



**BAKER TECHNOLOGY LIMITED**

Company Registration No.: 198100637D

**Unaudited Third Quarter and Nine Months Financial Statement for the Period Ended 30 September 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			9 months ended		
	30/9/16	30/9/15	Change	30/9/16	30/9/15	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Revenue</b>	<b>5,026</b>	<b>5,556</b>	-10	<b>19,117</b>	<b>46,173</b>	-59
Cost of goods sold	(4,893)	(3,502)	+40	(15,068)	(32,468)	-54
<b>Gross profit</b>	<b>133</b>	<b>2,054</b>	-94	<b>4,049</b>	<b>13,705</b>	-70
Administrative expenses	(2,935)	(2,579)	+14	(8,416)	(8,322)	+1
Other operating income / (expenses), net	314	257	+22	2,478	784	+216
Foreign exchange gain / (loss)	682	3,568	-81	(1,980)	4,977	NM
<b>(Loss) / profit before taxation</b>	<b>(1,806)</b>	<b>3,300</b>	NM	<b>(3,869)</b>	<b>11,144</b>	NM
Income tax expenses	323	(637)	NM	-	(2,035)	-100
<b>Net (loss) / profit attributable to equity holders of the Company</b>	<b>(1,483)</b>	<b>2,663</b>	NM	<b>(3,869)</b>	<b>9,109</b>	NM

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Group					
	3 months ended			9 months ended		
	30/9/16	30/9/15	Change	30/9/16	30/9/15	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Net (loss) / profit attributable to equity holders of the Company</b>	<b>(1,483)</b>	<b>2,663</b>	NM	<b>(3,869)</b>	<b>9,109</b>	NM
Other comprehensive income:						
Net fair value (loss) / gain on other investments	(58)	224	NM	88	281	-69
<b>Total comprehensive income attributable to equity holders of the Company</b>	<b>(1,541)</b>	<b>2,887</b>	NM	<b>(3,781)</b>	<b>9,390</b>	NM

NM – Not meaningful

**Explanatory notes:**

(a) (Loss) / profit before taxation is stated after charging / (crediting):

	<b>Group</b>					
	<b>3 months ended</b>			<b>9 months ended</b>		
	<b>30/9/16</b>	<b>30/9/15</b>	<b>Change</b>	<b>30/9/16</b>	<b>30/9/15</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Depreciation	470	401	+17	1,407	1,324	+6
Inventories written down	1,072	625	+72	1,355	625	+117
Interest income	(191)	(267)	-28	(603)	(789)	-24
Gain on disposal of property, plant and equipment	-	-	-	(1)	-	NM

(b) The Group reversed the taxation charge in the current quarter due to the losses reported.

**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**

	<b>Group</b>		<b>Company</b>	
	<b>30/9/2016</b>	<b>31/12/2015</b>	<b>30/9/2016</b>	<b>31/12/2015</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b><u>Non-current assets</u></b>				
Property, plant and equipment	17,133	18,076	3	6
Intangible assets	9,644	9,747	-	-
Investment in subsidiaries	-	-	26,000	26,000
Other investments (a)	5,231	8,399	5,231	8,399
Deferred tax assets	360	360	-	-
	<b>32,368</b>	<b>36,582</b>	<b>31,234</b>	<b>34,405</b>
<b><u>Current assets</u></b>				
Inventories and work-in-progress (b)	81,803	56,735	-	-
Trade and other receivables (c)	7,650	11,395	1,571	129
Amounts due from subsidiaries	-	-	108,284	67,166
Other investments (a)	3,061	1,284	3,061	1,284
Cash and short-term deposits	111,700	140,070	90,172	128,265
	<b>204,214</b>	<b>209,484</b>	<b>203,088</b>	<b>196,844</b>
<b><u>Current liabilities</u></b>				
Excess of progress billings over work-in-progress (b)	373	1,581	-	-
Trade payables and other liabilities	14,387	13,612	1,747	604
Amounts due to subsidiaries	-	-	47,869	38,696
Tax payable	1,732	1,810	39	170
	<b>16,492</b>	<b>17,003</b>	<b>49,655</b>	<b>39,470</b>
<b>Net current assets</b>	<b>187,722</b>	<b>192,481</b>	<b>153,433</b>	<b>157,374</b>
<b><u>Non-current liabilities</u></b>				
Deferred tax liabilities	(30)	(150)	-	-
<b>Net assets</b>	<b>220,060</b>	<b>228,913</b>	<b>184,667</b>	<b>191,779</b>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	108,788	108,788	108,788	108,788
Reserves	111,272	120,125	75,879	82,991
<b>Total equity</b>	<b>220,060</b>	<b>228,913</b>	<b>184,667</b>	<b>191,779</b>

**Explanatory notes:**

- (a) Other investments included the Company's investment in quoted corporate bonds (\$7.3m) and a minority stake in an unquoted investment fund company (\$1.0m), which was incorporated in Luxembourg. The decrease was due to maturity and disposal of corporate bonds during the period.
- (b) The net increase in inventories and work-in-progress were mainly due to additional cost incurred for the construction of the liftboat.
- (c) The reduction was generally in line with the reduction of revenue for the current 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 30/9/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

**Amount repayable after one year**

As at 30/9/2016		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		9 months ended	
	30/9/16 S\$'000	30/9/15 S\$'000	30/9/16 S\$'000	30/9/15 S\$'000
<b>Cash flows from operating activities:</b>				
(Loss) / profit before tax	(1,806)	3,300	(3,869)	11,144
Adjustments for:				
Depreciation	470	401	1,407	1,324
Inventories written down	1,072	625	1,355	625
Interest income	(191)	(267)	(603)	(789)
Gain on disposal of property, plant & equipment	-	-	(1)	-
Unrealised exchange (gain) / loss	(816)	(2,996)	1,820	(3,650)
<b>Operating (loss) / profit before working capital changes</b>	<b>(1,271)</b>	<b>1,063</b>	<b>109</b>	<b>8,654</b>
Decrease in trade and other receivables	5,391	3,088	3,180	1,519
Increase in inventories & net work-in-progress	(7,666)	(13,840)	(26,172)	(12,721)
Increase in trade payables and other liabilities	1,423	4,092	816	2,967
<b>Net cash flows (used in) / from operations</b>	<b>(2,123)</b>	<b>(5,597)</b>	<b>(22,067)</b>	<b>419</b>
Interest received	200	284	511	696
Income tax (paid) / refunded	(311)	1	(198)	(2,832)
<b>Net cash flows used in operating activities</b>	<b>(2,234)</b>	<b>(5,312)</b>	<b>(21,754)</b>	<b>(1,717)</b>
<b>Cash flows from investing activities:</b>				
Purchase of other investments	(35)	(299)	(315)	(1,036)
Maturity of other investments	595	-	1,595	-
Purchase of property, plant and equipment	(955)	(2,090)	(1,735)	(4,748)
Proceed from disposal of property, plant and equipment	-	-	1	-
Purchase of intangible assets	(1)	-	(85)	-
<b>Net cash flows used in investing activities</b>	<b>(396)</b>	<b>(2,389)</b>	<b>(539)</b>	<b>(5,784)</b>
<b>Cash flows from financing activities:</b>				
Proceeds from conversion of warrants	-	-	-	13,241
Dividends paid on ordinary shares	-	-	(5,072)	(10,075)
<b>Net cash flows (used in) / from financing activities</b>	<b>-</b>	<b>-</b>	<b>(5,072)</b>	<b>3,166</b>
<b>Net decrease / increase in cash and cash equivalents</b>	<b>(2,630)</b>	<b>(7,701)</b>	<b>(27,365)</b>	<b>(4,335)</b>
Effect of exchange rate changes on cash and cash equivalents	1,175	3,050	(1,005)	3,853
Cash and cash equivalents at beginning of period	113,155	172,854	140,070	168,685
<b>Cash and cash equivalents at end of period</b>	<b>111,700</b>	<b>168,203</b>	<b>111,700</b>	<b>168,203</b>

**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
<b>Balance at 1/1/2016</b>	108,788	2,344	118,008	(227)	120,125	228,913
Loss for the period	-	-	(2,386)	-	(2,386)	(2,386)
Other comprehensive income for the period	-	-	-	146	146	146
Dividends on ordinary shares	-	-	(5,072)	-	(5,072)	(5,072)
<b>Balance at 30/6/2016</b>	<b>108,788</b>	<b>2,344</b>	<b>110,550</b>	<b>(81)</b>	<b>112,813</b>	<b>221,601</b>
Loss for the period	-	-	(1,483)	-	(1,483)	(1,483)
Other comprehensive income for the period	-	-	-	(58)	(58)	(58)
<b>Balance at 30/9/2016</b>	<b>108,788</b>	<b>2,344</b>	<b>109,067</b>	<b>(139)</b>	<b>111,272</b>	<b>220,060</b>
<b>Balance at 1/1/2015</b>	95,547	2,344	118,920	91	121,355	216,902
Profit for the period	-	-	6,446	-	6,446	6,446
Other comprehensive income for the period	-	-	-	57	57	57
Issuance of new shares from conversion of warrants	13,241	-	-	-	-	13,241
Dividends on ordinary shares	-	-	(10,075)	-	(10,075)	(10,075)
<b>Balance at 30/6/2015</b>	<b>108,788</b>	<b>2,344</b>	<b>115,291</b>	<b>148</b>	<b>117,783</b>	<b>226,571</b>
Profit for the period	-	-	2,663	-	2,663	2,663
Other comprehensive income for the period	-	-	-	224	224	224
<b>Balance at 30/9/2015</b>	<b>108,788</b>	<b>2,344</b>	<b>117,954</b>	<b>372</b>	<b>120,670</b>	<b>229,458</b>

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
<b>Balance at 1/1/2016</b>	108,788	2,344	80,874	(227)	82,991	191,779
Loss for the period	-	-	(2,543)	-	(2,543)	(2,543)
Other comprehensive income for the period	-	-	-	146	146	146
Dividends on ordinary shares	-	-	(5,072)	-	(5,072)	(5,072)
<b>Balance at 30/6/2016</b>	<b>108,788</b>	<b>2,344</b>	<b>73,259</b>	<b>(81)</b>	<b>75,522</b>	<b>184,310</b>
Profit for the period	-	-	415	-	415	415
Other comprehensive income for the period	-	-	-	(58)	(58)	(58)
<b>Balance at 30/9/2016</b>	<b>108,788</b>	<b>2,344</b>	<b>73,674</b>	<b>(139)</b>	<b>75,879</b>	<b>184,667</b>
<b>Balance at 1/1/2015</b>	95,547	2,344	78,319	91	80,754	176,301
Profit for the period	-	-	54	-	54	54
Other comprehensive income for the period	-	-	-	57	57	57
Issuance of new shares from conversion of warrants	13,241	-	-	-	-	13,241
Dividends on ordinary shares	-	-	(10,075)	-	(10,075)	(10,075)
<b>Balance at 30/6/2015</b>	<b>108,788</b>	<b>2,344</b>	<b>68,298</b>	<b>148</b>	<b>70,790</b>	<b>179,578</b>
Profit for the period	-	-	1,998	-	1,998	1,998
Other comprehensive income for the period	-	-	-	224	224	224
<b>Balance at 30/9/2015</b>	<b>108,788</b>	<b>2,344</b>	<b>70,296</b>	<b>372</b>	<b>73,012</b>	<b>181,800</b>

**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 30 September 2016.

The Company did not hold any treasury shares as at 30 September 2016 and 30 September 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 September 2016	As at 31 December 2015
Total number of issued shares excluding treasury shares	202,877,948 <sup>(1)</sup>	1,014,390,262

<sup>(1)</sup> – Total number of issued shares after 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		9 months ended	
	30/9/2016	30/9/2015*	30/9/2016	30/9/2015*
(i) Basic earnings per share (in cents)	(0.73)	1.31	(1.91)	4.68
(ii) Diluted earnings per share (in cents)	(0.73)	1.31	(1.91)	4.68

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

Basic earnings per ordinary share for the current quarter and nine months ended 30 September 2016 were calculated based on the weighted average number of ordinary shares in issue of 202,877,948 (3Q2015 – 202,877,948\*) and 202,877,948 (9M2015 – 194,494,159\*), 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	
	30/9/2016	31/12/2015*	30/9/2016	31/12/2015*
Net asset value per ordinary share based on issued share capital at the end of the period (in cents)	108.5	112.8	91.0	94.5

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

Net asset value per ordinary share as at 30 September 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 declined from \$5.6 million for 3Q2015 to \$5.0 million in 3Q2016 due to the continued weakness in the oil and gas industry. Similarly, Group revenue for 9M2016 decreased 59% to \$19.1 million year-on-year.

**Profitability**

The Group reported a net loss of \$1.5 million for 3Q2016 as compared to a net profit of \$2.7 million for the corresponding quarter in 2015. The drop in profitability was due mainly to lower foreign exchange gain and an inventory write down of \$1.1 million (3Q2015: \$0.6 million) in the current quarter.

As a result of lower revenue in the current period, the Group's net loss was \$3.9 million for 9M2016, which included a foreign exchange loss of \$2.0 million (9M2015: foreign exchange gain of \$5.0 million) arising from the weakening of the US dollar against the Singapore dollar. However, the loss was partially offset by a one-off compensation income in 2Q2016 from a supplier for defective material.

**Financial position and cash flow**

Group shareholders' fund decreased from \$228.9 million as at 31 December 2015 to \$220.1 million as at 30 September 2016, attributable mainly to the payment of dividend to shareholders and net loss in the current period.

For the quarter and period ended 30 September 2016, the Group posted net operating cash outflows of \$2.2 million and \$21.8 million respectively, due to working capital required for operations. The Group's cash and short-term deposits was \$111.7 million, with no borrowings as at 30 September 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**

The Group will continue to manage operational expenditure and business risk amid sustained period of low oil prices and uncertainty over near term recovery.

**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/recommendedd, 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 September 2016 to be false or misleading.

**BY ORDER OF THE BOARD**

Nga Ko Nie  
Company Secretary  
31 October 2016