



BAKER TECHNOLOGY LIMITED

Company Registration No.: 198100637D

Unaudited Full Year Financial Statements and Dividend Announcement for the Year Ended 31 December 2015

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		
	31/12/15 S\$'000	31/12/14 S\$'000	Change %	31/12/15 S\$'000	31/12/14 S\$'000	Change %
Revenue	7,891	28,858	-73	54,064	86,272	-37
Cost of goods sold	(6,377)	(21,422)	-70	(38,845)	(63,565)	-39
Gross profit	1,514	7,436	-80	15,219	22,707	-33
Administrative expenses	(2,214)	(3,149)	-30	(10,536)	(11,023)	-4
Other operating income, net	679	2,986	-77	6,440	4,642	+39
(Loss) / profit before taxation (a)	(21)	7,273	NM	11,123	16,326	-32
Taxation	75	(798)	NM	(1,960)	(2,809)	-30
Net profit attributable to equity holders of the Company	54	6,475	-99	9,163	13,517	-32

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group					
	3 months ended			12 months ended		
	31/12/15 S\$'000	31/12/14 S\$'000	Change %	31/12/15 S\$'000	31/12/14 S\$'000	Change %
Net profit attributable to equity holders of the Company	54	6,475	-99	9,163	13,517	-32
Other comprehensive income:						
Net fair value (loss) / gains on other investments	(599)	143	NM	(318)	91	NM
Total comprehensive income attributable to equity holders of the Company	(545)	6,618	NM	8,845	13,608	-35

NM – Not meaningful

Explanatory notes:

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

	Group					
	3 months ended			12 months ended		
	31/12/15 S\$'000	31/12/14 S\$'000	Change %	31/12/15 S\$'000	31/12/14 S\$'000	Change %
Depreciation	487	557	-13	1,811	2,211	-18
Interest income	(303)	(206)	+47	(1,092)	(896)	+22
Foreign exchange gain	(345)	(2,784)	-88	(5,322)	(3,647)	+46
Inventories written down	-	1,950	-100	625	1,950	-68

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	
		31/12/2015	31/12/2014	31/12/2015	31/12/2014
		S\$'000	S\$'000	S\$'000	S\$'000
<u>Non-current assets</u>					
Property, plant and equipment	(a)	18,076	9,305	6	11
Intangible assets		9,747	9,764	-	-
Investment in subsidiaries		-	-	26,000	26,000
Other investments	(b)	8,399	8,288	8,399	8,288
Deferred tax assets		360	1,018	-	-
		36,582	28,375	34,405	34,299
<u>Current assets</u>					
Inventories		2,915	2,512	-	-
Work-in-progress	(c)	53,820	28,776	-	-
Trade and other receivables	(d)	11,395	7,701	129	126
Amounts due from subsidiaries		-	-	67,166	6,011
Other investments	(b)	1,284	-	1,284	-
Cash and short-term deposits		140,070	168,685	128,265	136,570
		209,484	207,674	196,844	142,707
<u>Current liabilities</u>					
Excess of progress billings over work-in-progress	(c)	1,581	2,630	-	-
Trade payables and other liabilities	(c)	13,612	13,146	604	625
Amounts due to subsidiaries		-	-	38,696	-
Tax payable		1,810	3,371	170	80
		17,003	19,147	39,470	705
Net current assets		192,481	188,527	157,374	142,002
<u>Non-current liabilities</u>					
Deferred tax liabilities		(150)	-	-	-
Net assets		228,913	216,902	191,779	176,301
<u>Equity attributable to equity holders of the Company</u>					
Share capital		108,788	95,547	108,788	95,547
Reserves		120,125	121,355	82,991	80,754
Total equity		228,913	216,902	191,779	176,301

Explanatory notes:

- (a) The increase in the Group's fixed assets was due to the acquisition of new leasehold property (located at 12A Jalan Samulun in Singapore) and plant and machinery by its subsidiaries to boost production capabilities.
- (b) Other investments include the Company's investment in quoted corporate bonds (S\$8.7 million) and a minority stake in an unquoted investment fund company, which was incorporated in Luxembourg. The increase was due to additional investments made during the year.
- (c) The increase in work-in-progress, trade payable and other liabilities were mainly due to cost incurred for operations.
- (d) The increase in trade and other receivables were mainly due to increased billings during the quarter.

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 31/12/2015		As at 31/12/2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

Amount repayable after one year

As at 31/12/2015		As at 31/12/2014	
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	
	31/12/15 S\$'000	31/12/14 S\$'000	31/12/15 S\$'000	31/12/14 S\$'000
Cash flows from operating activities:				
(Loss) / profit before tax	(21)	7,273	11,123	16,326
Adjustments for:				
Depreciation	487	557	1,811	2,211
Interest income	(303)	(206)	(1,092)	(896)
Inventory written down	-	1,950	625	1,950
Unrealised exchange gain	(351)	(2,151)	(4,001)	(2,544)
Operating (loss) / profit before working capital changes	(188)	7,423	8,466	17,047
(Increase) / decrease in trade and other receivables	(5,255)	12,131	(3,736)	5,708
Increase in inventories and work-in-progress	(15,701)	(1,742)	(25,904)	(11,216)
(Decrease) / increase in trade payables and other liabilities	(25)	(642)	424	52
Net cash flows (used in) / from operations	(21,169)	17,170	(20,750)	11,591
Interest received	279	95	975	785
Income tax refund / (paid)	119	(6)	(2,713)	(3,347)
Net cash flows (used in) / from operating activities	(20,771)	17,259	(22,488)	9,029
Cash flows from investing activities:				
Purchase of other investments	(147)	-	(1,183)	(5,741)
Maturity of short-term deposits	-	-	-	4,000
Purchase of intangible asset	(227)	(834)	(227)	(834)
Purchase of property, plant and equipment	(6,807)	(992)	(11,555)	(5,551)
Net cash flows used in investing activities	(7,181)	(1,826)	(12,965)	(8,126)
Cash flows from financing activities:				
Net proceeds from conversion of warrants	-	2,298	13,241	8,697
Dividends paid on ordinary shares	-	-	(10,075)	(45,246)
Net cash flows from / (used in) financing activities	-	2,298	3,166	(36,549)
Net (decrease) / increase in cash and cash equivalents	(27,952)	17,731	(32,287)	(35,646)
Effect of exchange rate changes on cash and cash equivalents	(181)	2,265	3,672	2,460
Cash and cash equivalents at beginning of period / year	168,203	148,689	168,685	201,871
Cash and cash equivalents at end of period / year	140,070	168,685	140,070	168,685

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 1/1/2015	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
Balance at 1/1/2014	86,850	2,344	150,649	-	152,993	239,843
Profit for the period	-	-	7,042	-	7,042	7,042
Other comprehensive income for the period	-	-	-	(52)	(52)	(52)
Issuance of new shares from conversion of warrants	6,399	-	-	-	-	6,399
Dividends on ordinary shares	-	-	(45,246)	-	(45,246)	(45,246)
Balance at 30/9/2014	93,249	2,344	112,445	(52)	114,737	207,986
Profit for the period	-	-	6,475	-	6,475	6,475
Other comprehensive income for the period	-	-	-	143	143	143
Issuance of new shares from conversion of warrants	2,298	-	-	-	-	2,298
Balance at 31/12/2014	95,547	2,344	118,920	91	121,355	216,902

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 1/1/2015	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
Balance at 1/1/2014	86,850	2,344	99,598	-	101,942	188,792
Loss for the period	-	-	(902)	-	(902)	(902)
Other comprehensive income for the period	-	-	-	(52)	(52)	(52)
Issuance of new shares from conversion of warrants	6,399	-	-	-	-	6,399
Dividends on ordinary shares	-	-	(45,246)	-	(45,246)	(45,246)
Balance at 30/9/2014	93,249	2,344	53,450	(52)	55,742	148,991
Profit for the period	-	-	24,869	-	24,869	24,869
Other comprehensive income for the period	-	-	-	143	143	143
Issuance of new shares from conversion of warrants	2,298	-	-	-	-	2,298
Balance at 31/12/2014	95,547	2,344	78,319	91	80,754	176,301

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

During the year ended 31 December 2015, 91,319,818 warrants were exercised at \$0.145 each by warrant holders to subscribe for a total of 91,319,818 new ordinary shares in the Company.

The remaining unexercised 2,457,404 warrants expired on 5 June 2015. No warrants were outstanding as at 31 December 2015 (31 December 2014 – 93,777,222).

There were no shares held as treasury shares as at 31 December 2015 and 31 December 2014.

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 2015, the Company's issued share capital excluding treasury shares was S\$108,788,054 (31 December 2014 – S\$95,546,681) comprising 1,014,390,262 ordinary shares (31 December 2014 – 923,070,444 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 auditors.

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 2014.

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	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
(i) Basic earnings per share (in cents)	-	0.72	0.93	1.50
(ii) Diluted earnings per share (in cents)	-	0.68	0.93	1.41

(i) Basic earnings per ordinary share for the financial year ended 31 December 2015 was calculated based on the weighted average number of ordinary shares in issue during the year of 982,901,455 (31 December 2014 – 898,759,610).

(ii) Earnings per share for the financial year ended 31 December 2014 on a fully diluted basis was calculated based on the weighted average number of ordinary shares in issue during the year adjusted for the dilutive effect of 93,777,222 warrants outstanding at 31 December 2014.

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	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Net asset value per ordinary share based on issued share capital (excluding treasury shares) at the end of the year (in cents)	22.6	23.5	18.9	19.1

Net asset value per ordinary share as at 31 December 2015 and 2014 was calculated based on the number of shares in issue of 1,014,390,262 and 923,070,444 respectively.

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

The Group's revenue for 4Q2015 decreased from S\$28.9 million to S\$7.9 million as compared to 4Q2014 mainly due to the general slowdown of the oil and gas industry. The operating condition of the industry remains challenging as demand has taken a significant hit with lower oil prices. Similarly, the Group's revenue for FY2015 also decreased 37% to S\$54.1 million.

Profitability

The Group's net profit attributable to shareholders decreased from S\$6.5 million in 4Q2014 to S\$54,000 mainly due to lower revenue and lower foreign exchange gain for the current quarter.

In FY2015, the Group reported a net profit attributable to shareholders of S\$9.2 million compared to S\$13.5 million in 2014, primarily due to lower revenue recorded during the year. This includes a foreign exchange gain of S\$5.3 million (2014: S\$3.6 million) as a result of the strengthening of the US dollar against the Singapore dollar during the year.

Financial position and cash flow

Group shareholders' funds increased from S\$216.9 million as at 31 December 2014 to S\$228.9 million as at 31 December 2015. This was contributed by the increase in share capital following the conversion of warrants by warrant holders (S\$13.2 million) and retained profits for the year which was offsetted by the payment of dividend of S\$10.1 million to shareholders.

For 4Q2015 and FY2015, the Group reported net operating cash outflows of S\$20.8 million and S\$22.5 million, respectively, due to working capital required for operations. The Group's cash and short-term deposits were at S\$140.1 million, with no borrowings as at 31 December 2015.

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 previously disclosed to shareholders.

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 downturn in the oil and gas sector is expected to be more prolonged compared to the previous downturn, with further Exploration & Production cuts and continued supply demand imbalance. However, the Group's strong balance sheet and experienced management team will allow the Group to meet the challenges of 2016.

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 0.5 cent for the financial year ended 31 December 2015.

Name of Dividend	Final
Dividend type	Cash
Dividend rate (S\$)	0.5 cent 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	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	54,064	86,272	-	-	-	-	-	-	54,064	86,272
Results										
EBITDA	12,742	19,812	115	(615)	565	(752)	(1,580)	(804)	11,842	17,641
Depreciation & amortization	(1,805)	(2,204)	(1)	(1)	(5)	(6)	-	-	(1,811)	(2,211)
Interest income	35	75	393	350	664	471	-	-	1,092	896
Segment profit/(loss)	10,972	17,683	507	(266)	1,224	(287)	(1,580)	(804)	11,123	16,326
Total assets	108,769	90,569	9,720	8,796	128,401	136,707	(824)	(23)	246,066	236,049
Total liabilities	16,312	18,323	67	119	774	705	-	-	17,153	19,147
Other segment information:										
Acquisition of other investment	-	-	1,183	5,740	-	-	-	-	1,183	5,740
Additions to non-current assets	11,555	5,537	-	3	-	11	-	-	11,555	5,551

(b) Geographical segments

	Segment revenue	
	2015	2014
	S\$'000	S\$'000
China	26,853	57,687
Singapore	11,205	17,699
Asia Pacific (excluding China and Singapore)	7,461	5,643
Middle East	8,312	5,036
Others	233	207
	<u>54,064</u>	<u>86,272</u>

Segment revenue is based on the billing location of customers.

Except for the Group's investment in an available-for-sale investment of S\$962,000 at 31 December 2015 (2014: S\$589,000) 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		
	2015	2014	Change
	S\$'000	S\$'000	%
Sales reported for first half year	40,617	36,301	+12
Sales reported for second half year	13,447	49,971	-73
Total sales	<u>54,064</u>	<u>86,272</u>	-37
Profit after tax reported for first half year	6,446	2,715	+137
Profit after tax reported for second half year	2,717	10,802	-75
Total profit after tax	<u>9,163</u>	<u>13,517</u>	-32

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	5,072*	10,075
Preference	-	-
Total	5,072	10,075

* 2015 proposed first and final dividend are estimated based on share capital of 1,014,390,262 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	39	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
25 February 2016