate pursuant to Rule 920
	\$'000	\$'000
Or Lay Tin - rental paid for employees' accommodation	8	-

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 31 March 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 first quarter ended 31 March 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Or Toh Wat
Group Managing Director
5 May 2014