



BAKER TECHNOLOGY LIMITED

Company Registration No.: 198100637D

Unaudited Second Quarter and Half Year Financial Statement for the Period Ended 30 June 2016

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

	Group					
	3 months ended			6 months ended		
	30/6/16 S\$'000	30/6/15 S\$'000	Change %	30/6/16 S\$'000	30/6/15 S\$'000	Change %
Revenue	8,125	12,682	-36	14,091	40,617	-65
Cost of goods sold	(6,570)	(8,887)	-26	(10,175)	(28,966)	-65
Gross profit	1,555	3,795	-59	3,916	11,651	-66
Administrative expenses	(2,744)	(2,769)	-1	(5,481)	(5,743)	-5
Other operating income / (expenses), net	1,951	291	+570	2,164	527	+311
Foreign exchange (loss) / gain	(68)	(1,174)	-94	(2,662)	1,409	NM
Profit / (loss) before taxation	694	143	+385	(2,063)	7,844	NM
Income tax expenses	(323)	(98)	+230	(323)	(1,398)	-77
Net profit / (loss) attributable to equity holders of the Company	371	45	+724	(2,386)	6,446	NM

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group					
	3 months ended			6 months ended		
	30/6/16 S\$'000	30/6/15 S\$'000	Change %	30/6/16 S\$'000	30/6/15 S\$'000	Change %
Net profit / (loss) attributable to equity holders of the Company	371	45	+724	(2,386)	6,446	NM
Other comprehensive income:						
Net fair value gain / (loss) on other investments	69	(145)	NM	146	57	156
Total comprehensive income attributable to equity holders of the Company	440	(100)	NM	(2,240)	6,503	NM

NM – Not meaningful

Explanatory notes:

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

	Group					
	3 months ended			6 months ended		
	30/6/16	30/6/15	Change	30/6/16	30/6/15	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation	469	416	+13	937	923	+2
Interest income	(229)	(286)	-20	(412)	(522)	-21
Gain on disposal of property, plant and equipment	-	-	-	(1)	-	NM

- (b) The taxation charge for 2Q2016 was higher than the statutory income tax rate of Singapore as certain operating expenses incurred by the corporate head office and certain subsidiaries could not be used to 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	
	30/6/2016	31/12/2015	30/6/2016	31/12/2015
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Non-current assets</u>				
Property, plant and equipment	17,078	18,076	4	6
Intangible assets	9,707	9,747	-	-
Investment in subsidiaries	-	-	26,000	26,000
Other investments (a)	5,475	8,399	5,475	8,399
Deferred tax assets	360	360	-	-
	32,620	36,582	31,479	34,405
<u>Current assets</u>				
Inventories and work-in-progress (b)	75,069	56,735	-	-
Trade and other receivables (c)	13,503	11,395	186	129
Amounts due from subsidiaries	-	-	91,472	67,166
Other investments (a)	3,314	1,284	3,314	1,284
Cash and short-term deposits	113,155	140,070	100,952	128,265
	205,041	209,484	195,924	196,844
<u>Current liabilities</u>				
Excess of progress billings over work-in-progress (b)	727	1,581	-	-
Trade payables and other liabilities	12,937	13,612	1,474	604
Amounts due to subsidiaries	-	-	41,524	38,696
Tax payable	2,276	1,810	95	170
	15,940	17,003	43,093	39,470
Net current assets	189,101	192,481	152,831	157,374
<u>Non-current liabilities</u>				
Deferred tax liabilities	(120)	(150)	-	-
Net assets	221,601	228,913	184,310	191,779
Equity attributable to equity holders of the Company				
Share capital	108,788	108,788	108,788	108,788
Reserves	112,813	120,125	75,522	82,991
Total equity	221,601	228,913	184,310	191,779

Explanatory notes:

- (a) Other investments included the Company's investment in quoted corporate bonds (S\$7.8m) and a minority stake in an unquoted investment fund company, which was incorporated in Luxembourg. The decrease was mainly due to maturity of corporate bond during the period.
- (b) The increase was mainly due to additional cost incurred for the construction of the liftboat.
- (c) The increase in trade and other receivables was mainly due to timing differences in collection.

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 30/6/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

Amount repayable after one year

As at 30/6/2016		As at 31/12/2015	
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		6 months ended	
	30/6/16 S\$'000	30/6/15 S\$'000	30/6/16 S\$'000	30/6/15 S\$'000
Cash flows from operating activities:				
Profit / (loss) before tax	694	143	(2,063)	7,844
Adjustments for:				
Depreciation	469	416	937	923
Interest income	(229)	(286)	(412)	(522)
Gain on disposal of property, plant & equipment	-	-	(1)	-
Unrealised exchange (gain) / loss	(154)	1,338	2,636	(654)
Operating profit before working capital changes	780	1,611	1,097	7,591
(Increase) / decrease in trade and other receivables	(3,521)	6,685	(2,211)	(1,569)
(Increase) / decrease in inventories & net work-in-progress	(9,446)	(9,841)	(18,223)	1,119
Increase / (decrease) in trade payables and other liabilities	2,774	(269)	(607)	(1,125)
Net cash flows (used in) / from operations	(9,413)	(1,814)	(19,944)	6,016
Interest received	128	264	311	412
Income tax (paid) / refunded	(415)	(2,701)	113	(2,833)
Net cash flows (used in) / from operating activities	(9,700)	(4,251)	(19,520)	3,595
Cash flows from investing activities:				
Purchase of other investments	-	(442)	(280)	(737)
Maturity of other investments	-	-	1,000	-
Purchase of property, plant and equipment	(332)	(1,024)	(780)	(2,658)
Proceed from disposal of property, plant and equipment	-	-	1	-
Purchase of intangible assets	(84)	-	(84)	-
Net cash flows used in investing activities	(416)	(1,466)	(143)	(3,395)
Cash flows from financing activities:				
Proceeds from conversion of warrants	-	12,480	-	13,241
Dividends paid on ordinary shares	(5,072)	(10,075)	(5,072)	(10,075)
Net cash flows (used in) / from financing activities	(5,072)	2,405	(5,072)	3,166
Net (decrease) / increase in cash and cash equivalents	(15,188)	(3,312)	(24,735)	3,366
Effect of exchange rate changes on cash and cash equivalents	7	(1,161)	(2,180)	803
Cash and cash equivalents at beginning of period	128,336	177,327	140,070	168,685
Cash and cash equivalents at end of period	113,155	172,854	113,155	172,854

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 capitalization 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 1/1/2016	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
Profit for the period	-	-	371	-	371	371
Other comprehensive income for the period	-	-	-	69	69	69
Dividends on ordinary shares	-	-	(5,072)	-	(5,072)	(5,072)
Balance at 30/6/2016	108,788	2,344	110,550	(81)	112,813	221,601
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
Profit for the period	-	-	45	-	45	45
Other comprehensive income for the period	-	-	-	(145)	(145)	(145)
Issuance of new shares from conversion of warrants	12,480	-	-	-	-	12,480
Dividends on ordinary shares	-	-	(10,075)	-	(10,075)	(10,075)
Balance at 30/6/2015	108,788	2,344	115,291	148	117,783	226,571

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 1/1/2016	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
Loss for the period	-	-	(182)	-	(182)	(182)
Other comprehensive income for the period	-	-	-	69	69	69
Dividends on ordinary shares	-	-	(5,072)	-	(5,072)	(5,072)
Balance at 30/6/2016	108,788	2,344	73,259	(81)	75,522	184,310
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
Loss for the period	-	-	(598)	-	(598)	(598)
Other comprehensive income for the period	-	-	-	(145)	(145)	(145)
Issuance of new shares from conversion of warrants	12,480	-	-	-	-	12,480
Dividends on ordinary shares	-	-	(10,075)	-	(10,075)	(10,075)
Balance at 30/6/2015	108,788	2,344	68,298	148	70,790	179,578

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

On 31 May 2016, the Company completed a share consolidation exercise ("Share Consolidation") in which every five (5) existing issued ordinary shares in the capital of the Company were consolidated into one (1) ordinary share.

Prior to the effective date of the Share Consolidation, the issued share capital of the Company comprised 1,014,390,262 ordinary shares, and with effect from the effective date of the Share Consolidation, the issued share capital of the Company comprised 202,877,948 ordinary shares, after disregarding fractional entitlements.

The Company did not hold any treasury shares as at 30 June 2016 and 30 June 2015.

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 30 June 2016	As at 31 December 2015
Total number of issued shares excluding treasury shares	202,877,948 ⁽¹⁾	1,014,390,262

⁽¹⁾ – Total number of issued shares after the Share Consolidation

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 2015.

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		6 months ended	
	30/6/2016	30/6/2015*	30/6/2016	30/6/2015*
(i) Basic earnings per share (in cents)	0.18	0.02	(1.18)	3.34
(ii) Diluted earnings per share (in cents)	0.18	0.02	(1.18)	3.34

* - Numbers are adjusted based on the revised numbers of shares as a result of the Share Consolidation

Basic earnings per ordinary share for the current quarter and half year ended 30 June 2016 were calculated based on the weighted average number of ordinary shares in issue of 202,877,948 (2Q2015 – 195,083,722*) and 202,877,948 (1H2015 – 190,209,058*), respectively.

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	
	30/6/2016	31/12/2015*	30/6/2016	31/12/2015*
Net asset value per ordinary share based on issued share capital at the end of the period (in cents)	109.2	112.8	90.8	94.5

* - Numbers are adjusted based on the revised numbers of shares as a result of the Share Consolidation

Net asset value per ordinary share as at 30 June 2016 and 31 December 2015 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

Group revenue decreased from S\$12.7 million for 2Q2015 to S\$8.1 million in 2Q2016 due to the general slowdown of the oil and gas industry. Similarly, Group revenue for 1H2016 decreased 65% to S\$14.1 million year-on-year.

Profitability

The Group reported a net profit of S\$0.4 million for 2Q2016 as compared to a net profit of S\$45,000 in 2Q2015. The increase in profitability was mainly due to lower foreign exchange losses and the recognition of a one-off compensation income from a supplier for defective material in the current quarter.

For 1H2016, the Group reported a net loss of S\$2.4 million, which included a foreign exchange loss of S\$2.7 million as a result of the weakening of the US dollar against the Singapore dollar.

Financial position and cash flow

Group shareholders' fund decreased from S\$228.9 million as at 31 December 2015 to S\$221.6 million as at 30 June 2016, attributable mainly to the payment of dividend to shareholders and net loss in the current period.

For the quarter and period ended 30 June 2016, the Group reported net operating cash outflows of S\$9.7 million and S\$19.5 million, respectively, due to working capital required for operation. The Group's cash and short-term deposits stood at S\$113.2 million, with no borrowings as at 30 June 2016.

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 previously been 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

Uncertainties in the global oil and gas industry continue to weigh on the operating environment. The Group remains prudent and cautious in its approach in mitigating the challenges ahead.

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 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 that the issuer has procured undertaking from all directors and executive officers under Rule 720(1)

The Company hereby confirms that it has procured undertaking 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 its attention which may render the unaudited financial results for the second quarter and half year ended 30 June 2016 to be false or misleading.

BY ORDER OF THE BOARD

Nga Ko Nie
Company Secretary
29 July 2016