



BAKER TECHNOLOGY LIMITED

Company Registration No.: 198100637D

Unaudited Second Quarter and Half Year Financial Statement for the Period Ended 30 June 2017

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

	Group					
	3 months ended			6 months ended		
	30/6/17 S\$'000	30/6/16 S\$'000	Change %	30/6/17 S\$'000	30/6/16 S\$'000	Change %
Revenue	1,421	8,125	-83	2,422	14,091	-83
Cost of goods sold	(827)	(6,570)	-87	(267)	(10,175)	-97
Gross profit	594	1,555	-62	2,155	3,916	-45
Administrative expenses	(2,227)	(2,744)	-19	(4,483)	(5,481)	-18
Other operating income, net	173	1,951	-91	355	2,164	-84
Foreign exchange loss	(586)	(68)	+762	(2,279)	(2,662)	-14
(Loss) / profit before taxation (a)	(2,046)	694	NM	(4,252)	(2,063)	+106
Income tax (expense) / credit (b)	(14)	(323)	-96	254	(323)	NM
Net (loss) / profit attributable to equity holders of the Company	(2,060)	371	NM	(3,998)	(2,386)	+68

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group					
	3 months ended			6 months ended		
	30/6/17 S\$'000	30/6/16 S\$'000	Change %	30/6/17 S\$'000	30/6/16 S\$'000	Change %
Net (loss) / profit attributable to equity holders of the Company	(2,060)	371	NM	(3,998)	(2,386)	+68
Other comprehensive income:						
Net fair value (loss) / gain on other investments	(17)	69	NM	(24)	146	NM
Total comprehensive income attributable to equity holders of the Company	(2,077)	440	NM	(4,022)	(2,240)	+80

NM – Not meaningful

Explanatory notes:

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

	Group					
	3 months ended			6 months ended		
	30/6/17	30/6/16	Change	30/6/17	30/6/16	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation	518	469	+10	1,020	937	+9
Interest income	(162)	(229)	-29	(329)	(412)	-20
Gain on disposal of property, plant and equipment	-	-	-	-	(1)	-100

(b) For the period ended 30 June 2017, the amount included write-back of excess tax provision for prior year of \$0.3 million.

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	
	30/6/2017	31/12/2016	30/6/2017	31/12/2016
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Non-current assets</u>				
Property, plant and equipment	14,606	16,461	3	2
Intangible assets	1,922	2,050	-	-
Investment in subsidiaries	-	-	22,800	22,800
Other investments (a)	2,419	3,317	2,419	3,317
Deferred tax assets	27	248	-	-
	18,974	22,076	25,222	26,119
<u>Current assets</u>				
Inventories and work-in-progress (b)	93,434	86,470	-	-
Trade and other receivables (c)	3,150	5,870	257	1,101
Amounts due from subsidiaries	-	-	101,921	93,074
Other investments (a)	3,866	3,218	3,866	3,218
Cash and short-term deposits	93,425	106,956	85,268	99,157
	193,875	202,514	191,312	196,550
<u>Current liabilities</u>				
Excess of progress billings over work-in-progress	97	122	-	-
Trade payables and other liabilities (c)	2,844	8,044	414	1,241
Amounts due to subsidiaries	-	-	5,354	5,653
Tax payable	401	302	-	26
	3,342	8,468	5,768	6,920
Net current assets	190,533	194,046	185,544	189,630
<u>Non-current liability</u>				
Deferred tax liabilities	(398)	(455)	-	-
Net assets	209,109	215,667	210,766	215,749
<u>Equity attributable to equity holders of the Company</u>				
Share capital	108,788	108,788	108,788	108,788
Reserves	100,321	106,879	101,978	106,961
Total equity	209,109	215,667	210,766	215,749

Explanatory notes:

- (a) Other investments included the Company's investment in quoted corporate bonds (\$5.0m) and a minority stake in an unquoted investment fund company, which was incorporated in Luxembourg.
- (b) The increase in inventories and work-in-progress was mainly due to additional cost incurred for the construction of the liftboat.
- (c) The decrease in trade receivables, other receivables, trade payables and other liabilities were in line with the reduction of revenue for the current quarter and period.

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 30/6/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

Amount repayable after one year

As at 30/6/2017		As at 31/12/2016	
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		6 months ended	
	30/6/17 S\$'000	30/6/16 S\$'000	30/6/17 S\$'000	30/6/16 S\$'000
Cash flows from operating activities:				
(Loss) / profit before tax	(2,046)	694	(4,252)	(2,063)
Adjustments for:				
Depreciation	518	469	1,020	937
Interest income	(162)	(229)	(329)	(412)
Gain on disposal of property, plant & equipment	-	-	-	(1)
Unrealised exchange loss / (gain)	578	(154)	2,363	2,636
Operating (loss) / profit before working capital changes	(1,112)	780	(1,198)	1,097
Decrease / (increase) in trade and other receivables	848	(3,521)	2,467	(2,211)
Increase in inventories & net work-in-progress	(1,995)	(9,446)	(5,968)	(18,223)
(Decrease) / increase in trade payables and other liabilities	(2,367)	2,774	(5,172)	(607)
Net cash flows used in operations	(4,626)	(9,413)	(9,871)	(19,944)
Interest received	144	128	335	311
Income tax (paid) / refunded	-	(415)	517	113
Net cash flows used in operating activities	(4,482)	(9,700)	(9,019)	(19,520)
Cash flows from investing activities:				
Purchase of other investments	(269)	-	(299)	(280)
Maturity of other investments	-	-	279	1,000
Purchase of property, plant and equipment	(15)	(332)	(58)	(780)
Proceed from disposal of property, plant and equipment	-	-	-	1
Purchase of intangible assets	-	(84)	-	(84)
Net cash flows used in investing activities	(284)	(416)	(78)	(143)
Cash flows from financing activity:				
Dividends paid on ordinary shares	(2,536)	(5,072)	(2,536)	(5,072)
Net cash flows used in financing activity	(2,536)	(5,072)	(2,536)	(5,072)
Net decrease in cash and cash equivalents	(7,302)	(15,188)	(11,633)	(24,735)
Effect of exchange rate changes on cash and cash equivalents	(489)	7	(1,898)	(2,180)
Cash and cash equivalents at beginning of period	101,216	128,336	106,956	140,070
Cash and cash equivalents at end of period	93,425	113,155	93,425	113,155

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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group	Share capital	Capital reserve	Accumulated profits	Other reserve	Total reserves	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1/1/2017	108,788	2,344	104,609	(74)	106,879	215,667
Loss for the period	-	-	(1,938)	-	(1,938)	(1,938)
Other comprehensive income for the period	-	-	-	(7)	(7)	(7)
Balance at 31/3/2017	108,788	2,344	102,671	(81)	104,934	213,722
Loss for the period	-	-	(2,060)	-	(2,060)	(2,060)
Other comprehensive income for the period	-	-	-	(17)	(17)	(17)
Dividends on ordinary shares	-	-	(2,536)	-	(2,536)	(2,536)
Balance at 30/6/2017	108,788	2,344	98,075	(98)	100,321	209,109
Balance at 1/1/2016	108,788	2,344	118,008	(227)	120,125	228,913
Loss for the period	-	-	(2,757)	-	(2,757)	(2,757)
Other comprehensive income for the period	-	-	-	77	77	77
Balance at 31/3/2016	108,788	2,344	115,251	(150)	117,445	226,233
Profit for the period	-	-	371	-	371	371
Other comprehensive income for the period	-	-	-	69	69	69
Dividends on ordinary shares	-	-	(5,072)	-	(5,072)	(5,072)
Balance at 30/6/2016	108,788	2,344	110,550	(81)	112,813	221,601

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 1/1/2017	108,788	2,344	104,691	(74)	106,961	215,749
Loss for the period	-	-	(1,658)	-	(1,658)	(1,658)
Other comprehensive income for the period	-	-	-	(7)	(7)	(7)
Balance at 31/3/2017	108,788	2,344	103,033	(81)	105,296	214,084
Loss for the period	-	-	(765)	-	(765)	(765)
Other comprehensive income for the period	-	-	-	(17)	(17)	(17)
Dividends on ordinary shares	-	-	(2,536)	-	(2,536)	(2,536)
Balance at 30/6/2017	108,788	2,344	99,732	(98)	101,978	210,766
Balance at 1/1/2016	108,788	2,344	80,874	(227)	82,991	191,779
Loss for the period	-	-	(2,361)	-	(2,361)	(2,361)
Other comprehensive income for the period	-	-	-	77	77	77
Balance at 31/3/2016	108,788	2,344	78,513	(150)	80,707	189,495
Loss for the period	-	-	(182)	-	(182)	(182)
Other comprehensive income for the period	-	-	-	69	69	69
Dividends on ordinary shares	-	-	(5,072)	-	(5,072)	(5,072)
Balance at 30/6/2016	108,788	2,344	73,259	(81)	75,522	184,310

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 30 June 2017.

The Company did not hold any treasury shares as at 30 June 2017 and 30 June 2016.

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 30 June 2017 and 31 December 2016, the Company's issued share capital excluding treasury shares was \$108,788,054 comprising 202,877,948 ordinary shares.

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 2016.

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		6 months ended	
	30/6/2017	30/6/2016	30/6/2017	30/6/2016
(i) Basic earnings per share (in cents)	(1.02)	0.18	(1.97)	(1.18)
(ii) Diluted earnings per share (in cents)	(1.02)	0.18	(1.97)	(1.18)

Basic earnings per ordinary share for the current quarter and half year ended 30 June 2017 and 30 June 2016 were calculated based on the weighted average number of ordinary shares in issue of 202,877,948.

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	
	30/6/2017	31/12/2016	30/6/2017	31/12/2016
Net asset value per ordinary share based on issued share capital at the end of the period (in cents)	103.1	106.3	103.9	106.3

Net asset value per ordinary share as at 30 June 2017 and 31 December 2016 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

Revenue for the Group decreased from \$8.1 million for 2Q2016 to \$1.4 million in 2Q2017 due to the continued weakness in the oil and gas industry. Similarly, Group revenue for 1H2017 decreased 83% to \$2.4 million year-on-year.

Profitability

Despite the reduction in revenue, the Group's gross profit margins for 2Q2017 and 1H2017 were higher than the corresponding periods in 2016 due to write-back of expired warranty provision.

Administrative expenses for 2Q2017 and 1H2017 were lower than the corresponding periods in 2016 as the Group has taken measures to reduce its cost base and curtail discretionary operational expenditure.

Due to the weakening of the US dollar against the Singapore dollar, the Group's foreign exchange losses was \$0.6 million and \$2.3 million for the current quarter and six-month ended 30 June 2017.

In view of a lower revenue, the Group reported a net loss of \$2.1 million for 2Q2017 as compared to a net profit of \$371,000 in 2Q2016, which included the recognition of a one-off compensation income of \$1.7 million from a supplier for defective material. Similarly, due to the lack of such one-off compensation income, the Group's net loss was \$4.0 million for 1H2017 as compared to \$2.4 million for 1H2016.

Financial position and cash flow

Group shareholders' fund decreased from \$215.7 million as at 31 December 2016 to \$209.1 million as at 30 June 2017, attributable mainly to net loss in the current period and the payment of dividend to shareholders.

For the quarter and period ended 30 June 2017, the Group reported net operating cash outflows of \$4.5 million and \$9.0 million, respectively, due to working capital required for operation. The Group's cash and short-term deposits stood at \$93.4 million, with no borrowings as at 30 June 2017.

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

No forecast or prospect statement has been disclosed to shareholders previously.

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

With the continued constraints of the operating environment, the Group foresees the next 12 months to remain challenging. To mitigate the challenges ahead, the Group will remain diligent and cautious.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended 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 or recommended for the period under review.

- 13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect**

The Company did not obtain a general mandate from shareholders for IPTs.

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

The Company confirms that it has procured undertakings from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720 (1) of the Listing Manual.

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

The Board of Directors hereby confirms that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements of the Company and of the Group for the second quarter and half year ended 30 June 2017 to be false or misleading.

BY ORDER OF THE BOARD

Nga Ko Nie
Company Secretary
31 July 2017