



**BAKER TECHNOLOGY LIMITED**

Company Registration No.: 198100637D

**Unaudited Half Year Financial Statement for the Period Ended 30 June 2020**

**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		
	6 months ended		
	30/6/2020 S\$'000	30/6/2019 S\$'000	Change %
Revenue	31,686	37,220	-15
Cost of sales	(29,277)	(23,097)	+27
<b>Gross profit</b>	<b>2,409</b>	<b>14,123</b>	<b>-83</b>
Administrative expenses	(8,327)	(10,575)	-21
Other operating income	1,599	108	NM
Foreign exchange gain / (loss)	1,416	(408)	NM
Finance cost	(418)	(475)	-12
Share of results of associates	-	(4,953)	NM
<b>Loss before taxation</b>	<b>(3,321)</b>	<b>(2,180)</b>	<b>+52</b>
Income tax credit / (expense)	8	(54)	NM
<b>Net loss for the period</b>	<b>(3,313)</b>	<b>(2,234)</b>	<b>+48</b>
<u>Results attributable to:</u>			
Owners of the Company	(2,354)	1,923	NM
Non-controlling interests	(959)	(4,157)	-77
<b>Net loss for the period</b>	<b>(3,313)</b>	<b>(2,234)</b>	<b>+48</b>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Group		
	6 months ended		
	30/6/2020 S\$'000	30/6/2019 S\$'000	Change %
<b>Net loss for the period</b>	<b>(3,313)</b>	<b>(2,234)</b>	<b>+48</b>
Other comprehensive income:			
Net fair value gain on other investments	-	16	NM
Foreign currency translation	4,130	(1,176)	NM
<b>Total comprehensive income for the period</b>	<b>817</b>	<b>(3,394)</b>	<b>NM</b>

NM – Not meaningful

	Group		
	6 months ended		
	30/6/2020 S\$'000	30/6/2019 S\$'000	Change %
<u>Attributable to:</u>			
Owners of the Company	86	1,235	-93
Non-controlling interests	731	(4,629)	NM
<b>Total comprehensive income for the period</b>	<b>817</b>	<b>(3,394)</b>	NM

**Explanatory notes:**

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

	Group		
	6 months ended		
	30/6/2020 S\$'000	30/6/2019 S\$'000	Change %
Depreciation & amortisation	8,880	9,419	-6
Loss on disposal of property, plant and equipment	-	191	NM
Interest income	(205)	(256)	-20
Interest expenses	418	475	-12

(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	
	30/6/2020 S\$'000	31/12/2019 S\$'000	30/6/2020 S\$'000	31/12/2019 S\$'000
<b><u>Non-current assets</u></b>				
Property, plant and equipment	208,684	209,759	2	4
Right-of-use assets	4,895	5,465	-	-
Intangible assets	1,163	1,293	-	-
Investment in subsidiaries	-	-	88,600	88,600
Other investments (a)	2,173	2,173	2,173	2,173
	<b>216,915</b>	<b>218,690</b>	<b>90,775</b>	<b>90,777</b>
<b><u>Current assets</u></b>				
Inventories and contract assets	4,384	3,621	-	-
Trade and other receivables	22,678	21,444	120	110
Amounts due from subsidiaries	-	-	96,501	94,239
Loan to associate	7,729	7,458	-	-
Other investments (a)	-	270	-	270
Cash and short-term deposits	46,008	45,222	22,472	24,666
	<b>80,799</b>	<b>78,015</b>	<b>119,093</b>	<b>119,285</b>
<b><u>Current liabilities</u></b>				
Contract liabilities	56	269	-	-
Trade payable and other liabilities	18,861	16,523	430	597
Amounts due to subsidiaries	-	-	6,682	7,003
Borrowings	8,740	8,713	-	-
Lease liabilities	823	799	-	-
Tax payable	166	1,309	-	-
	<b>28,646</b>	<b>27,613</b>	<b>7,112</b>	<b>7,600</b>

	Group		Company	
	30/6/2020 S\$'000	31/12/2019 S\$'000	30/6/2020 S\$'000	31/12/2019 S\$'000
<b>Net current assets</b>	<b>52,153</b>	<b>50,402</b>	<b>111,981</b>	<b>111,685</b>
<b><u>Non-current liabilities</u></b>				
Deferred tax liabilities	5,718	5,519	-	-
Other payables and liabilities	1,550	1,550	-	-
Borrowings	2,426	3,048	-	-
Lease liabilities	3,087	3,505	-	-
	12,781	13,622	-	-
<b>Net assets</b>	<b>256,287</b>	<b>255,470</b>	<b>202,756</b>	<b>202,462</b>
<b><u>Equity attributable to equity holders of the Company</u></b>				
Share capital	108,788	108,788	108,788	108,788
Reserves	100,628	100,542	93,968	93,674
	209,416	209,330	202,756	202,462
Non-controlling interests	46,871	46,140	-	-
<b>Total equity</b>	<b>256,287</b>	<b>255,470</b>	<b>202,756</b>	<b>202,462</b>

**Explanatory notes:**

- (a) Other investments relates to the Company's minority stake in an unquoted investment fund company of \$2,173,000 (December 2019: \$2,173,000), which was incorporated in Luxembourg and investment in quoted corporate bond of \$Nil (December 2019: \$270,000). The reduction was due to the 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 30/6/2020		As at 31/12/2019	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
8,740	823	8,713	799

**Amount repayable after one year**

As at 30/6/2020		As at 31/12/2019	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
2,426	3,087	3,048	3,505

**Details of any collateral**

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

**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	6 months ended	
	30/6/2020 S\$'000	30/6/2019 S\$'000
<b>Cash flows from operating activities:</b>		
Loss before tax	(3,321)	(2,180)
Adjustments for:		
Depreciation and amortization	8,880	9,419
Loss on disposal of property, plant & equipment	-	191
Interest income	(205)	(256)
Interest expenses	418	475
Share of results of associates	-	4,953
Unrealised exchange (gain) / loss	(608)	184
<b>Operating cash flows before working capital changes</b>	<b>5,164</b>	<b>12,786</b>
Increase in trade and other receivables	(1,517)	(6,342)
(Increase) / decrease in inventories & contract assets / liabilities	(976)	139
Increase in trade payables and other liabilities	2,136	571
<b>Net cash flows from operations</b>	<b>4,807</b>	<b>7,154</b>
Interest received	212	252
Interest paid	(418)	(475)
Income tax paid	(1,135)	(104)
<b>Net cash flows from operating activities</b>	<b>3,466</b>	<b>6,827</b>
<b>Cash flows from investing activities:</b>		
Purchase of other investments	-	(166)
Maturity of other investments	270	790
Purchase of property, plant and equipment	(2,755)	(206)
Proceeds from disposal of property, plant & equipment	-	1,140
Repayment from associate	-	1,707
<b>Net cash flows (used in) / from investing activities</b>	<b>(2,485)</b>	<b>3,265</b>
<b>Cash flows from financing activities:</b>		
Repayment of borrowings	(591)	(186)
Payment of principal portion of lease liabilities	(394)	(370)
Dividends paid on ordinary shares	-	(1,014)
<b>Net cash flows used in financing activities</b>	<b>(985)</b>	<b>(1,570)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(4)</b>	<b>8,522</b>
Effect of exchange rate changes on cash and cash equivalents	790	(219)
Cash and cash equivalents at beginning of period	45,222	28,920
<b>Cash and cash equivalents at end of period</b>	<b>46,008</b>	<b>37,223</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	Accumul ated profits	Other reserves	Total reserves	Non- controlling interest	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance at 1/1/2020</b>	<b>108,788</b>	<b>2,344</b>	<b>98,601</b>	<b>(403)</b>	<b>100,542</b>	<b>46,140</b>	<b>255,470</b>
Loss for the period	-	-	(2,354)	-	(2,354)	(959)	(3,313)
Other comprehensive income for the period	-	-	-	2,440	2,440	1,690	4,130
<b>Balance at 30/6/2020</b>	<b>108,788</b>	<b>2,344</b>	<b>96,247</b>	<b>2,037</b>	<b>100,628</b>	<b>46,871</b>	<b>256,287</b>
<b>Balance at 1/1/2019</b>	<b>108,788</b>	<b>2,344</b>	<b>109,007</b>	<b>690</b>	<b>112,041</b>	<b>55,280</b>	<b>276,109</b>
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)
<b>Balance at 30/6/2019</b>	<b>108,788</b>	<b>2,344</b>	<b>109,916</b>	<b>2</b>	<b>112,262</b>	<b>50,651</b>	<b>271,701</b>

Company	Share capital	Capital reserve	Accumulated profits	Other reserves	Total reserves	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance at 1/1/2020</b>	<b>108,788</b>	<b>2,344</b>	<b>90,769</b>	<b>561</b>	<b>93,674</b>	<b>202,462</b>
Profit for the period	-	-	294	-	294	294
<b>Balance at 30/6/2020</b>	<b>108,788</b>	<b>2,344</b>	<b>91,063</b>	<b>561</b>	<b>93,968</b>	<b>202,756</b>
<b>Balance at 1/1/2019</b>	<b>108,788</b>	<b>2,344</b>	<b>86,362</b>	<b>758</b>	<b>89,464</b>	<b>198,252</b>
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)
<b>Balance at 30/6/2019</b>	<b>108,788</b>	<b>2,344</b>	<b>84,447</b>	<b>774</b>	<b>87,565</b>	<b>196,353</b>

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 immediately preceding financial year**

There were no changes in the Company's issued share capital for the six months ended 30 June 2020.

The Company did not hold any treasury shares as at 30 June 2020 and 31 December 2019.

**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 June 2020 and 31 December 2019, 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 modifications or emphasis of matter)**

Not applicable.

**3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: (a) updates on the efforts taken to resolve each outstanding audit issue; (b) confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

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 2019.

**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	
	6 months ended 30/6/2020	6 months ended 30/6/2019
(i) Basic earnings per share (in cents)	(1.16)	0.95
(ii) Diluted earnings per share (in cents)	(1.16)	0.95

Earnings per ordinary shares for the periods ended 30 June 2020 and 30 June 2019 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	
	30/6/2020	31/12/2019	30/6/2020	31/12/2019
Net Asset Value per ordinary share based on issued share capital at the end of the period (in cents)	103.2	103.2	99.9	99.8

Net asset value per ordinary share as at 30 June 2020 and 31 December 2019 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**

Group revenue for the first half in 2020 ("1H2020") declined by \$5.5 million to \$31.7 million as compared to the corresponding period in 2019 ("1H2019"). This was mainly due to lower charter income as certain vessels were off hire during the current period, partially offset by an increase in fabrication revenue.

#### **Profitability**

On the back of a lower revenue, gross profit reduced by 83% from \$14.1 million in 1H2019 to \$2.4 million for 1H2020 due to:

- Lower margin from fabrication projects in 1H2020; and
- Lower margin from chartering activities as vessel operating expenses including vessel depreciation were still being incurred during the off hire period.

The Group reported a net loss of \$3.3 million for 1H2020 as compared to a net loss of \$2.2 million for 1H2019 after taking into consideration the following:

- Higher other operating income mainly from the receipt of various governmental relief for COVID-19 of about \$1.3 million (2019: \$17,000);
- Lower administrative expenses due to higher absorption of overheads (e.g. labour cost, rental and depreciation) into the cost of sales in line with higher fabrication revenue for the period;
- Foreign exchange gain of \$1.4 million mainly due to the strengthening of the US dollar against Singapore dollar in the current period; and
- Lower losses incurred by CH Offshore Ltd ("CHO") in 1H2020, primarily due to the absence of share of losses from its 49%-owned Indonesian associate.

After taking into account non-controlling interests (i.e. minority shareholders of CHO), net loss attributable to shareholders was \$2.4 million for 1H2020, as compared to a net profit attributable to shareholders of \$1.9 million for the corresponding period in 2019.

#### **Financial position and cash flow**

Group shareholders' fund increased from \$209.3 million as at 31 December 2019 to \$209.4 million as at 30 June 2020 as net loss attributable to shareholders of \$2.4 million for the current period was offset by foreign currency translation gain arising from the consolidation of subsidiaries reported in foreign currencies.

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

Please refer to paragraph 10 below.



**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 global situation in relation to the COVID-19 pandemic is still uncertain with some countries experiencing second and third wave infections. We anticipate increased costs arising from foreign worker accommodation and heightened procedures/policies to abide by government implemented Safe Management Measures implemented for the marine sector.

Although oil prices have improved since May 2020, they remain under pressure and are still below January 2020 levels. Economic activity around the world has suffered and continues to suffer as a result of the pandemic, thus impacting industrial supply and demand with high inventory levels in the Oil and Gas sector. The sector expectations remain uncertain and volatile and we continue to monitor our operational business performance and costs and will respond accordingly if appropriate and necessary to adapt to the changing business environment.

**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/recommendedd, 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 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 half year ended 30 June 2020 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

Lim Mee Fun  
Company Secretary  
30 July 2020