



BAKER TECHNOLOGY LIMITED

Company Registration No.: 198100637D

Unaudited First Quarter Financial Statement for the Period Ended 31 March 2015

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 2015	31 March 2014	Change
	S\$'000	S\$'000	%
Revenue	27,935	18,510	51
Cost of goods sold	(20,079)	(13,575)	48
Gross profit	7,856	4,935	59
Administrative expenses	(2,974)	(2,674)	11
Other operating income / (expenses), net	2,819	121	2,230
Profit before taxation	7,701	2,382	223
Income tax expenses	(1,300)	(622)	109
Net profit attributable to equity holders of the Company	6,401	1,760	264

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		
	3 months ended		
	31 March 2015	31 March 2014	Change
	S\$'000	S\$'000	%
Net profit attributable to equity holders of the Company	6,401	1,760	264
Other comprehensive income:			
Net fair value gain / (loss) on other investments	202	(171)	NM
Total comprehensive income attributable to equity holders of the Company	6,603	1,589	316

NM – Not meaningful

Explanatory notes:

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

	Group		
	3 months ended		
	31 March 2015	31 March 2014	Change
	S\$'000	S\$'000	%
Depreciation	656	434	51
Foreign exchange gain	(2,583)	(57)	4,432
Interest income	(236)	(218)	8

- (b) The taxation charge for 1Q2014 was significantly higher than the statutory income tax rate of Singapore. Certain operating expenses incurred by the corporate head office and certain subsidiaries could not be offset against the taxable profits of the operating subsidiaries.

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	
	31/3/2015	31/12/2014	31/3/2015	31/12/2014
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Non-current assets</u>				
Property, plant and equipment (a)	10,283	9,305	10	11
Intangible assets	9,764	9,764	-	-
Investment in subsidiaries	-	-	26,000	26,000
Other investments (b)	8,785	8,288	8,785	8,288
Deferred tax assets	1,018	1,018	-	-
	29,850	28,375	34,795	34,299
<u>Current assets</u>				
Inventories	2,619	2,512	-	-
Work-in-progress (c)	18,882	28,776	-	-
Trade and other receivables (d)	16,126	7,701	112	126
Amounts due from subsidiaries	-	-	-	6,011
Cash and short-term deposits	177,327	168,685	159,864	136,570
	214,954	207,674	159,976	142,707
<u>Current liabilities</u>				
Excess of progress billings over work-in-progress (c)	3,654	2,630	-	-
Trade payable and other liabilities (e)	12,345	13,146	1,108	625
Amounts due to subsidiaries	-	-	15,747	-
Tax payable	4,539	3,371	-	80
	20,538	19,147	16,855	705
Net current assets	194,416	188,527	143,121	142,002
Net assets	224,266	216,902	177,916	176,301
<u>Equity attributable to equity holders of the Company</u>				
Share capital	96,308	95,547	96,308	95,547
Reserves	127,958	121,355	81,608	80,754
Total equity	224,266	216,902	177,916	176,301

Explanatory notes:

- (a) The increase in the Group's fixed asset was due to the acquisition of new plant and machinery by its subsidiaries to boost their production capabilities.
- (b) Other investments include the Company's investment in quoted corporate bonds (S\$8.2 million) and a minority stake in an unquoted investment fund company (S\$0.6 million), which was incorporated in Luxembourg.
- (c) The reduction was due to the progressive recognition of revenue and cost incurred for existing projects in the current quarter.
- (d) The increase was in line with higher shipments and billings during the current quarter.
- (e) The decrease was mainly due to the settlement of liabilities during the current 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 31/3/2015		As at 31/12/2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

Amount repayable after one year

As at 31/3/2015		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	
	31 March 2015 S\$'000	31 March 2014 S\$,000
Cash flows from operating activities:		
Profit before tax	7,701	2,382
Adjustments for:		
Depreciation	656	434
Interest income	(236)	(218)
Unrealised exchange (gain) / loss	(1,992)	107
Operating profit before working capital changes	6,129	2,705
Increase in trade and other receivables	(8,254)	(2,268)
Increase in inventories	(107)	(3,156)
Decrease in net work-in-progress	10,918	9,136
Decrease in trade payables and other liabilities	(856)	(1,894)
Net cash flows from operations	7,830	4,523
Interest received	148	218
Interest paid	-	-
Income tax paid	(132)	(644)
Net cash flows from operating activities	7,846	4,097
Cash flows from investing activities:		
Purchase of property, plant and equipment	(1,634)	(4,139)
Purchase of other investments	(295)	(5,747)
Placement of short-term deposits	-	(6,021)
Net cash flows used in investing activities	(1,929)	(15,907)
Cash flows from financing activities:		
Proceeds from conversion of warrants	761	359
Net cash flows from financing activities	761	359
Net increase / (decrease) in cash and cash equivalents	6,678	(11,451)
Effect of exchange rate changes on cash and cash equivalents	1,964	7
Cash and cash equivalents at beginning of period	168,685	201,871
Cash and cash equivalents at end of period	177,327	190,427

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following:

	31 March 2015 S\$'000	31 March 2014 S\$,000
Cash and short-term deposits	177,327	200,448
Less: Deposits with more than three months maturity	-	(10,021)
Cash and cash equivalents at end of period	177,327	190,427

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 1/1/2015	95,547	2,344	118,920	91	121,355	216,902
Profit for the period	-	-	6,401	-	6,401	6,401
Other comprehensive income for the period	-	-	-	202	202	202
Issuance of new shares from conversion of warrants	761	-	-	-	-	761
Balance at 31/3/2015	96,308	2,344	125,321	293	127,958	224,266
Balance at 1/1/2014	86,850	2,344	150,649	-	152,993	239,843
Profit for the period	-	-	1,760	-	1,760	1,760
Other comprehensive income for the period	-	-	-	(171)	(171)	(171)
Issuance of new shares from conversion of warrants	359	-	-	-	-	359
Balance at 31/3/2014	87,209	2,344	152,409	(171)	154,582	241,791

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 1/1/2015	95,547	2,344	78,319	91	80,754	176,301
Profit for the period	-	-	652	-	652	652
Other comprehensive income for the period	-	-	-	202	202	202
Issuance of new shares from conversion of warrants	761	-	-	-	-	761
Balance at 31/3/2015	96,308	2,344	78,971	293	81,608	177,916
Balance at 1/1/2014	86,850	2,344	99,598	-	101,942	188,792
Loss for the period	-	-	(613)	-	(613)	(613)
Other comprehensive income for the period	-	-	-	(171)	(171)	(171)
Issuance of new shares from conversion of warrants	359	-	-	-	-	359
Balance at 31/3/2014	87,209	2,344	98,985	(171)	101,158	188,367

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 2015, 5,253,900 warrants were exercised at S\$0.145 each by warrant holders to subscribe for 5,253,900 new ordinary shares in the Company.

As at 31 March, the Company had the following outstanding warrants:

	Expiry Date	Exercise Price	No. of warrants	
			31 Mar 2015	31 Mar 2014
2012 Warrants	5 Jun 2015	S\$0.145	88,523,322	142,764,822

There were no shares held as treasury shares as at 31 March 2015 and 31 March 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 March 2015, the Company's issued share capital was S\$96,308,496 (31 December 2014 – S\$95,546,681) comprising 928,324,344 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 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 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	
	3 months ended 31 March 2015	3 months ended 31 March 2014
(i) Basic earnings per share (in cents)	0.69	0.20
(ii) Diluted earnings per share (in cents)	0.66	0.19

- (i) Basic earnings per ordinary shares for the financial period ended 31 March 2015 was calculated based on the weighted average number of ordinary shares in issue of 926,124,255 (31 March 2014 – 872,487,990).
- (ii) Earnings per share for the financial period ended 31 March 2015 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 88,523,322 warrants (31 March 2014 – 142,764,822 warrants).

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	
	31/3/2015	31/12/2014	31/3/2015	31/12/2014
Net Asset Value per ordinary share based on issued share capital at the end of the period (in cents)	24.2	23.5	19.2	19.1

Net asset value per ordinary share as at 31 March 2015 and 31 December 2014 was calculated based on the number of shares in issue of 928,324,344 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

Group revenue in 1Q2015 increased by S\$9.4 million or 51% to S\$27.9 million from S\$18.5 million in the corresponding period in 2014. The increase was due to higher progressive revenue recognition as a result of increased shipments to customers.

Following the recent decline in oil prices, order in-take has showed signs of slowing down and the Group's net order book stood at US\$19 million as at end of March 2015. These orders are expected to be completed within the next 12 months.

Profitability

For the current quarter ended 31 March 2015, the Group's net profit increased from S\$1.8 million in 1Q2014 to S\$6.4 million due to:

- higher gross profit of S\$2.9 million with the increase in revenue; and
- a foreign exchange gain of S\$2.6 million from the strengthening of the US dollar against the Singapore dollar.

The increase in profitability was partially offset by a higher taxation charge of S\$0.7 million.

Financial position

Group shareholders' fund increased from S\$216.9 million as at 31 December 2014 to S\$224.3 million as at 31 March 2015, attributable mainly to retained profits for the quarter ended 31 March 2015 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

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

Current softness in oil prices continue to affect the outlook for the offshore marine sector. Prolonged low oil prices can also lead to a further slow-down in order in-take. In this regard, the Group expects the operating environment to remain competitive and challenging for the next 12 months. Nevertheless, with a cash balance of S\$177.3 million and a healthy balance sheet, the Group is confident of weathering the uncertainties ahead.

The Group continues to explore external avenues for strategic alliances and acquisitions.

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

14. 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 first quarter ended 31 March 2015 to be false or misleading.

BY ORDER OF THE BOARD

Nga Ko Nie
Company Secretary
23 April 2015