



BAKER TECHNOLOGY LIMITED

Company Registration No.: 198100637D

**Unaudited Full Year Financial Statements and Dividend Announcement
for the Year Ended 31 December 2016**

**PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND
FULL YEAR ANNOUNCEMENTS**

1(a)(i) 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

CONSOLIDATED INCOME STATEMENT

	Group					
	3 months ended			12 months ended		
	31/12/16	31/12/15	Change	31/12/16	31/12/15	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	2,403	7,891	-70	21,520	54,064	-60
Cost of goods sold	(781)	(6,377)	-88	(15,849)	(38,845)	-59
Gross profit	1,622	1,514	+7	5,671	15,219	-63
Administrative expenses	(2,534)	(2,214)	+14	(10,950)	(10,536)	+4
Other operating income, net	(53)	334	NM	2,425	1,118	+117
Impairment loss on goodwill	(7,551)	-	NM	(7,551)	-	NM
Foreign exchange gain	3,163	345	+817	1,183	5,322	-78
(Loss) / profit before taxation (a)	(5,353)	(21)	NM	(9,222)	11,123	NM
Taxation (b)	895	75	+1,093	895	(1,960)	NM
Net (loss) attributable to equity holders of the Company	(4,458)	54	NM	(8,327)	9,163	NM

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group					
	3 months ended			12 months ended		
	31/12/16	31/12/15	Change	31/12/16	31/12/15	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Net (loss) attributable to equity holders of the Company	(4,458)	54	NM	(8,327)	9,163	NM
Other comprehensive income:						
Net fair value gain / (loss) on other investments	65	(599)	NM	153	(318)	NM
Total comprehensive income attributable to equity holders of the Company	(4,393)	(545)	+706	(8,174)	8,845	NM

NM – Not meaningful

Explanatory notes:

(a) (Loss) / profit before taxation is stated after charging / (crediting):

	Group					
	3 months ended			12 months ended		
	31/12/16	31/12/15	Change	31/12/16	31/12/15	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation	504	487	+3	1,911	1,811	+6
Interest income	(65)	(303)	-79	(668)	(1,092)	-39
Inventories written down	36	-	NM	1,391	625	+123

(b) For the quarter and full year ended 31 December 2016, the Group wrote back excess provision of \$1.3 million from prior years, partially offset by higher deferred income tax charge for the year.

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

	Group		Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Non-current assets</u>				
Property, plant and equipment	16,461	18,076	2	6
Intangible assets (a)	2,050	9,747	-	-
Investment in subsidiaries	-	-	22,800	26,000
Other investments (b)	3,317	8,399	3,317	8,399
Deferred tax assets	248	360	-	-
	22,076	36,582	26,119	34,405
<u>Current assets</u>				
Inventories and work-in-progress (c)	86,470	56,735	-	-
Trade and other receivables (d)	5,870	11,395	1,101	129
Amounts due from subsidiaries	-	-	92,921	67,166
Other investments (b)	3,218	1,284	3,218	1,284
Cash and short-term deposits	106,956	140,070	99,157	128,265
	202,514	209,484	196,397	196,844
<u>Current liabilities</u>				
Excess of progress billings over work-in-progress (c)	122	1,581	-	-
Trade payables and other liabilities (d)	8,044	13,612	1,241	604
Amounts due to subsidiaries	-	-	5,653	38,696
Tax payable (e)	302	1,810	26	170
	8,468	17,003	6,920	39,470
Net current assets	194,046	192,481	189,477	157,374
<u>Non-current liabilities</u>				
Deferred tax liabilities	(455)	(150)	-	-
Net assets	215,667	228,913	215,596	191,779
<u>Equity attributable to equity holders of the Company</u>				
Share capital	108,788	108,788	108,788	108,788
Reserves	106,879	120,125	106,808	82,991
Total equity	215,667	228,913	215,596	191,779

Explanatory notes:

- (a) The Group recorded an impairment loss of \$7.6 million for the goodwill derived from the acquisition of its wholly-owned subsidiary, Sea Deep Shipyard Pte. Ltd., in 2008, due to the persistent weakness in the oil and gas industry.
- (b) Other investments included the Company's investment in quoted corporate bonds (\$5.5 million) and a minority stake in an unquoted investment fund company (\$1.0 million), which was incorporated in Luxembourg. The decrease was due mainly to maturity and disposal of corporate bonds during the year.
- (c) The net increase in inventories and work-in-progress was mainly due to additional cost incurred for the construction of the liftboat.
- (d) The decrease in trade receivables, other receivables, trade payables and other liabilities was generally in line with the reduction of revenue for the current year.
- (e) The decrease in tax payable was due to the write-back of excess provision from prior years.

1(b)(ii) In relation to the aggregate amount of the Group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year**Amount repayable in one year or less, or on demand**

As at 31/12/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

Amount repayable after one year

As at 31/12/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

Details of any collateral

Not applicable.

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**

Group	3 months ended		12 months ended	
	31/12/16 S\$'000	31/12/15 S\$'000	31/12/16 S\$'000	31/12/15 S\$'000
Cash flows from operating activities:				
(Loss) / profit before tax	(5,353)	(21)	(9,222)	11,123
Adjustments for:				
Depreciation	504	487	1,911	1,811
Interest income	(65)	(303)	(668)	(1,092)
Inventory written down	36	-	1,391	625
Unrealised exchange gain	(2,944)	(351)	(1,131)	(4,001)
Gain on disposal of property, plant and equipment	-	-	(1)	-
Impairment loss on goodwill	7,551	-	7,551	-
Operating (loss) / profit before working capital changes	(271)	(188)	(169)	8,466
Decrease / (increase) in trade and other receivables	2,472	(5,255)	5,652	(3,736)
Increase in inventories and work-in-progress	(4,460)	(15,701)	(30,632)	(25,904)
(Decrease) / increase in trade payables and other liabilities	(6,393)	(25)	(5,577)	424
Net cash flows used in operations	(8,652)	(21,169)	(30,726)	(20,750)
Interest received	188	279	699	975
Income tax refund / (paid)	2	119	(196)	(2,713)
Net cash flows used in operating activities	(8,462)	(20,771)	(30,223)	(22,488)
Cash flows from investing activities:				
Purchase of other investments	-	(147)	(315)	(1,183)
Maturity of other investments	2,118	-	3,713	-
Purchase of intangible asset	(20)	(227)	(105)	(227)
Purchase of property, plant and equipment	(263)	(6,807)	(1,998)	(11,555)
Proceed from disposal of property, plant and equipment	-	-	1	-
Net cash flows from / (used in) investing activities	1,835	(7,181)	1,296	(12,965)
Cash flows from financing activities:				
Net proceeds from conversion of warrants	-	-	-	13,241
Dividends paid on ordinary shares	-	-	(5,072)	(10,075)
Net cash flows (used in) / from financing activities	-	-	(5,072)	3,166
Net decrease in cash and cash equivalents	(6,627)	(27,952)	(33,999)	(32,287)
Effect of exchange rate changes on cash and cash equivalents	1,883	(181)	885	3,672
Cash and cash equivalents at beginning of period / year	111,700	168,203	140,070	168,685
Cash and cash equivalents at end of period / year	106,956	140,070	106,956	140,070

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

Group	Share capital S\$'000	Capital reserve S\$'000	Accumulated profits S\$'000	Other reserve S\$'000	Total reserves S\$'000	Total equity S\$'000
Balance at 1/1/2016	108,788	2,344	118,008	(227)	120,125	228,913
Loss for the period	-	-	(3,869)	-	(3,869)	(3,869)
Other comprehensive income for the period	-	-	-	88	88	88
Dividends on ordinary shares	-	-	(5,072)	-	(5,072)	(5,072)
Balance at 30/9/2016	108,788	2,344	109,067	(139)	111,272	220,060
Loss for the period	-	-	(4,458)	-	(4,458)	(4,458)
Other comprehensive income for the period	-	-	-	65	65	65
Balance at 31/12/2016	108,788	2,344	104,609	(74)	106,879	215,667
Balance at 1/1/2015	95,547	2,344	118,920	91	121,355	216,902
Profit for the period	-	-	9,109	-	9,109	9,109
Other comprehensive income for the period	-	-	-	281	281	281
Issuance of new shares from conversion of warrants	13,241	-	-	-	-	13,241
Dividends on ordinary shares	-	-	(10,075)	-	(10,075)	(10,075)
Balance at 30/9/2015	108,788	2,344	117,954	372	120,670	229,458
Profit for the period	-	-	54	-	54	54
Other comprehensive income for the period	-	-	-	(599)	(599)	(599)
Balance at 31/12/2015	108,788	2,344	118,008	(227)	120,125	228,913

Company	Share capital S\$'000	Capital reserve S\$'000	Accumulated profits S\$'000	Other reserve S\$'000	Total reserves S\$'000	Total equity S\$'000
Balance at 1/1/2016	108,788	2,344	80,874	(227)	82,991	191,779
Loss for the period	-	-	(2,128)	-	(2,128)	(2,128)
Other comprehensive income for the period	-	-	-	88	88	88
Dividends on ordinary shares	-	-	(5,072)	-	(5,072)	(5,072)
Balance at 30/9/2016	108,788	2,344	73,674	(139)	75,879	184,667
Profit for the period	-	-	30,864	-	30,864	30,864
Other comprehensive income for the period	-	-	-	65	65	65
Balance at 31/12/2016	108,788	2,344	104,538	(74)	106,808	215,596
Balance at 1/1/2015	95,547	2,344	78,319	91	80,754	176,301
Profit for the period	-	-	2,052	-	2,052	2,052
Other comprehensive income for the period	-	-	-	281	281	281
Issuance of new shares from conversion of warrants	13,241	-	-	-	-	13,241
Dividends on ordinary shares	-	-	(10,075)	-	(10,075)	(10,075)
Balance at 30/9/2015	108,788	2,344	70,296	372	73,012	181,800
Profit for the period	-	-	10,578	-	10,578	10,578
Other comprehensive income for the period	-	-	-	(599)	(599)	(599)
Balance at 31/12/2015	108,788	2,344	80,874	(227)	82,991	191,779

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 was no change in the Company's share capital for the three months ended 31 December 2016.

The Company did not hold any treasury shares as at 31 December 2016 and 31 December 2015.

1(d)(iii) To show the 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

	As at 31 December 2016	As at 31 December 2015
Total number of issued shares excluding treasury shares	202,877,948 ⁽¹⁾	1,014,390,262

⁽¹⁾ – Total number of issued shares after share consolidation

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

Nil.

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 by the Company's auditor.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the audited financial statements for the year ended 31 December 2015.

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

Nil.

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

	Group		Group	
	3 months ended		12 months ended	
	31/12/2016	31/12/2015*	31/12/2016	31/12/2015*
(i) Basic earnings per share (in cents)	(2.20)	0.03	(4.10)	4.66
(ii) Diluted earnings per share (in cents)	(2.20)	0.03	(4.10)	4.66

* - Numbers are adjusted based on the revised numbers of shares as a result of share consolidation

Basic earnings per ordinary share for the current quarter and financial year ended 31 December 2016 were calculated based on the weighted average number of ordinary shares in issue of 202,877,948 (4Q 2015 – 202,877,948*) and 202,877,948 (31 December 2015 – 196,580,291*), respectively.

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 financial period reported on and (b) immediately preceding financial year

	Group		Company	
	31/12/2016	31/12/2015*	31/12/2016	31/12/2015*
Net asset value per ordinary share based on issued share capital at the end of the year (in cents)	106.3	112.8	106.3	94.5

* - Numbers are adjusted based on the revised numbers of shares as a result of share consolidation

Net asset value per ordinary share as at 31 December 2016 and 31 December 2015 was calculated based on the number of shares in issue of 202,877,948.

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

Revenue

Group revenue saw a decrease from \$7.9 million for 4Q2015 to \$2.4 million in 4Q2016 due to the general weakness in the oil and gas industry. Similarly, Group revenue for FY2016 decreased 60% to \$21.5 million.

Profitability

The Group reported a net loss of \$4.5 million in 4Q2016 as compared to a net profit of \$54,000 in 4Q2015. The loss was mainly attributable to the impairment of goodwill in a subsidiary (\$7.6 million) in view of the continued weakness in the oil and gas industry. However, this was partially offset by a foreign exchange gain of \$3.2 million as a result of the strengthening of the US dollar against the Singapore dollar during the quarter.

As a result of lower revenue, foreign exchange gain, the impairment loss on goodwill recorded for FY2016 and a one-off compensation income in 2Q2016 from a supplier for defective material, the Group's net loss was \$8.3 million for the year, as compared to a net profit of \$9.2 million in FY2015.

Financial position and cash flow

Group shareholders' funds decreased from \$228.9 million as at 31 December 2015 to \$215.7 million as at 31 December 2016, attributable mainly to the net loss and the payment of dividend to shareholders during the year.

For 4Q2016 and FY2016, the Group posted net operating cash outflows of \$8.5 million and \$30.2 million respectively, due to working capital required for operations. The Group's cash and short-term deposits stood at \$107.0 million, with no borrowings as at 31 December 2016.

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

The unaudited financial results for the fourth quarter and full year ended 31 December 2016 are in line with the profit guidance announcement released on 17 February 2017. Save for the aforesaid announcement, no forecast or prospect statement was previously disclosed.

10. A commentary at the date of the announcement of the significant trends and 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

The extended oil price downturn and reduced exploration and production spending created instability and uncertainty throughout the oil and gas industry during 2016. The slump resulted in projects being deferred or cancelled, and diminished appetite for long-term major capital projects. Nevertheless, the Group has a balance sheet capable of supporting acquisition and are pursuing opportunities for a diversified revenue stream.

In the meantime, the Group has taken measures to reduce its cost base and curtail discretionary operational expenditure for the foreseeable future.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes

The Board is recommending a first and final tax exempt (one-tier) dividend of 1.25 cents for the financial year ended 31 December 2016.

Name of Dividend	Final
Dividend rate (S\$)	1.25 cents per ordinary share
Tax rate	Tax exempt (one-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

(c) Date payable

To be announced at a later date.

(d) Books closure date

To be announced at a later date.

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

Not applicable.

13. Interested Person Transactions

Not applicable as the Company has not obtained a general mandate from shareholders for Interested Person Transactions.

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)

The Company hereby confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1).

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

15. Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

(a) Business segments

The Group's operating segments are its strategic business units which are managed separately. The reportable segment presentation is based on the Group's management and internal reporting structure used for its strategic decision-making purposes.

The Group's activities comprised the following reportable segments:

- (i) Marine Offshore - essentially the Group's principal business activity in the manufacturing and provision of specialised marine offshore equipment and services for the oil and gas industry;
- (ii) Investments - includes the Group's quoted and unquoted investments, investment income and the gains on disposal of investments; and
- (iii) Corporate - consists of corporate services and treasury functions.

	Marine offshore		Investments		Corporate		Adjustment and elimination		Group Total	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Revenue	21,520	54,064	-	-	-	-	-	-	21,520	54,064
Results										
EBITDA	(5,297)	12,742	(340)	115	(712)	565	(1,630)	(1,580)	(7,979)	11,842
Depreciation & amortisation	(1,906)	(1,805)	(1)	(1)	(4)	(5)	-	-	(1,911)	(1,811)
Interest income	10	35	219	393	439	664	-	-	668	1,092
Segment profit/(loss)	(7,193)	10,972	(122)	507	277	1,224	(1,630)	(1,580)	(9,222)	11,123
Total assets	117,759	108,769	6,571	9,720	100,260	128,401	-	(824)	224,590	246,066
Total liabilities	8,489	16,312	24	67	410	774	-	-	8,923	17,153
Other segment information:										
Acquisition of other investment	-	-	315	1,183	-	-	-	-	315	1,183
Additions to non-current assets	1,998	11,555	-	-	-	-	-	-	1,998	11,555

(b) Geographical segments

	Segment revenue	
	2016 S\$'000	2015 S\$'000
China	5,852	26,853
Singapore	2,122	11,205
Asia Pacific (excluding China and Singapore)	3,624	7,461
Middle East	9,751	8,312
Others	171	233
	21,520	54,064

Segment revenue is based on the billing location of customers.

Except for the Group's investment in an available-for-sale investment of S\$1,024,000 at 31 December 2016 (2015: S\$962,000) which are located in Europe, all the assets and capital expenditure of the Group are located in Singapore.

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Refer to paragraphs 8 and 10 above.

17. A breakdown of sales

	GROUP		
	2016	2015	Change
	S\$'000	S\$'000	%
Sales reported for first half year	14,091	40,617	-65
Sales reported for second half year	7,429	13,447	-45
Total sales	21,520	54,064	-60
(Loss) / profit after tax reported for first half year	(2,386)	6,446	NM
(Loss) / profit after tax reported for second half year	(5,941)	2,717	NM
Total (loss) / profit after tax	(8,327)	9,163	NM

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	Latest Full Year (S\$'000)	Previous Full Year (S\$'000)
Ordinary	2,536*	5,072
Preference	-	-
Total	2,536	5,072

* - 2016 proposed first and final dividend are estimated based on share capital of 202,877,948 ordinary shares in issue at the end of the financial year.

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer

Name	Age	Family Relationship with any director and/or chief executive officer and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Jeanette Chang	40	Daughter of Dr Benety Chang, Chief Executive Officer and substantial shareholder of the Company.	Executive Director of the Company since 1 September 2013. Responsible for corporate administration and human resources.	Nil

BY ORDER OF THE BOARD

Nga Ko Nie
Company Secretary
27 February 2017