



BAKER TECHNOLOGY LIMITED

Company Registration No.: 198100637D

Unaudited First Quarter Financial Statement for the Period Ended 31 March 2019

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		
	31/3/2019 S\$'000	31/3/2018 S\$'000	Change %
Revenue	15,925	683	NM
Cost of sales	(10,278)	(212)	NM
Gross profit	5,647	471	NM
Administrative expenses	(4,795)	(4,770)	+1
Other operating income	152	176	-14
Foreign exchange loss	(214)	(724)	-70
Finance cost	(233)	-	NM
Share of results of associates	(556)	-	NM
Profit / (loss) before taxation	1	(4,847)	NM
Income tax expense	-	-	-
Net profit / (loss) for the period	1	(4,847)	NM
<u>Results attributable to:</u>			
Owners of the Company	1,008	(4,847)	NM
Non-controlling interests	(1,007)	-	-
Net profit / (loss) for the period	1	(4,847)	NM

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		
	3 months ended		
	31/3/2019 S\$'000	31/3/2018 S\$'000	Change %
Net profit / (loss) for the period	1	(4,847)	NM
Other comprehensive income:			
Net fair value gain / (loss) on other investments	15	(7)	NM
Foreign currency translation	(871)	-	NM
Total comprehensive income for the period	(855)	(4,854)	-82

NM – Not meaningful

	Group		
	3 months ended		
	31/3/2019 S\$'000	31/3/2018 S\$'000	Change %
<u>Attributable to:</u>			
Owners of the Company	519	(4,854)	NM
Non-controlling interests	(1,374)	-	NM
Total comprehensive income for the period	(855)	(4,854)	-82

Explanatory notes:

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

	Group		
	3 months ended		
	31/3/2019 S\$'000	31/3/2018 S\$'000	Change %
Depreciation & amortisation	4,869	2,024	NM
Interest income	(131)	(144)	-9
Interest expenses	233	-	NM

- (b) The amount relates to the losses attributed to the 45.02% minority shareholders of CH Offshore Ltd.

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	
	31/3/2019 S\$'000	31/12/2018 S\$'000	31/3/2019 S\$'000	31/12/2018 S\$'000
<u>Non-current assets</u>				
Property, plant and equipment	225,070	230,341	6	3
Right-of-use assets (a)	6,320	-	-	-
Intangible assets	1,487	1,551	-	-
Investment in subsidiaries	-	-	22,800	22,800
Investment in associates	4,387	4,979	-	-
Loan to associate	2,778	3,406	-	-
Other investments (b)	2,220	2,491	2,220	2,491
	242,262	242,768	25,026	25,294
<u>Current assets</u>				
Inventories and contract assets	2,918	2,247	-	-
Trade and other receivables	23,234	23,985	69	68
Amounts due from subsidiaries	-	-	163,067	165,769
Loan to associate	6,148	5,862	-	-
Other investments (b)	521	797	521	797
Cash and short-term deposits	34,641	28,920	17,103	14,575
	67,462	61,811	180,760	181,209
<u>Current liabilities</u>				
Contract liabilities	323	-	-	-
Trade payable and other liabilities	9,766	10,265	492	601
Amounts due to subsidiaries	-	-	7,517	7,650
Borrowings	8,679	8,447	-	-
Lease liabilities (a)	764	-	-	-
Tax payable	53	146	-	-
	19,585	18,858	8,009	8,251

	Group		Company	
	31/3/2019 S\$'000	31/12/2018 S\$'000	31/3/2019 S\$'000	31/12/2018 S\$'000
Net current assets	47,877	42,953	172,751	172,958
<u>Non-current liabilities</u>				
Deferred tax liabilities	5,508	5,545	-	-
Other payables and liabilities (a)	1,550	-	-	-
Borrowings	3,719	4,067	-	-
Lease liabilities (a)	4,108	-	-	-
	14,885	9,612	-	-
Net assets	275,254	276,109	197,777	198,252
<u>Equity attributable to equity holders of the Company</u>				
Share capital	108,788	108,788	108,788	108,788
Reserves	112,560	112,041	88,989	89,464
	221,348	220,829	197,777	198,252
Non-controlling interests	53,906	55,280	-	-
Total equity	275,254	276,109	197,777	198,252

Explanatory notes:

- (a) The amounts arose from the adoption of SFRS(I) 16 as of 1 January 2019.
- (b) Other investments included the Company's investment in quoted corporate bonds (\$2.2 million) and a minority stake in an unquoted investment fund company (\$0.5 million), which was incorporated in Luxembourg. The reduction was due to maturity of a corporate bond during the 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 31/3/2019		As at 31/12/2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
8,679	764	-	8,447

Amount repayable after one year

As at 31/3/2019		As at 31/12/2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,719	4,108	-	4,067

Details of any collateral

The bank borrowing is secured by a subsidiary's 12,000 BHP vessel during the current quarter.

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	
	31/3/2019 S\$'000	31/3/2018 S\$'000
Cash flows from operating activities:		
Profit / (loss) before tax	1	(4,847)
Adjustments for:		
Depreciation and amortization	4,869	2,024
Interest income	(131)	(144)
Interest expenses	233	-
Share of results of associates	556	-
Unrealised exchange loss	192	687
Operating cash flows before working capital changes	5,720	(2,280)
Decrease in trade and other receivables	778	1,039
Increase in inventories & contract assets / liabilities	(204)	(318)
Decrease in trade payables and other liabilities	(860)	(2,541)
Net cash flows from / (used in) operations	5,434	(4,100)
Interest received	134	151
Interest paid	(158)	-
Income tax paid	(93)	(266)
Net cash flows from / (used in) operating activities	5,317	(4,215)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(51)	(847)
Purchase of other investments	-	(37)
Maturity of other investments	507	-
Repayment from associate	281	-
Net cash flows from / (used in) / from investing activities	737	(884)
Net increase / (decrease) in cash and cash equivalents	6,054	(5,099)
Effect of exchange rate changes on cash and cash equivalents	(333)	(662)
Cash and cash equivalents at beginning of period	28,920	86,642
Cash and cash equivalents at end of period	34,641	80,881

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	Accumul ated profits S\$'000	Other reserves S\$'000	Total reserves S\$'000	Non- controlling interest S\$'000	Total equity S\$'000
Balance at 1/1/2019	108,788	2,344	109,007	690	112,041	55,280	276,109
Profit for the period	-	-	1,008	-	1,008	(1,007)	1
Other comprehensive income for the period	-	-	-	(489)	(489)	(367)	(856)
Balance at 31/3/2019	108,788	2,344	110,015	201	112,560	53,906	275,254
Balance at 1/1/2018	108,788	2,344	91,383	(1)	93,726	-	202,514
Impact on adoption of new accounting policy	-	-	-	734	734	-	734
Loss for the period	-	-	(4,847)	-	(4,847)	-	(4,847)
Other comprehensive income for the period	-	-	-	(7)	(7)	-	(7)
Balance at 31/3/2018	108,788	2,344	86,536	726	89,606	-	198,394

Company	Share capital S\$'000	Capital reserve S\$'000	Accumulated profits S\$'000	Other reserves S\$'000	Total reserves S\$'000	Total equity S\$'000
Balance at 1/1/2019	108,788	2,344	86,362	758	89,464	198,252
Loss for the period	-	-	(490)	-	(490)	(490)
Other comprehensive income for the period	-	-	-	15	15	15
Balance at 31/3/2019	108,788	2,344	85,872	773	88,989	197,777
Balance at 1/1/2018	108,788	2,344	104,691	(74)	106,961	215,749
Impact on adoption of new accounting policy	-	-	-	734	734	734
Loss for the period	-	-	(3,405)	-	(3,405)	(3,405)
Other comprehensive income for the period	-	-	-	82	82	82
Balance at 31/3/2018	108,788	2,344	90,296	(1)	92,639	201,427

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediate preceding financial year.

There were no changes in the Company's issued share capital for the three months ended 31 March 2019.

The Company did not hold any treasury shares as at 31 March 2019 and 31 December 2018.

1(d)(iii) To show the total number of issued shares excluding treasury shares and subsidiary holdings as at the end of the current financial period and as at the end of the immediately preceding year.

As at 31 March 2019 and 31 December 2018, the Company's issued share capital excluding treasury shares and subsidiary holdings 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.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings 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.

Except as disclosed in paragraph 5 below, 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 2018.

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.

The Group has adopted new Singapore Financial Reporting Standards (International) (SFRS(I)) for the financial period beginning 1 January 2019 as follows:

SFRS(I) 16 Leases

SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. The Group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

SFRS(I) 16 has resulted in almost all leases being recognised in the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term leases and leases of low value assets. The accounting for lessor has not changed significantly.

Right-of-use assets are measured using the cost model and are carried at cost less accumulated depreciation and accumulated impairment loss, if any, subsequent to initial recognition. The carrying amount for lease liabilities subsequent to initial recognition would take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.

The adoption of SFRS(I) 16 resulted in the recognition of right-of-use assets, lease liabilities and provision for restoration costs as at 1 January 2019.

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 31/3/2019	3 months ended 31/3/2018
(i) Basic earnings per share (in cents)	0.50	(2.39)
(ii) Diluted earnings per share (in cents)	0.50	(2.39)

Basic earnings per ordinary shares for the quarters ended 31 March 2019 and 31 March 2018 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	
	31/3/2019	31/12/2018	31/3/2019	31/12/2018
Net Asset Value per ordinary share based on issued share capital at the end of the period (in cents)	109.1	108.8	97.5	97.7

Net asset value per ordinary share as at 31 March 2019 and 31 December 2018 were 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 was \$15.9 million for the quarter ended 31 March 2019 ("1Q2019"), an increase of \$15.2 million from \$0.7 million in the quarter ended 31 March 2018 ("1Q2018"). The increase in revenue was mainly due to higher charter revenue from the Liftboat and the fleet of offshore supply vessels from the CH Offshore Ltd (as a result of the acquisition of CH Offshore Ltd ("CHO") in July 2018).

Profitability

In line with the increase in revenue, the Group recorded higher gross profit at \$5.6 million for 1Q2019.

The Group's foreign exchange losses of \$0.2 million was attributed to the weakening of the US dollar against the Singapore dollar during the current quarter.

The Group's share of associates loss was at \$0.6 million in 1Q2019 mainly due to continued low charter rates and vessel utilisation for CHO's 49%-owned Indonesian associate.

As a result of the losses from CHO, the Group broke even in 1Q2019. However, after taking into account of the non-controlling interests, net profit attributable to shareholders was \$1.0 million in 1Q2019.

Financial position and cash flow

Group shareholders' fund increased from \$220.8 million as at 31 December 2018 to \$221.3 million as at 31 March 2019, mainly due to net profit attributable to shareholders of \$1.0 million for the current quarter.

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

None.

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 volatility in oil prices and ongoing geopolitical uncertainties continue to impact the global market. Coupled with overcapacity and muted new-build activity, near-term charter rates are also expected to remain stagnant.

The Group remains prudent and cautious in managing its operating expenditure and business risk.

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? No

(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 hereby confirms that it has procured undertakings from all its directors and executive officers under Rule 720 (1).

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 2019 to be false or misleading.

BY ORDER OF THE BOARD

Nga Ko Nie
Company Secretary
6 May 2019