



BAKER TECHNOLOGY LIMITED

Company Registration No.: 198100637D

Quarterly Financial Statement And Dividend Announcement for the Period Ended 31 March 2013

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

- 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

CONSOLIDATED INCOME STATEMENT

	Group		
	3 months ended 31 March 2013	3 months ended 31 March 2012	Change
	S\$'000	S\$'000	%
Revenue	25,059	35,101	(29)
Cost of goods sold	(19,034)	(30,192)	(37)
Gross profit	6,025	4,909	23
Administrative expenses	(1,810)	(2,049)	(12)
Other operating income / (expenses), net	94	10,787	(99)
Finance cost	(8)	-	NM
Share of results of associates	(a) (86)	598	NM
Profit before taxation	(b) 4,215	14,245	(70)
Income tax expenses	(c) (968)	(640)	51
Net profit attributable to equity holders of the Company	3,247	13,605	(76)

NM – Not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		
	3 months ended 31 March 2013	3 months ended 31 March 2012	Change
	S\$'000	S\$'000	%
Net profit attributable to equity holders of the Company	3,247	13,605	(76)
Other comprehensive income:			
Net gain on fair value changes of available-for-sale investment	-	5,400	(100)
Total comprehensive income attributable to equity holders of the Company	3,247	19,005	(83)

Explanatory notes:

- (a) For 1Q2013, this relates to the Group's 20% share in the results of Discovery Offshore S.A. ("DO"). For 1Q2012, it was the Group's 49% share in the results of York Transport Equipment (Asia) Pte Ltd ("York"), prior to the disposal of York in March 2012.

- (b) Profit before taxation is stated after charging / (crediting):

	Group		
	3 months ended 31 March 2013	3 months ended 31 March 2012	Change
	S\$'000	S\$'000	%
Depreciation	328	372	(12)
Foreign exchange loss	47	376	(87)
Interest income	(107)	(52)	106
Gain on disposal of associates	-	(10,894)	100

- (c) The taxation charge for the current quarter was significantly higher than the statutory income tax rate of Singapore as certain operating expenses incurred by the corporate head office could not be offset against the taxable profits of the operating subsidiaries. For the corresponding period in 2012, the taxation charge was significantly lower than the statutory income tax rate of Singapore as the gain on disposal of associates (York) of S\$10.9 million is capital in nature and not subject to any income tax.

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	
	31/3/2013 S\$'000	31/12/2012 S\$'000	31/3/2013 S\$'000	31/12/2012 S\$'000
<u>Non-current assets</u>				
Property, plant and equipment	2,648	2,822	9	10
Intangible assets	7,551	7,551	-	-
Investment in subsidiaries	-	-	20,000	20,000
Investment in associates (a)	32,176	32,020	32,273	32,030
Deferred tax assets	392	392	-	-
	<u>42,767</u>	<u>42,785</u>	<u>52,282</u>	<u>52,040</u>
<u>Current assets</u>				
Inventories	17,648	19,162	-	-
Work-in-progress (b)	16,848	25,845	-	-
Trade and other receivables	20,698	19,724	198	184
Amounts due from subsidiaries	-	-	2,850	2,700
Pledged deposits	11,205	11,067	-	-
Cash and short-term deposits	188,397	173,902	169,658	167,790
	<u>254,796</u>	<u>249,700</u>	<u>172,706</u>	<u>170,674</u>
<u>Current liabilities</u>				
Loans and borrowings (c)	-	3,678	-	-
Excess of progress billings over work-in-progress (b)	2,979	1,845	-	-
Trade and other payables (d)	13,099	14,746	894	3,139
Tax payable	5,060	4,073	4	5
	<u>21,138</u>	<u>24,342</u>	<u>898</u>	<u>3,144</u>
Net current assets	233,658	225,358	171,808	167,530
Net assets	<u>276,425</u>	<u>268,143</u>	<u>224,090</u>	<u>219,570</u>

	Group		Company	
	31/3/2013	31/12/2012	31/3/2013	31/12/2012
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Equity attributable to equity holders of the Company</u>				
Share capital	55,352	50,317	55,352	50,317
Reserves	221,073	217,826	168,738	169,253
Total equity	276,425	268,143	224,090	219,570

Explanatory notes:

- (a) This relates to the Group and Company's 20% interest in DO, a foreign offshore drilling company.
- (b) The reduction in net work-in-progress was due to higher progress billings in the current quarter.
- (c) The short-term bank borrowings which were drawn down by the Company's subsidiary previously for working capital purposes were fully repaid during 1Q2013.
- (d) The decrease was mainly due to the settlement of liabilities during the current 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 31/3/2013		As at 31/12/2012	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	3,678	-

Amount repayable after one year

As at 31/3/2013		As at 31/12/2012	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

Details of any collateral

Certain deposits have been pledged to the banks as collateral for these banking facilities.

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 31 March 2013 S\$'000	3 months ended 31 March 2012 S\$'000
Cash flows from operating activities:		
Profit before tax	4,215	14,245
Adjustments for:		
Depreciation	328	372
Interest income	(107)	(52)
Interest expenses	8	-
Gain on disposal of associates	-	(10,894)
Share of results of associates	86	(598)
Operating profit before working capital changes	4,530	3,073
Increase in trade and other receivables	(974)	(5,210)
Decrease / (increase) in inventories	1,514	(413)
Increase in pledged deposits	(138)	(2,094)
Decrease / (increase) in net work-in-progress	10,131	(5,449)
Decrease in trade and other payables	(1,647)	(6,205)
Net cash flows from / (used in) operations	13,416	(16,298)
Interest received	107	52
Interest paid	(8)	-
Income tax refund / (paid)	19	(642)
Net cash flows from / (used in) operating activities	13,534	(16,888)
Cash flows from investing activities:		
Net proceeds from disposal of associates	-	21,850
Purchase of property, plant and equipment	(154)	(75)
Purchase of available-for-sale investment	-	(154)
Purchase of additional stake in associate	(242)	-
Net cash flows (used in) / from investing activities	(396)	21,621
Cash flows from financing activities:		
Proceeds from conversion of warrants	5,035	-
Repayment of loans and borrowings	(3,678)	-
Net cash flows from financing activities	1,357	-
Net increase in cash and cash equivalents	14,495	4,733
Cash and cash equivalents at beginning of period	173,902	169,277
Cash and cash equivalents at end of period	188,397	174,010

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	Capital reserve	Accumulated profits	Other reserve	Total reserves	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1/1/2013	50,317	2,344	215,482	-	217,826	268,143
Profit for the period	-	-	3,247	-	3,247	3,247
Other comprehensive income for the period	-	-	-	-	-	-
Issuance of new shares from conversion of warrants *	5,035	-	-	-	-	5,035
Balance at 31/3/2013	55,352	2,344	218,729	-	221,073	276,425
Balance at 1/1/2012	36,053	2,344	140,893	(7,500)	135,737	171,790
Profit for the period	-	-	13,605	-	13,605	13,605
Other comprehensive income for the period	-	-	-	5,400	5,400	5,400
Balance at 31/3/2012	36,053	2,344	154,498	(2,100)	154,742	190,795

Company	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 1/1/2013	50,317	2,344	166,909	-	169,253	219,570
Loss for the period	-	-	(515)	-	(515)	(515)
Other comprehensive income for the period	-	-	-	-	-	-
Issuance of new shares from conversion of warrants *	5,035	-	-	-	-	5,035
Balance at 31/3/2013	55,352	2,344	166,394	-	168,738	224,090
Balance at 1/1/2012	36,053	2,344	18,096	(7,500)	12,940	48,993
Profit for the period	-	-	11,456	-	11,456	11,456
Other comprehensive income for the period	-	-	-	5,400	5,400	5,400
Balance at 31/3/2012	36,053	2,344	29,552	(2,100)	29,796	65,849

* - 2012 Warrants

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 period ended 31 March 2013, 18,648,000 2012 Warrants were exercised at S\$0.27 each by warrant holders to subscribe for 18,648,000 new ordinary shares in the Company.

As at 31 March 2013 and 31 March 2012, the Company's outstanding warrants is as follow:

	Expiry Date	Exercise Price	No. of warrants	
			31 Mar 2013	31 Mar 2012
2009 Warrants	116 Nov 2012	S\$0.32	-	282,662,881
2012 Warrants	5 Jun 2015	S\$0.27 *	261,392,952	-

* At the Company's AGM held on 25 April 2013, the shareholders approved a first and final tax exempt (one-tier) dividend of 1.5 cents per ordinary share and a special tax exempt (one-tier) dividend of 8.5 cents per ordinary share for the year ended 31 December 2012. As the special dividend will be distributed out of reserves which are attributable to profits or gains arising from the disposal of investments by the Company, the exercise price of the 2012 Warrants of S\$0.27 per share will be adjusted to S\$0.185 per share so as to reflect the lower intrinsic value of the Company's share after the special dividend. The adjustment to the exercise price of the 2012 Warrants will be effective from 13 May 2013.

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 March 2013, the Company's issued share capital was S\$55,351,830 (31 December 2012 – S\$50,316,870) comprising 755,454,714 ordinary shares (31 December 2012 – 736,806,714 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

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 by its auditors, Messrs Ernst & Young LLP.

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 same accounting policies and methods of computation have been applied in the financial statements as in the most recently audited financial statements.

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

Not applicable.

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	
	3 months ended 31 March 2013	3 months ended 31 March 2012
(i) Basic earnings per share (in cents)	0.44	1.94
(ii) Diluted earnings per share (in cents)	0.32	1.94

- (i) Basic earnings per ordinary shares for the financial period ended 31 March 2013 was calculated based on the weighted average number of ordinary shares in issue of 741,814,478 (31 March 2012 – 700,168,881).
- (ii) Earnings per share for the financial period ended 31 March 2013 on a fully diluted basis was calculated based on the number of ordinary shares in issue during the period adjusted for the dilutive effect of 261,392,952 warrants (31 March 2012 – Nil warrants).

The outstanding warrants of 282,662,881 as at 31 March 2012 have no dilutive effect as the average market price of the Company's ordinary shares during the quarter ended 31 March 2012 was below the exercise price of S\$0.32.

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	
	31/3/2013	31/12/2012	31/3/2013	31/12/2012
Net Asset Value per ordinary share based on issued share capital at the end of the period (in cents)	36.6	27.3	29.7	9.4

Net asset value per ordinary share as at 31 March 2013 and 31 December 2012 was calculated based on the number of shares in issue of 755,454,714 and 736,806,714 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 decreased 29% from 1Q2012 to S\$25.1 million in 1Q2013 due to the general slowdown in order in-take since the second half of 2012.

As at the end of March 2013, the Group's net order book stands at US\$40 million, a reduction from a net order book of US\$49 million at end of December 2012. These orders are expected to be completed within the next 12 to 18 months.

Profitability

For the current quarter ended 31 March 2013, the Group's gross profit increased from S\$4.9 million in 1Q2012 to S\$6.0 million despite a lower revenue. This was mainly attributable to higher margin yield from projects in the current quarter.

The Group's net profit, excluding the gain of S\$10.9 million on disposal of associate recorded in 1Q2012, increased 20% from S\$2.7 million to S\$3.2 million in 1Q2013.

Financial position

Group shareholders' fund increased from S\$268.1 million as at 31 December 2012 to S\$276.4 million as at 31 March 2013, attributable to retained profits for the quarter ended 31 March 2013 and the increase in share capital following the conversion of warrants by warrant holders.

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

There were no forecast nor prospect statement 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

Although the global economic environment remains challenging and uncertain for the next 12 months, the Group remains confident of the positive long term fundamentals of the oil and gas industry as there has been a pick-up in prospective sales enquiries in recent months.

The Group's 20%-owned associate, DO, is also on track to take delivery of its two ultra-high specification jack-up drilling rigs in Q2 and Q4 of 2013.

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 by the Company.

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 has not obtained a general mandate from shareholders for Interested Person Transactions.

14. Negative confirmation pursuant to Rule 705(5)

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 results of the Company and of the Group for the period ended 31 March 2013 to be false or misleading.

BY ORDER OF THE BOARD

Nga Ko Nie
Company Secretary
25 April 2013