



BAKER TECHNOLOGY LIMITED

Company Registration No.: 198100637D

Unaudited Third Quarter and Nine Months Financial Statement for the Period Ended 30 September 2019

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		
	30/9/19 S\$'000	30/9/18 S\$'000	Change %	30/9/19 S\$'000	30/9/18 S\$'000	Change %
Revenue	15,382	11,009	+40	52,602	15,208	NM
Cost of sales	(10,940)	(6,880)	+59	(34,037)	(10,293)	NM
Gross profit	4,442	4,129	+8	18,565	4,915	NM
Administrative expenses	(12,116)	(3,548)	NM	(22,691)	(11,651)	NM
Provisional bargain purchase gain	-	24,818	-100	-	24,818	-100
Other operating income / (expenses), net	(79)	315	NM	29	686	-96
Foreign exchange gain / (loss)	630	(9)	NM	222	1,063	-79
Finance cost	(231)	(50)	NM	(706)	(50)	NM
Share of results of associates	-	22	NM	(4,953)	22	NM
(Loss) / profit before taxation (a)	(7,354)	25,677	NM	(9,534)	19,803	NM
Income tax (expenses) / credit	(102)	-	NM	(156)	44	NM
Net (loss) / profit for the period	(7,456)	25,677	NM	(9,690)	19,847	NM
<u>Results attributable to:</u>						
Shareholders of the Company	(3,695)	25,838	NM	(1,772)	20,008	NM
Non-controlling interests	(3,761)	(161)	NM	(7,918)	(161)	NM
Net (loss) / profit for the period (b)	(7,456)	25,677	NM	(9,690)	19,847	NM

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group					
	3 months ended			9 months ended		
	30/9/19 S\$'000	30/9/18 S\$'000	Change %	30/9/19 S\$'000	30/9/18 S\$'000	Change %
Net (loss) / profit attributable to equity holders of the Company	(7,456)	25,677	NM	(9,690)	19,847	NM
Other comprehensive income:						
Net fair value (loss) / gain on other investments	(1)	(1)	-	15	(16)	NM
Foreign currency translation	2,902	(193)	NM	1,726	(193)	NM
Total comprehensive income for the period	(4,555)	25,483	NM	(7,949)	19,638	NM

NM – Not meaningful

	Group					
	3 months ended			9 months ended		
	30/9/19 S\$'000	30/9/18 S\$'000	Change %	30/9/19 S\$'000	30/9/18 S\$'000	Change %
<u>Attributable to:</u>						
Shareholders of the Company	(1,900)	25,731	NM	(665)	19,886	NM
Non-controlling interests	(2,655)	(248)	NM	(7,284)	(248)	NM
Total comprehensive income for the period	(4,555)	25,483	NM	(7,949)	19,638	NM

Explanatory notes:

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

	Group					
	3 months ended			9 months ended		
	30/9/19 S\$'000	30/9/18 S\$'000	Change %	30/9/19 S\$'000	30/9/18 S\$'000	Change %
Depreciation & amortisation	4,480	2,449	+83	13,899	6,510	+114
Loss on disposal of property, plant and equipment	232	-	NM	423	-	NM
Inventory written down	21	8	+163	21	24	-13
Allowance for doubtful debts	887	-	NM	887	-	NM
Interest income	(135)	(120)	+13	(391)	(405)	-3
Interest expenses	231	50	NM	706	50	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	
		30/9/2019	31/12/2018	30/9/2019	31/12/2018
		S\$'000	S\$'000	S\$'000	S\$'000
<u>Non-current assets</u>					
Property, plant and equipment		216,275	230,341	4	3
Right-of-use assets	(a)	5,750	-	-	-
Intangible assets		1,357	1,551	-	-
Investment in subsidiaries		-	-	22,800	22,800
Investment in associates		-	4,979	-	-
Loan to associate		637	3,406	-	-
Other investments	(b)	2,386	2,491	2,386	2,491
		226,405	242,768	25,190	25,294
<u>Current assets</u>					
Inventories and contract assets		2,921	2,247	-	-
Trade and other receivables	(c)	22,852	23,985	79	68
Amounts due from subsidiaries		-	-	151,366	165,769
Loan to associate		7,015	5,862	-	-
Other investments	(b)	277	797	277	797
Cash and short-term deposits		47,982	28,920	26,882	14,575
		81,047	61,811	178,604	181,209
<u>Current liabilities</u>					
Contract liabilities		13	-	-	-
Trade payables and other liabilities		16,570	10,265	547	601
Amounts due to subsidiaries		-	-	7,169	7,650
Borrowings		8,642	8,447	-	-
Lease liabilities	(a)	787	-	-	-
Tax payable		133	146	-	-
		26,145	18,858	7,716	8,251
Net current assets		54,902	42,953	170,888	172,958
<u>Non-current liabilities</u>					
Deferred tax liabilities		5,618	5,545	-	-
Other payables and liabilities	(a)	1,550	-	-	-
Borrowings		3,285	4,067	-	-
Lease liabilities	(a)	3,708	-	-	-
		14,161	9,612	-	-
Net assets		267,146	276,109	196,078	198,252
<u>Equity attributable to equity holders of the Company</u>					
Share capital		108,788	108,788	108,788	108,788
Reserves		110,362	112,041	87,290	89,464
		219,150	220,829	196,078	198,252
Non-controlling interests		47,996	55,280	-	-
Total equity		267,146	276,109	196,078	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 bond (\$0.3m) and a minority stake in an unquoted investment fund company (\$2.4m), which was incorporated in Luxembourg.
- (c) The decrease in trade and other receivables was 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 30/9/2019		As at 31/12/2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
8,642	787	-	8,447

Amount repayable after one year

As at 30/9/2019		As at 31/12/2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,285	3,708	-	4,067

Details of any collateral

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

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	
	30/9/19 S\$'000	30/9/18 S\$'000	30/9/19 S\$'000	30/9/18 S\$'000
Cash flows from operating activities:				
(Loss) / profit before tax	(7,354)	25,677	(9,534)	19,803
Adjustments for:				
Depreciation & amortisation	4,480	2,449	13,899	6,510
Loss on disposal of property, plant & equipment	232	-	423	-
Inventory written down	21	8	21	24
Allowance for doubtful debts	887	-	887	-
Interest income	(135)	(120)	(391)	(405)
Interest expenses	231	50	706	50
Provisional bargain purchase gain	-	(24,818)	-	(24,818)
Share of results of associates	-	(22)	4,953	(22)
Unrealised exchange gain	(465)	(207)	(281)	(1,288)
Operating cash flows before working capital changes	(2,103)	3,017	10,683	(146)
Decrease / (increase) in trade and other receivables	6,171	(5,137)	(171)	(7,211)
Decrease in inventories & contract assets / liabilities	(821)	(1,796)	(682)	(2,433)
Increase / (decrease) in trade payables and other liabilities	5,596	(1,895)	5,650	(2,475)
Net cash flows from / (used) in operations	8,843	(5,811)	15,480	(12,265)
Interest received	123	168	375	450
Interest paid	(83)	(50)	(411)	(50)
Income tax paid	(65)	(8)	(169)	(274)
Net cash flows from / (used) in operating activities	8,818	(5,701)	15,275	(12,139)
Cash flows from investing activities:				
Net cash outflow on acquisition of subsidiary	-	(41,983)	-	(41,983)
Purchase of other investments	-	-	(166)	(120)
Maturity of other investments	-	-	790	1,059
Purchase of property, plant and equipment	(161)	(159)	(367)	(5,777)
Proceeds from disposal of property, plant and equipment	1,439	-	2,579	-
Repayment from associate	-	70	1,707	70
Net cash flows from / (used) in investing activities	1,278	(42,072)	4,543	(46,751)

Group	3 months ended		9 months ended	
	30/9/19	30/9/18	30/9/19	30/9/18
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from financing activities:				
Repayment of borrowings	(282)	-	(468)	-
Dividends paid on ordinary shares	-	-	(1,014)	-
Net cash flows used in financing activities	(282)	-	(1,482)	-
Net increase / (decrease) in cash and cash equivalents	9,814	(47,773)	18,336	(58,890)
Effect of exchange rate changes on cash and cash equivalents	945	87	726	928
Cash and cash equivalents at beginning of period	37,223	76,366	28,920	86,642
Cash and cash equivalents at end of period	47,982	28,680	47,982	28,680

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 S\$'000	Capital reserve S\$'000	Accumulated 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	-	-	1,923	-	1,923	(4,157)	(2,234)
Other comprehensive income for the period	-	-	-	(688)	(688)	(472)	(1,160)
Dividends on ordinary shares	-	-	(1,014)	-	(1,014)	-	(1,014)
Balance at 30/6/2019	108,788	2,344	109,916	2	112,262	50,651	271,701
Loss for the period	-	-	(3,695)	-	(3,695)	(3,761)	(7,456)
Other comprehensive income for the period	-	-	-	1,795	1,795	1,106	2,901
Balance at 30/9/2019	108,788	2,344	106,221	1,797	110,362	47,996	267,146
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	-	-	(5,830)	-	(5,830)	-	(5,830)
Other comprehensive income for the period	-	-	-	(15)	(15)	-	(15)
Balance at 30/6/2018	108,788	2,344	85,553	718	88,615	-	197,403
Profit for the period	-	-	25,838	-	25,838	(161)	25,677
Due to acquisition of subsidiary	-	-	-	-	-	58,866	58,866
Other comprehensive income for the period	-	-	-	(107)	(107)	(87)	(194)
Balance at 30/9/2018	108,788	2,344	111,391	611	114,346	58,618	281,752

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 1/1/2019	108,788	2,344	86,362	758	89,464	198,252
Loss for the period	-	-	(901)	-	(901)	(901)
Other comprehensive income for the period	-	-	-	16	16	16
Dividends on ordinary shares	-	-	(1,014)	-	(1,014)	(1,014)
Balance at 30/6/2019	108,788	2,344	84,447	774	87,565	196,353
Loss for the period	-	-	(274)	-	(274)	(274)
Other comprehensive income for the period	-	-	-	(1)	(1)	(1)
Balance at 30/9/2019	108,788	2,344	84,173	773	87,290	196,078
Balance at 1/1/2018	108,788	2,344	90,296	(1)	92,639	201,427
Impact on adoption of new accounting policy	-	-	-	734	734	734
Loss for the period	-	-	(4,556)	-	(4,556)	(4,556)
Other comprehensive income for the period	-	-	-	(15)	(15)	(15)
Balance at 30/6/2018	108,788	2,344	85,740	718	88,802	197,590
Loss for the period	-	-	(409)	-	(409)	(409)
Other comprehensive income for the period	-	-	-	(1)	(1)	(1)
Balance at 30/9/2018	108,788	2,344	85,331	717	88,392	197,180

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 was no change in the Company's share capital for the three months ended 30 September 2019.

The Company did not hold any treasury shares and there were no subsidiary holdings as at 30 September 2019 and 30 September 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 30 September 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, 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		Group	
	3 months ended		9 months ended	
	30/9/2019	30/9/2018	30/9/2019	30/9/2018
(i) Basic earnings per share (in cents)	(1.82)	12.74	(0.87)	9.86
(ii) Diluted earnings per share (in cents)	(1.82)	12.74	(0.87)	9.86

Basic earnings per ordinary share for the current quarter and nine months ended 30 September 2019 and 30 September 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	
	30/9/2019	31/12/2018	30/9/2019	31/12/2018
Net asset value per ordinary share based on issued share capital at the end of the period (in cents)	108.0	108.8	96.6	97.7

Net asset value per ordinary share as at 30 September 2019 and 31 December 2018 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 for the third quarter in 2019 ("3Q2019") increased by \$4.4 million to \$15.4 million from the corresponding period in 2018 due mainly to charter income following the acquisition and consolidation of CH Offshore Ltd ("CHO") from end August 2018. Similarly, Group revenue for the nine-month period ended 30 September 2019 ("9M2019") increased to \$52.6 million from the corresponding period in 2018.

Profitability

Despite the increase in revenue, the Group reported a net loss attributable to shareholders of the Company of \$3.7 million for 3Q2019 as compared to a net profit attributable to shareholders of \$25.8 million for the corresponding period in 2018. This was mainly due to:

- A provisional bargain purchase gain of \$24.8 million recorded in 2018 following the acquisition of CHO;

- Higher administrative expenses due to the consolidation of CHO from end August 2018; and
- Provision for brokers' commission following the results of the arbitration proceedings brought by three ship brokers against CHO.

The Group recorded share of losses from associates of \$5.0 million in 9M2019, mainly contributed by loss on disposal of vessels by CHO's Indonesian associate in the second quarter. As a result, the Group reported a loss before taxation of \$9.5 million for 9M2019.

Net loss attributable to shareholders was \$1.8 million for 9M2019.

Financial position and cash flow

Group shareholders' fund decreased from \$220.8 million as at 31 December 2018 to \$219.2 million as at 30 September 2019, mainly due to net loss attributable to shareholders of the Company of \$1.8 million.

For 3Q2019 and 9M2019, the Group reported positive operating cash flows of \$8.8 million and \$15.3 million, respectively. The Group's cash and short-term deposits remain healthy at \$48.0 million as at 30 September 2019.

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

Weaker activity levels in the global economy coupled with unstable oil prices and heightened geopolitical tensions continue to plague uncertainties in the market. Consequently, with the subdued demand of new-build activity and overcapacity, near-term charter rates are expected to remain soft.

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? 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 and the reason(s) for the decision

No dividend has been declared or recommended for the period under review so as to retain funds for working capital and investments.

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 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 third quarter and nine months ended 30 September 2019 to be false or misleading in any material aspect.

15. 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).

BY ORDER OF THE BOARD

Nga Ko Nie
Company Secretary
6 November 2019