



BAKER TECHNOLOGY LIMITED

Company Registration No.: 198100637D

Unaudited First Quarter Financial Statement for the Period Ended 31 March 2017

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		
		31/3/2017	31/3/2016	Change
		S\$'000	S\$'000	%
Revenue		1,001	5,966	-83
Cost of sales	(a)	560	(3,605)	NM
Gross profit		1,561	2,361	-34
Administrative expenses		(2,256)	(2,737)	-18
Other operating income / (expenses), net		182	213	-15
Foreign exchange loss		(1,693)	(2,594)	-35
Loss before taxation	(b)	(2,206)	(2,757)	-20
Income tax	(c)	268	-	NM
Net loss attributable to equity holders of the Company		(1,938)	(2,757)	-30

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Group		
		3 months ended		
		31/3/2017	31/3/2016	Change
		S\$'000	S\$'000	%
Net loss attributable to equity holders of the Company		(1,938)	(2,757)	-30
Other comprehensive income:				
Net fair value (loss) / gain on other investments		(7)	77	NM
Total comprehensive income attributable to equity holders of the Company		(1,945)	(2,680)	-27

NM – Not meaningful

Explanatory notes:

- (a) The credit balance in Cost of Sales for 1Q2017 was due to the write-back of expired warranty provision.
- (b) Loss before taxation is stated after charging / (crediting):

	Group		
	3 months ended		
	31/3/2017	31/3/2016	Change
	S\$'000	S\$'000	%
Depreciation	502	468	+7
Interest income	(167)	(183)	-9
Gain on disposal of property, plant and equipment	-	(1)	-100

- (c) For the quarter ended 31 March 2017, the amount included write-back of excess tax provision from 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	
	31/3/2017	31/12/2016	31/3/2017	31/12/2016
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Non-current assets</u>				
Property, plant and equipment	15,557	16,461	1	2
Intangible assets	1,986	2,050	-	-
Investment in subsidiaries	-	-	22,800	22,800
Other investments (a)	2,895	3,317	2,895	3,317
Deferred tax assets	48	248	-	-
	20,486	22,076	25,696	26,119
<u>Current assets</u>				
Inventories and work-in-progress (b)	90,830	86,470	-	-
Trade and other receivables (c)	4,007	5,870	236	1,101
Amounts due from subsidiaries	-	-	97,372	93,074
Other investments (a)	3,201	3,218	3,201	3,218
Cash and short-term deposits	101,216	106,956	93,752	99,157
	199,254	202,514	194,561	196,550
<u>Current liabilities</u>				
Excess of progress billings over work-in-progress (b)	-	122	-	-
Trade payable and other liabilities (c)	5,212	8,044	520	1,241
Amounts due to subsidiaries	-	-	5,653	5,653
Tax payable	401	302	-	26
	5,613	8,468	6,173	6,920
Net current assets	193,641	194,046	188,388	189,630
<u>Non-current liabilities</u>				
Deferred tax liabilities	(405)	(455)	-	-
Net assets	213,722	215,667	214,084	215,749
<u>Equity attributable to equity holders of the Company</u>				
Share capital	108,788	108,788	108,788	108,788
Reserves	104,934	106,879	105,296	106,961
Total equity	213,722	215,667	214,084	215,749

Explanatory notes:

- (a) Other investments included the Company's investment in quoted corporate bonds (\$5.0 million) and a minority stake in an unquoted investment fund company (\$1.1 million), which was incorporated in Luxembourg.
- (b) The net 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 was in line with the reduction of revenue for 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 31/3/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

Amount repayable after one year

As at 31/3/2017		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	
	31/3/2017 S\$'000	31/3/2016 S\$'000
Cash flows from operating activities:		
Loss before tax	(2,206)	(2,757)
Adjustments for:		
Depreciation	502	468
Interest income	(167)	(183)
Gain on disposal of property, plant and equipment	-	(1)
Unrealised exchange loss	1,785	2,790
Operating (loss) / profit before working capital changes	(86)	317
Decrease in trade and other receivables	1,619	1,310
Increase in inventories & net work-in-progress	(3,973)	(8,777)
Decrease in trade payables and other liabilities	(2,805)	(3,381)
Net cash flows used in operations	(5,245)	(10,531)
Interest received	191	183
Income tax refunded	517	528
Net cash flows used in operating activities	(4,537)	(9,820)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(43)	(448)
Purchase of other investments	(30)	(280)
Maturity of other investments	279	1,000
Proceed from sale of property, plant and equipment	-	1
Net cash flows from investing activities	206	273
Net decrease in cash and cash equivalents	(4,331)	(9,547)
Effect of exchange rate changes on cash and cash equivalents	(1,409)	(2,187)
Cash and cash equivalents at beginning of period	106,956	140,070
Cash and cash equivalents at end of period	101,216	128,336

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 1/1/2017	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
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

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 1/1/2017	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
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

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 March 2017.

The Company did not hold any treasury shares as at 31 March 2017 and 31 March 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 31 March 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	
	3 months ended 31/3/2017	3 months ended 31/3/2016*
(i) Basic earnings per share (in cents)	(0.96)	(1.36)
(ii) Diluted earnings per share (in cents)	(0.96)	(1.36)

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

Basic earnings per ordinary shares for the current quarter ended 31 March 2017 was calculated based on the weighted average number of ordinary shares in issue of 202,877,948 (31 March 2016 – 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	
	31/3/2017	31/12/2016	31/3/2017	31/12/2016
Net Asset Value per ordinary share based on issued share capital at the end of the period (in cents)	105.3	106.3	105.5	106.3

Net asset value per ordinary share as at 31 March 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

The Group recorded a revenue of \$1.0 million in 1Q2017 as compared to \$6.0 million in 1Q2016. The decline was due to the continued weakness in the oil and gas industry.

Profitability

Despite a lower revenue, the Group reported a lower net loss at \$1.9 million for 1Q2017 as compared to a net loss of \$2.8 million in 1Q2016, mainly due to:

- write back of expired warranty provision (included in cost of sales) and excess income tax provision for prior year;
- lower foreign exchange losses; and
- lower administrative expenses.

The Group's foreign exchange losses was attributed to the weakening of the US dollar against the Singapore dollar during the current quarter.

Financial position and cash flow

Group shareholders' fund decreased from \$215.7 million as at 31 December 2016 to \$213.7 million as at 31 March 2017, attributable to the loss for the current quarter.

For 1Q2017, the Group reported net operating cash outflows of \$4.5 million due to working capital required for operations. The Group's cash and short-term deposits were at \$101.2 million, with no borrowings as at 31 March 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 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 operating environment for the next 12 months is expected to remain challenging for the Group. However, the Group will continue to take 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? 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 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 first quarter ended 31 March 2017 to be false or misleading.

BY ORDER OF THE BOARD

Nga Ko Nie
Company Secretary
28 April 2017