



BAKER TECHNOLOGY LIMITED

Company Registration No.: 198100637D

Quarterly Financial Statement And Dividend Announcement for the Period Ended 30 September 2013

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			9 months ended		
	30/9/13 S\$'000	30/9/12 S\$'000	Change %	30/9/13 S\$'000	30/9/12 S\$'000	Change %
Revenue	20,718	21,706	(5)	67,919	81,842	(17)
Cost of goods sold	(14,046)	(13,597)	3	(50,559)	(61,763)	(18)
Gross profit	6,672	8,109	(18)	17,360	20,079	(14)
Administrative expenses	(1,823)	(1,766)	3	(5,630)	(6,402)	(12)
Other operating income / (expenses), net (a)	(370)	634	NM	9,627	69,237	(86)
Finance cost	-	(72)	NM	(8)	(72)	(89)
Share of results of associates (b)	-	-	-	(495)	598	NM
Profit before taxation (c)	4,479	6,905	(35)	20,854	83,440	(75)
Income tax expenses (d)	(860)	(1,200)	(28)	(2,668)	(2,800)	(5)
Net profit attributable to equity holders of the Company	3,619	5,705	(37)	18,186	80,640	(77)

NM – Not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group					
	3 months ended			9 months ended		
	30/9/13 S\$'000	30/9/12 S\$'000	Change %	30/9/13 S\$'000	30/9/12 S\$'000	Change %
Net profit attributable to equity holders of the Company	3,619	5,705	(37)	18,186	80,640	(77)
Other comprehensive income:						
Net gain on fair value changes of available-for-sale investment	-	3,700	NM	-	5,800	NM
Total comprehensive income attributable to equity holders of the Company	3,619	9,405	(62)	18,186	86,440	(79)

Explanatory notes:

- (a) For the period ended 30 September 2013, the amount included a gain of S\$8.8 million from the disposal of Discovery Offshore S.A. ("DO"), a foreign offshore company. As for the comparative figure for 2012, it included the gain on disposal of York Transport Equipment (Asia) Pte Ltd ("York") of S\$10.9 million and the recognition of the deferred gain on disposal of subsidiary, PPL Holdings Pte Ltd ("PPLH"), of S\$58.2 million.
- (b) For the current period, the amount relates to the Group's 20% share in the results of DO prior to its disposal in June 2013. The comparative figure for 2012 was the Group's 49% share in the results of York, prior to the disposal of York in March 2012.
- (c) Profit before taxation is stated after charging / (crediting):

	Group					
	3 months ended			9 months ended		
	30/9/13 S\$'000	30/9/12 S\$'000	Change %	30/9/13 S\$'000	30/9/12 S\$'000	Change %
Depreciation	303	350	(13)	947	1,075	(12)
Gain on disposal of property, plant and equipment	(3)	-	NM	(3)	-	NM
Foreign exchange (gain) / loss	228	279	(18)	(725)	1,068	NM
Interest income	(128)	(88)	45	(341)	(219)	56
Interest expenses	-	72	NM	8	72	(89)
Recognition of deferred gain on disposal of subsidiary	-	-	-	-	(58,237)	NM
(Gain) / loss on disposal of associates	105	-	NM	(8,757)	(10,894)	(20)

- (d) The taxation charge for the periods ended 30 September 2013 and 2012 were significantly lower than the statutory income tax rate of Singapore. The gain on disposal of associates (DO) of S\$8.8 million in Q2'2013, the recognition of deferred gain on disposal of subsidiary (PPLH) in Q2'2012 and the gain on disposal of associates (York) in Q1'2012 were capital in nature and therefore not subjected 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	
	30/9/2013 S\$'000	31/12/2012 S\$'000	30/9/2013 S\$'000	31/12/2012 S\$'000
<u>Non-current assets</u>				
Property, plant and equipment	2,381	2,822	5	10
Intangible assets	7,551	7,551	-	-
Investment in subsidiaries	-	-	20,000	20,000
Investment in associates (a)	-	32,020	-	32,030
Available-for-sale investment (b)	319	-	319	-
Deferred tax assets	392	392	-	-
	10,643	42,785	20,324	52,040
<u>Current assets</u>				
Inventories (c)	21,631	19,162	-	-
Work-in-progress (d)	3,213	25,845	-	-
Trade and other receivables	19,266	19,724	738	184
Amounts due from subsidiaries	-	-	55	2,700
Pledged deposits (e)	-	11,067	-	-
Cash and short-term deposits	203,666	173,902	155,331	167,790
	247,776	249,700	156,124	170,674
<u>Current liabilities</u>				
Loans and borrowings (f)	-	3,678	-	-
Excess of progress billings over work-in-progress (d)	3,920	1,845	-	-
Trade and other payables	15,687	14,746	1,110	3,139
Tax payable	3,156	4,073	4	5
	22,763	24,342	1,114	3,144

	Group		Company	
	30/9/2013 S\$'000	31/12/2012 S\$'000	30/9/2013 S\$'000	31/12/2012 S\$'000
Net current assets	225,013	225,358	155,010	167,530
Net assets	235,656	268,143	175,334	219,570
<u>Equity attributable to equity holders of the Company</u>				
Share capital	86,850	50,317	86,850	50,317
Reserves	148,806	217,826	88,484	169,253
Total equity	235,656	268,143	175,334	219,570

Explanatory notes:

- (a) On 24 June 2013, the Group disposed of its entire 20.3% shareholdings in DO for a gross proceed of approximately S\$41 million.
- (b) This relates to the Group's minority stake in an unquoted investment fund company, which was incorporated in Luxembourg.
- (c) The increase in inventories was due to an anticipated higher number of orders.
- (d) The reduction in net work-in-progress was due to higher progress billings during the current period.
- (e) The deposits pledged to the banks as collateral for banking facilities and the issuance of bank guarantees were released by the banks during the current period.
- (f) The short term bank borrowings, which were drawn down by the Company's subsidiary previously for working capital purposes, were fully repaid in 1Q2013.

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 30/9/2013		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 30/9/2013		As at 31/12/2012	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

Details of any collateral

Certain deposits had been pledged to the banks as collateral for banking facilities. These pledged deposits were released by the banks in 2Q2013.

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		9 months ended	
	30/9/13 S\$'000	30/9/12 S\$'000	30/9/13 S\$'000	30/9/12 S\$'000
Cash flows from operating activities:				
Profit before tax	4,479	6,905	20,854	83,440
Adjustments for:				
Depreciation	303	350	947	1,075
Interest income	(128)	(88)	(341)	(219)
Interest expenses	-	72	8	72
Recognition of deferred gain on disposal of subsidiary	-	-	-	(58,237)
Gain on disposal of property, plant and equipment	(3)	-	(3)	-
Gain on disposal of associates	105	-	(8,757)	(10,894)
Share of results of associates	-	-	495	(598)
Operating profit before working capital changes	4,756	7,239	13,203	14,639
Decrease / (increase) in trade and other receivables	791	3,999	458	(5,249)
(Increase) / decrease in inventories	(3,163)	436	(2,469)	(10,008)
(Increase) / decrease in pledged deposits	-	(2,398)	11,067	(4,629)
Decrease / (increase) in net work-in-progress	6,401	(3,362)	24,707	(18,083)
Increase / (decrease) in trade payables and other liabilities	4,169	(4,927)	941	(13,070)
Increase in derivatives	-	67	-	67
Net cash flows from / (used in) operations	12,954	1,054	47,907	(36,333)
Interest received	128	88	341	219
Interest paid	-	(72)	(8)	(72)
Income tax paid	(1,204)	(956)	(3,585)	(2,554)
Net cash flows from / (used in) operating activities	11,878	114	44,655	(38,740)
Cash flows from investing activities:				
Proceed from disposal of property, plant and equipment	3	-	3	-
Net proceeds from disposal of associates	(105)	-	40,524	21,850
Purchase of available-for-sale investment	-	(1,400)	(319)	(4,231)
Purchase of additional stake in associates	-	-	(242)	-
Purchase of property, plant and equipment	(2)	(253)	(506)	(371)
Net cash flows (used in) / from investing activities	(104)	(1,653)	39,460	17,248
Cash flows from financing activities:				
Net proceeds from conversion of warrants	13	1,782	36,533	1,822
Net proceeds from warrants issue	-	-	-	2,544
Dividends paid on ordinary shares	-	-	(87,206)	(7,003)
(Repayment) / proceed from loans and borrowings	-	(728)	(3,678)	9,122
Net cash flows from / (used in) financing activities	13	1,054	(54,351)	6,485
Net increase / (decrease) in cash and cash equivalents	11,787	(485)	29,764	(15,007)
Cash and cash equivalents at beginning of period	191,879	154,755	173,902	169,277
Cash and cash equivalents at end of period	203,666	154,270	203,666	154,270

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 1/1/2013	50,317	2,344	215,482	-	217,826	268,143
Profit for the period	-	-	14,567	-	14,567	14,567
Other comprehensive income for the period	-	-	-	-	-	-
Issuance of new shares from conversion of warrants *	36,520	-	-	-	-	36,520
Dividends on ordinary shares	-	-	(87,206)	-	(87,206)	(87,206)
Balance at 30/6/2013	86,837	2,344	142,843	-	145,187	232,024
Issuance of new shares from conversion of warrants *	13	-	-	-	-	13
Profit for the period	-	-	3,619	-	3,619	3,619
Other comprehensive income for the period	-	-	-	-	-	-
Balance at 30/9/2013	86,850	2,344	146,462	-	148,806	235,656
Balance at 1/1/2012	36,053	2,344	140,893	(7,500)	135,737	171,790
Profit for the period	-	-	74,935	-	74,935	74,935
Other comprehensive income for the period	-	-	-	2,100	2,100	2,100
Issuance of warrants	2,801	-	-	-	-	2,801
Warrant issue expenses	(257)	-	-	-	-	(257)
Issuance of new shares from conversion of warrants **	40	-	-	-	-	40
Dividends on ordinary shares	-	-	(7,003)	-	(7,003)	(7,003)
Balance at 30/6/2012	38,637	2,344	208,825	(5,400)	205,769	244,406
Issuance of new shares from conversion of warrants **	1,761	-	-	-	-	1,761
Issuance of new shares from conversion of warrants *	21	-	-	-	-	21
Profit for the period	-	-	5,705	-	5,705	5,705
Other comprehensive income for the period	-	-	-	3,700	3,700	3,700
Balance at 30/9/2012	40,419	2,344	214,530	(1,700)	215,174	255,593

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 1/1/2013	50,317	2,344	166,909	-	169,253	219,570
Profit for the period	-	-	7,293	-	7,293	7,293
Other comprehensive income for the period	-	-	-	-	-	-
Issuance of new shares from conversion of warrants *	36,520	-	-	-	-	36,520
Dividends on ordinary shares	-	-	(87,206)	-	(87,206)	(87,206)
Balance at 30/6/2013	86,837	2,344	86,996	-	89,340	176,177
Issuance of new shares from conversion of warrants*	13	-	-	-	-	13
Loss for the period	-	-	(856)	-	(856)	(856)
Other comprehensive income for the period	-	-	-	-	-	-
Balance at 30/9/2013	86,850	2,344	86,140	-	88,484	175,334
Balance at 1/1/2012	36,053	2,344	18,096	(7,500)	12,940	48,993
Profit for the period	-	-	152,125	-	152,125	152,125
Other comprehensive income for the period	-	-	-	2,100	2,100	2,100
Issuance of warrants	2,801	-	-	-	-	2,801
Warrant issue expenses	(257)	-	-	-	-	(257)
Issuance of new shares from conversion of warrants **	40	-	-	-	-	40
Dividends on ordinary shares	-	-	(7,003)	-	(7,003)	(7,003)
Balance at 30/6/2012	38,637	2,344	163,218	(5,400)	160,162	198,799
Issuance of new shares from conversion of warrants**	1,761	-	-	-	-	1,761
Issuance of new shares from conversion of warrants *	21	-	-	-	-	21
Profit for the period	-	-	145	-	145	145
Other comprehensive income for the period	-	-	-	3,700	3,700	3,700
Balance at 30/9/2012	40,419	2,344	163,363	(1,700)	164,007	204,426

* - 2012 Warrants

** - 2009 Warrants (expired in November 2012)

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 30 September 2013, 135,258,130 warrants and 74,000 warrants were exercised at S\$0.270 and S\$0.185 each respectively by warrant holders to subscribe for a total of 135,332,130 new ordinary shares in the Company.

As at 30 September 2013 and 2012, the Company has the following warrants that remained outstanding:

	Expiry Date	Exercise Price	No. of warrants	
			30 Sept 2013	30 Sept 2012
2009 Warrants	16 November 2012	S\$0.320	-	277,032,881
2012 Warrants	5 June 2015	S\$0.185 [^]	144,708,822	280,040,952
			<u>144,708,822</u>	<u>557,073,833</u>

[^] 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 was distributed out of reserves which were attributable to profits or gains arising from the disposal of investments by the Company, the exercise price of the 2012 Warrants of S\$0.270 per share was adjusted to S\$0.185 per share on 13 May 2013, so as to reflect the lower intrinsic value of the Company's share after the special dividend.

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 September 2013, the Company's issued share capital was S\$86,850,255 (31 December 2012 – S\$50,316,870) comprising 872,138,844 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		Group	
	3 months ended		9 months ended	
	30/9/2013	30/9/2012	30/9/2013	30/9/2012
(i) Basic earnings per share (in cents)	0.38	0.81	2.22	11.51
(ii) Diluted earnings per share (in cents)	0.33	0.48	1.89	6.41

- (i) Basic earnings per ordinary share for the financial period ended 30 September 2013 was calculated based on the weighted average number of ordinary shares in issue of 818,941,580 (30 September 2012 – 700,385,317).
- (ii) Earnings per share for the financial period ended 30 September 2013 on a fully diluted basis was calculated based on the weighted average number of ordinary shares in issue during the period adjusted for the dilutive effect of 144,708,822 warrants (30 September 2012 – 557,073,833 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	
	30/9/2013	31/12/2012	30/9/2013	31/12/2012
Net Asset Value per ordinary share based on issued share capital at the end of the period (in cents)	27.0	36.4	20.1	29.8

Net asset value per ordinary share as at 30 September 2013 and 31 December 2012 was calculated based on the number of shares in issue of 872,138,844 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

3Q2013 vs 3Q2012

Group revenue decreased by S\$1.0 million from S\$21.7 million in 3Q2012 to S\$20.7 million in 3Q2013 due to the general slowdown in order in-take between the second half of 2012 and mid 2013.

9M2013 vs 9M2012

Group revenue for 9M2013 was S\$67.9 million, a reduction of 17% from the corresponding period in 2012. The decrease was due to lower recognition of project completion for the period.

As a result of the improvement in order in-take during the current quarter, the Group's net order book stands at US\$55 million as at end September 2013. These orders are expected to be completed within the next 12 to 18 months.

Profitability

3Q2013 vs 3Q2012

For the quarter ended 30 September 2013, the Group's net profit decreased to S\$3.6 million due mainly to lower gross profit margins for existing projects as a result of different product mix.

9M2013 vs 9M2012

For the current financial period, the Group's gross profit decreased by 14% to S\$17.4 million, which was in line with the reduction in revenue for the period.

The Group achieved a net profit of S\$18.2 million for 9M2013, as compared to S\$80.6 million for the corresponding period in 2012. The difference was mainly due to lower gain from disposals of subsidiary / associates of S\$8.8 million in 9M2013 against S\$69.1 million in 9M2012.

Financial position

Group shareholders' fund decreased from S\$268.1 million as at 31 December 2012 to S\$235.7 million as at 30 September 2013. This was primarily due to the payment of dividends of S\$87.2 million to shareholders, which was partially offset by proceeds from the conversion of warrants (S\$36.5 million) and retained profits for the period.

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

As at end September 2013, the Group's net order book increased to US\$55 million as compared to US\$33 million as at end June 2013. The Group foresees that the operating environment will remain competitive and challenging for the next 12 months but remains optimistic about the long term fundamentals of the oil and gas industry. The Group continues to prioritise operational improvements, and endeavors to seek new opportunities to provide additional avenues for growth.

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 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 confirm that, to the best of their knowledge, nothing has come to its attention which may render the unaudited financial results for the third quarter and nine months ended 30 September 2013 to be false or misleading.

BY ORDER OF THE BOARD

Nga Ko Nie
Company Secretary
6 November 2013