



**BAKER TECHNOLOGY LIMITED**

Company Registration No.: 198100637D

**Unaudited Quarterly and Full Year Financial Statements And Dividend Announcement for the Quarter and Year Ended 31 December 2014**

**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

**CONSOLIDATED INCOME STATEMENT**

|   | Group          |              |           |                 |               |             |
|---|----------------|--------------|-----------|-----------------|---------------|-------------|
|   | 3 months ended |              |           | 12 months ended |               |             |
|   | 31/12/14       | 31/12/13     | Change    | 31/12/14        | 31/12/13      | Change      |
|   | S\$'000        | S\$'000      | %         | S\$'000         | S\$'000       | %           |
| Revenue   | 28,858         | 15,380       | 88        | 86,272          | 83,299        | 4           |
| Cost of goods sold  | (21,422)       | (8,972)      | 139       | (63,565)        | (59,531)      | 7           |
| <b>Gross profit</b>   | <b>7,436</b>   | <b>6,408</b> | <b>16</b> | <b>22,707</b>   | <b>23,768</b> | <b>(4)</b>  |
| Administrative expenses   | (3,149)        | (2,183)      | 44        | (11,023)        | (7,813)       | 41          |
| Other operating income / (expenses), net                        | 2,986          | 1,001        | 198       | 4,642           | 1,871         | 148         |
| Finance cost  | -              | -            | -         | -               | (8)           | (100)       |
| Share of results of associates (a)                              | -              | -            | -         | -               | (495)         | (100)       |
| Gain on disposal of associates                                  | -              | -            | -         | -               | 8,757         | (100)       |
| <b>Profit before taxation</b>                                   | <b>7,273</b>   | <b>5,226</b> | <b>39</b> | <b>16,326</b>   | <b>26,080</b> | <b>(37)</b> |
| Income tax expenses (c)   | (798)          | (1,039)      | (23)      | (2,809)         | (3,707)       | (24)        |
| <b>Net profit attributable to equity holders of the Company</b> | <b>6,475</b>   | <b>4,187</b> | <b>55</b> | <b>13,517</b>   | <b>22,373</b> | <b>(40)</b> |

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

|   | Group          |              |           |                 |               |             |
|---|----------------|--------------|-----------|-----------------|---------------|-------------|
|   | 3 months ended |              |           | 12 months ended |               |             |
|   | 31/12/14       | 31/12/13     | Change    | 31/12/14        | 31/12/13      | Change      |
|   | S\$'000        | S\$'000      | %         | S\$'000         | S\$'000       | %           |
| <b>Net profit attributable to equity holders of the Company</b>                 | <b>6,475</b>   | <b>4,187</b> | <b>55</b> | <b>13,517</b>   | <b>22,373</b> | <b>(40)</b> |
| Other comprehensive income:   |                |              |           |                 |               |             |
| Net fair value gains on other investments                                       | 143            | -            | NM        | 91              | -             | NM          |
| <b>Total comprehensive income attributable to equity holders of the Company</b> | <b>6,618</b>   | <b>4,187</b> | <b>58</b> | <b>13,608</b>   | <b>22,373</b> | <b>(39)</b> |

NM – Not meaningful

**Explanatory notes:**

(a) The comparative figures relate to the Group's share in the results of Discovery Offshore S.A. ("DO") prior to its disposal in June 2013.

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

|   | Group          |          |        |                 |          |        |
|---|----------------|----------|--------|-----------------|----------|--------|
|   | 3 months ended |          |        | 12 months ended |          |        |
|   | 31/12/14       | 31/12/13 | Change | 31/12/14        | 31/12/13 | Change |
|   | S\$'000        | S\$'000  | %      | S\$'000         | S\$'000  | %      |
| Depreciation                                      | 649            | 290      | 124    | 2,303           | 1,237    | 86     |
| Loss on disposal of property, plant and equipment | -              | 54       | (100)  | -               | 51       | (100)  |
| Interest income                                   | (206)          | (146)    | 41     | (896)           | (487)    | 84     |
| Interest expenses                                 | -              | -        | -      | -               | 8        | (100)  |
| Foreign exchange gain                             | (2,784)        | (909)    | 206    | (3,647)         | (1,634)  | 123    |
| Inventories written down                          | 1,950          | -        | NM     | 1,950           | -        | NM     |
| Gain on disposal of associates                    | -              | -        | -      | -               | (8,757)  | (100)  |

(c) The taxation charge for FY2013 was significantly lower than the statutory rate of Singapore as the gain on disposal of associates was capital in nature and therefore not subjected to any income tax. For 4Q2014, the taxation charge was also lower than the statutory income tax rate of Singapore due to adjustment for over provision in prior quarters.

**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               |                       |
|---|-----|-----------------------|-----------------------|-----------------------|-----------------------|
|   |     | 31/12/2014            | 31/12/2013            | 31/12/2014            | 31/12/2013            |
|   |     | S\$'000               | S\$'000               | S\$'000               | S\$'000               |
| <b><u>Non-current assets</u></b>                  |     |                       |                       |                       |                       |
| Property, plant and equipment                     | (a) | 9,305                 | 6,057                 | 11                    | 4,319                 |
| Intangible assets                                 |     | 9,764                 | 7,551                 | -                     | -                     |
| Investment in subsidiaries                        |     | -                     | -                     | 26,000                | 21,000                |
| Other investments                                 | (b) | 8,288                 | 2,456                 | 8,288                 | 2,456                 |
| Deferred tax assets                               |     | 1,018                 | 876                   | -                     | -                     |
|   |     | <u>28,375</u>         | <u>16,940</u>         | <u>34,299</u>         | <u>27,775</u>         |
| <b><u>Current assets</u></b>                      |     |                       |                       |                       |                       |
| Inventories                                       | (c) | 2,512                 | 5,573                 | -                     | -                     |
| Work-in-progress                                  | (d) | 28,776                | 14,547                | -                     | -                     |
| Trade and other receivables                       | (e) | 7,701                 | 13,237                | 126                   | 104                   |
| Amounts due from subsidiaries                     |     | -                     | -                     | 6,011                 | 5,478                 |
| Cash and short-term deposits                      |     | 168,685               | 205,871               | 136,570               | 156,810               |
|   |     | <u>207,674</u>        | <u>239,228</u>        | <u>142,707</u>        | <u>162,392</u>        |
| <b><u>Current liabilities</u></b>                 |     |                       |                       |                       |                       |
| Excess of progress billings over work-in-progress | (d) | 2,630                 | 820                   | -                     | -                     |
| Trade payables and other liabilities              | (d) | 13,146                | 11,738                | 625                   | 1,371                 |
| Tax payable                                       |     | 3,371                 | 3,767                 | 80                    | 4                     |
|   |     | <u>19,147</u>         | <u>16,325</u>         | <u>705</u>            | <u>1,375</u>          |
| Net current assets                                |     | 188,527               | 222,903               | 142,002               | 161,017               |
| <b>Net assets</b>                                 |     | <u><b>216,902</b></u> | <u><b>239,843</b></u> | <u><b>176,301</b></u> | <u><b>188,792</b></u> |

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 31/12/2014     | 31/12/2013     | 31/12/2014     | 31/12/2013     |
|   | S\$'000        | S\$'000        | S\$'000        | S\$'000        |
| <b>Equity attributable to equity holders of the Company</b> |                |                |                |                |
| Share capital   | 95,547         | 86,850         | 95,547         | 86,850         |
| Reserves  | 121,355        | 152,993        | 80,754         | 101,942        |
| <b>Total equity</b>   | <b>216,902</b> | <b>239,843</b> | <b>176,301</b> | <b>188,792</b> |

**Explanatory notes:**

- (a) The increase in the Group's fixed assets was due to the acquisition of new plant and machinery by its subsidiaries to boost their production capabilities. In 1Q2014, the Company transferred its leasehold property at 10 Jalan Samulun to its wholly-owned subsidiary, Baker Engineering Pte. Ltd.
- (b) Other investments include the Company's investment in quoted corporate bonds (S\$7.7 million) and a minority stake in an unquoted investment fund company, which was incorporated in Luxembourg.
- (c) The decrease was due to the utilisation of inventories for projects and the write down of certain slow-moving inventories.
- (d) The increase in work-in-progress and trade and other payables was in line with the increase in production activities of the operating subsidiaries during the current year.
- (e) The reduction in trade and other receivables was mainly due to better collection in 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 31/12/2014 |           | As at 31/12/2013 |           |
|------------------|-----------|------------------|-----------|
| Secured          | Unsecured | Secured          | Unsecured |
| S\$'000          | S\$'000   | S\$'000          | S\$'000   |
| -                | -         | -                | -         |

**Amount repayable after one year**

| As at 31/12/2014 |           | As at 31/12/2013 |           |
|------------------|-----------|------------------|-----------|
| 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      |                     | 12 months ended     |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | 31/12/14<br>S\$'000 | 31/12/13<br>S\$'000 | 31/12/14<br>S\$'000 | 31/12/13<br>S\$'000 |
| <b>Cash flows from operating activities:</b>                                |                     |                     |                     |                     |
| Profit before tax   | 7,273               | 5,226               | 16,326              | 26,080              |
| Adjustments for:  |                     |                     |                     |                     |
| Depreciation  | 649                 | 290                 | 2,303               | 1,237               |
| Interest income   | (206)               | (146)               | (896)               | (487)               |
| Interest expenses   | -                   | -                   | -                   | 8                   |
| Inventory written down  | 1,950               | -                   | 1,950               | -                   |
| Gain on disposal of associates  | -                   | -                   | -                   | (8,757)             |
| Loss on disposal of property, plant and equipment                           | -                   | 54                  | -                   | 51                  |
| Share of results of associates  | -                   | -                   | -                   | 495                 |
| Unrealised exchange gain  | (2,151)             | (1,082)             | (2,544)             | (763)               |
| <b>Operating profit before working capital changes</b>                      | <b>7,515</b>        | <b>4,342</b>        | <b>17,139</b>       | <b>17,864</b>       |
| Decrease in trade and other receivables                                     | 12,131              | 6,319               | 5,708               | 6,586               |
| (Increase) / decrease in inventories  | (14)                | 16,058              | 1,111               | 13,588              |
| Decrease in pledged deposits  | -                   | -                   | -                   | 11,067              |
| (Increase) / decrease in net work-in-progress                               | (1,820)             | (14,434)            | (12,419)            | 10,273              |
| (Decrease) / increase in trade payables and other liabilities               | (642)               | (3,998)             | 52                  | (3,020)             |
| <b>Net cash flows from operations</b>                                       | <b>17,170</b>       | <b>8,287</b>        | <b>11,591</b>       | <b>56,358</b>       |
| Interest received   | 95                  | 146                 | 785                 | 487                 |
| Interest paid   | -                   | -                   | -                   | (8)                 |
| Income tax paid   | (6)                 | (912)               | (3,347)             | (4,497)             |
| <b>Net cash flows from operating activities</b>                             | <b>17,259</b>       | <b>7,521</b>        | <b>9,029</b>        | <b>52,340</b>       |
| <b>Cash flows from investing activities:</b>                                |                     |                     |                     |                     |
| Proceed from disposal of property, plant and equipment                      | -                   | -                   | -                   | 3                   |
| Net proceeds from disposal of associates                                    | -                   | -                   | -                   | 40,524              |
| Purchase of additional stake in associates                                  | -                   | -                   | -                   | (242)               |
| Purchase of other investments (Placement) / maturity of short-term deposits | -                   | (2,137)             | (5,741)             | (2,456)             |
| Purchase of intangible asset  | (834)               | (4,000)             | 4,000               | (4,000)             |
| Purchase of property, plant and equipment                                   | (992)               | (4,020)             | (5,551)             | (4,526)             |
| <b>Net cash flows (used in) / from investing activities</b>                 | <b>(1,826)</b>      | <b>(10,157)</b>     | <b>(8,126)</b>      | <b>29,303</b>       |
| <b>Cash flows from financing activities:</b>                                |                     |                     |                     |                     |
| Net proceeds from conversion of warrants                                    | 2,298               | -                   | 8,697               | 36,533              |
| Dividends paid on ordinary shares   | -                   | -                   | (45,246)            | (87,206)            |
| Repayment of loans and borrowings   | -                   | -                   | -                   | (3,678)             |
| <b>Net cash flows from / (used in) financing activities</b>                 | <b>2,298</b>        | <b>-</b>            | <b>(36,549)</b>     | <b>(54,351)</b>     |

| Group   | 3 months ended |                | 12 months ended |                |
|---|----------------|----------------|-----------------|----------------|
|   | 31/12/14       | 31/12/13       | 31/12/14        | 31/12/13       |
|   | S\$'000        | S\$'000        | S\$'000         | S\$'000        |
| <b>Net increase / (decrease) in cash and cash equivalents</b> | 17,731         | (2,636)        | (35,646)        | 27,292         |
| Effect of exchange rate changes on cash and cash equivalents  | 2,265          | 841            | 2,460           | 677            |
| Cash and cash equivalents at beginning of period / year       | 148,689        | 203,666        | 201,871         | 173,902        |
| <b>Cash and cash equivalents at end of period / year</b>      | <b>168,685</b> | <b>201,871</b> | <b>168,685</b>  | <b>201,871</b> |

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following:

|   | 31/12/14       | 31/12/13       |
|---|----------------|----------------|
|   | S\$'000        | S\$'000        |
| Cash and short-term deposits                        | 168,685        | 205,871        |
| Less: Deposits with more than three months maturity | -              | (4,000)        |
| <b>Cash and cash equivalents</b>                    | <b>168,685</b> | <b>201,871</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 capitalisation 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 1/1/2014</b>                         | 86,850        | 2,344           | 150,649             | -             | 152,993        | 239,843        |
| Profit for the period                              | -             | -               | 7,042               | -             | 7,042          | 7,042          |
| Other comprehensive income for the period          | -             | -               | -                   | (52)          | (52)           | (52)           |
| Issuance of new shares from conversion of warrants | 6,399         | -               | -                   | -             | -              | 6,399          |
| Dividends on ordinary shares                       | -             | -               | (45,246)            | -             | (45,246)       | (45,246)       |
| <b>Balance at 30/9/2014</b>                        | <b>93,249</b> | <b>2,344</b>    | <b>112,445</b>      | <b>(52)</b>   | <b>114,737</b> | <b>207,986</b> |
| Profit for the period                              | -             | -               | 6,475               | -             | 6,475          | 6,475          |
| Other comprehensive income for the period          | -             | -               | -                   | 143           | 143            | 143            |
| Issuance of new shares from conversion of warrants | 2,298         | -               | -                   | -             | -              | 2,298          |
| <b>Balance at 31/12/2014</b>                       | <b>95,547</b> | <b>2,344</b>    | <b>118,920</b>      | <b>91</b>     | <b>121,355</b> | <b>216,902</b> |
| <b>Balance at 1/1/2013</b>                         | 50,317        | 2,344           | 215,482             | -             | 217,826        | 268,143        |
| Profit for the period                              | -             | -               | 18,186              | -             | 18,186         | 18,186         |
| Other comprehensive income for the period          | -             | -               | -                   | -             | -              | -              |
| Issuance of new shares from conversion of warrants | 36,533        | -               | -                   | -             | -              | 36,533         |
| Dividends on ordinary shares                       | -             | -               | (87,206)            | -             | (87,206)       | (87,206)       |
| <b>Balance at 30/9/2013</b>                        | <b>86,850</b> | <b>2,344</b>    | <b>146,462</b>      | <b>-</b>      | <b>148,806</b> | <b>235,656</b> |
| Profit for the period                              | -             | -               | 4,187               | -             | 4,187          | 4,187          |
| Other comprehensive income for the period          | -             | -               | -                   | -             | -              | -              |
| <b>Balance at 31/12/2013</b>                       | <b>86,850</b> | <b>2,344</b>    | <b>150,649</b>      | <b>-</b>      | <b>152,993</b> | <b>239,843</b> |

| Company  | 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 1/1/2014</b>                         | 86,850        | 2,344           | 99,598              | -             | 101,942        | 188,792        |
| Loss for the period                                | -             | -               | (902)               | -             | (902)          | (902)          |
| Other comprehensive income for the period          | -             | -               | -                   | (52)          | (52)           | (52)           |
| Issuance of new shares from conversion of warrants | 6,399         | -               | -                   | -             | -              | 6,399          |
| Dividends on ordinary shares                       | -             | -               | (45,246)            | -             | (45,246)       | (45,246)       |
| <b>Balance at 30/9/2014</b>                        | <b>93,249</b> | <b>2,344</b>    | <b>53,450</b>       | <b>(52)</b>   | <b>55,742</b>  | <b>148,991</b> |
| Profit for the period                              | -             | -               | 24,869              | -             | 24,869         | 24,869         |
| Other comprehensive income for the period          | -             | -               | -                   | 143           | 143            | 143            |
| Issuance of new shares from conversion of warrants | 2,298         | -               | -                   | -             | -              | 2,298          |
| <b>Balance at 31/12/2014</b>                       | <b>95,547</b> | <b>2,344</b>    | <b>78,319</b>       | <b>91</b>     | <b>80,754</b>  | <b>176,301</b> |
| <b>Balance at 1/1/2013</b>                         | 50,317        | 2,344           | 166,909             | -             | 169,253        | 219,570        |
| Profit for the period                              | -             | -               | 6,437               | -             | 6,437          | 6,437          |
| Other comprehensive income for the period          | -             | -               | -                   | -             | -              | -              |
| Issuance of new shares from conversion of warrants | 36,533        | -               | -                   | -             | -              | 36,533         |
| Dividends on ordinary shares                       | -             | -               | (87,206)            | -             | (87,206)       | (87,206)       |
| <b>Balance at 30/9/2013</b>                        | <b>86,850</b> | <b>2,344</b>    | <b>86,140</b>       | <b>-</b>      | <b>88,484</b>  | <b>175,334</b> |
| Profit for the period                              | -             | -               | 13,458              | -             | 13,458         | 13,458         |
| Other comprehensive income for the period          | -             | -               | -                   | -             | -              | -              |
| <b>Balance at 31/12/2013</b>                       | <b>86,850</b> | <b>2,344</b>    | <b>99,598</b>       | <b>-</b>      | <b>101,942</b> | <b>188,792</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**

During the year, 32,781,600 warrants and 18,148,000 warrants were exercised at S\$0.185 and S\$0.145 each respectively by warrant holders, to subscribe for a total of 50,929,600 new ordinary shares in the Company.

As at 31 December, the Company had the following outstanding warrants:

|               | Expiry Date | Exercise Price | No. of warrants |             |
|---------------|-------------|----------------|-----------------|-------------|
|               |             |                | 31 Dec 2014     | 31 Dec 2013 |
| 2012 Warrants | 5 June 2015 | S\$0.145 ^     | 93,777,222      | 144,706,822 |

<sup>^</sup> At the Company's AGM held on 25 April 2014, the shareholders approved a first and final tax exempt (one-tier) dividend of 1.0 cent per ordinary share and a special tax exempt (one-tier) dividend of 4.0 cents per ordinary share for the year ended 31 December 2013. As the special dividend was distributed out of reserves which were attributable to profits or gains arising from the disposal of investments made by the Company, the exercise price of the 2012 Warrants of S\$0.185 per share was adjusted to S\$0.145 per share on 12 May 2014. This reflects the lower intrinsic value of the Company's share after the special dividend.

There were no shares held as treasury shares as at 31 December 2014 and 31 December 2013.

**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 31 December 2014, the Company's issued share capital excluding treasury shares was S\$95,546,681 (31 December 2013 – S\$86,850,625) comprising 923,070,444 ordinary shares (31 December 2013 – 872,140,844 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**

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 auditors.

**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 2013.

**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 |            | 12 months ended |            |
|  | 31/12/2014     | 31/12/2013 | 31/12/2014      | 31/12/2013 |
| (i) Basic earnings per share (in cents)    | 0.72           | 0.47       | 1.50            | 2.69       |
| (ii) Diluted earnings per share (in cents) | 0.68           | 0.40       | 1.41            | 2.29       |

- (i) Basic earnings per ordinary share for the financial year ended 31 December 2014 was calculated based on the weighted average number of ordinary shares in issue during the year of 898,759,610 (31 December 2013 – 832,125,414).
- (ii) Earnings per share for the financial year ended 31 December 2014 on a fully diluted basis was calculated based on the weighted average number of ordinary shares in issue during the year adjusted for the dilutive effect of 93,777,222 warrants outstanding at 31 December 2014 (31 December 2013 – 144,706,822 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    |            |
|--|------------|------------|------------|------------|
|  | 31/12/2014 | 31/12/2013 | 31/12/2014 | 31/12/2013 |
| Net asset value per ordinary share based on issued share capital (excluding treasury shares) at the end of the year (in cents) | 23.5       | 27.5       | 19.1       | 21.6       |

Net asset value per ordinary share as at 31 December 2014 and 2013 was calculated based on the number of shares in issue of 923,070,444 and 872,140,844 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**

The Group's revenue for 4Q2014 was S\$28.9 million, an improvement of 88% from the corresponding period in 2013 due to higher progressive revenue recognition as a result of increased shipments to customers. Year-on-year, Group's revenue increased from S\$83.3 million to S\$86.3 million.

In view of the recent decline in oil prices, order in-take has showed signs of slowing down. As at end of December 2014, the Group's net order book stood at US\$30 million. These orders are expected to be completed within the next 12 months.



## **Profitability**

For 4Q2014, Group's net profit increased from S\$4.2 million in 4Q2013 to S\$6.5 million, due to higher gross profit as a result of the higher revenue and a foreign exchange gain of S\$2.8 million from the strengthening of the US dollar against the Singapore dollar (4Q2013: exchange gain of S\$0.9 million).

In FY2014, the Group reported a net profit of S\$13.5 million compared to S\$13.6 million (excluding gain on disposal of Discovery Offshore S.A. in 2013). During the year, the Group incurred higher administrative expenses of S\$3.2 million for new subsidiaries and premises. However, such increases were offset by higher exchange gain and lower taxation charges for the current year.

## **Financial position**

Group shareholders' funds decreased from S\$239.8 million as at 31 December 2013 to S\$216.9 million as at 31 December 2014, due mainly to the payment of dividends of S\$45.2 million to shareholder; this was partially offset by proceeds from the conversion of warrants (S\$8.7 million) and retained profits for the year.

### **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 been previously 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**

On the domestic front, the Singapore economy is forecasted to grow 2-4 per cent in 2015. Higher growth is expected from the US economy but this will likely be dragged down by weaker growth in the Eurozone, Japan and China. The offshore marine sector is to remain weak over the next 12 months. Global offshore drillers are facing a challenging market as major and large international oil companies rationalise capital expenditure. The demand growth has taken a significant hit with low oil prices.

The Group expects less volatility in the oil production maintenance segment where liftboats are increasingly in demand and are now the equipment of choice in West Africa, the Persian Gulf, and the Gulf of Mexico. In South-East Asia, they are finally gaining a foothold with key operators. As such, the Group is pleased to have embarked in this segment to capitalise on the opportunities.

The Group also continues to explore external avenues for strategic alliances and acquisitions.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend recommended for the current financial period reported on? Yes

The Board is recommending a first and final tax exempt (one-tier) dividend of 1 cent for the financial year ended 31 December 2014.

| Name of Dividend    | Final                     |
|---------------------|---------------------------|
| Dividend type       | Cash                      |
| Dividend rate (S\$) | 1 cent per ordinary share |
| Tax rate            | Tax exempt (one-tier)     |

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

**(c) Date payable**

To be announced at a later date.

**(d) Books closure date**

To be announced at a later date.

**12. If no dividend has been declared/recommended, a statement to that effect**

Not applicable.

**13. Interested Person Transactions**

Not applicable as the Company has not obtained a general mandate from shareholders for Interested Person Transactions.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

**14. Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

**(a) Business segments**

The Group's operating segments are its strategic business units which are managed separately. The reportable segment presentation is based on the Group's management and internal reporting structure used for its strategic decision-making purposes.

The Group's activities comprised the following reportable segments:

- (i) Marine Offshore - essentially the Group's principal business activity in the manufacturing and provision of specialised marine offshore equipment and services for the oil and gas industry;
- (ii) Investments - includes the Group's quoted and unquoted investments, investment income and the gains on disposal of investments; and
- (iii) Corporate - consists of corporate services and treasury functions.

|                                   | Marine offshore |                 | Investments     |                 | Corporate       |                 | Adjustment and elimination |                 | Group Total     |                 |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------------------|-----------------|-----------------|-----------------|
|                                   | 2014<br>S\$'000 | 2013<br>S\$'000 | 2014<br>S\$'000 | 2013<br>S\$'000 | 2014<br>S\$'000 | 2013<br>S\$'000 | 2014<br>S\$'000            | 2013<br>S\$'000 | 2014<br>S\$'000 | 2013<br>S\$'000 |
| <b>Revenue</b>                    | 86,272          | 83,299          | -               | -               | -               | -               | -                          | -               | 86,272          | 83,299          |
| <b>Results</b>                    |                 |                 |                 |                 |                 |                 |                            |                 |                 |                 |
| EBITDA                            | 19,812          | 21,476          | (615)           | (21)            | (752)           | (2,279)         | (804)                      | (600)           | 17,641          | 18,576          |
| Depreciation & amortization       | (2,204)         | (1,229)         | (1)             | -               | (6)             | (8)             | -                          | -               | (2,211)         | (1,237)         |
| Interest expense                  | -               | (8)             | -               | -               | -               | -               | -                          | -               | -               | (8)             |
| Interest income                   | 75              | 57              | 350             | -               | 471             | 430             | -                          | -               | 896             | 487             |
| Gain on disposal of associates    | -               | -               | -               | 8,757           | -               | -               | -                          | -               | -               | 8,757           |
| Segment profit/(loss)             | 17,683          | 20,296          | (266)           | 8,736           | (287)           | (1,857)         | (804)                      | (600)           | 16,326          | 26,575          |
| <b>Total assets</b>               | 90,569          | 92,479          | 8,796           | 2,456           | 136,707         | 161,233         | (23)                       | -               | 236,049         | 256,168         |
| <b>Total liabilities</b>          | 18,323          | 14,944          | 119             | 6               | 705             | 1,375           | -                          | -               | 19,147          | 16,325          |
| <b>Other segment information:</b> |                 |                 |                 |                 |                 |                 |                            |                 |                 |                 |
| Acquisition of other investment   | -               | -               | 5,740           | 2,456           | -               | -               | -                          | -               | 5,740           | 2,456           |
| Additions to non-current assets   | 5,537           | 208             | 3               | -               | 11              | 4,318           | -                          | -               | 5,551           | 4,526           |

**(b) Geographical segments**

|  | Segment revenue |                 |
|--|-----------------|-----------------|
|  | 2014<br>S\$'000 | 2013<br>S\$'000 |
| China  | 57,687          | 51,594          |
| Singapore                                    | 17,699          | 21,271          |
| Asia Pacific (excluding China and Singapore) | 5,643           | 8,819           |
| Middle East                                  | 5,036           | 1,534           |
| Others                                       | 207             | 81              |
|  | 86,272          | 83,299          |

Segment revenue is based on the billing location of customers.

Except for the Group's investment in an available-for-sale investment of S\$589,000 at 31 December 2014 (2013: S\$339,000) which are located in Europe, all the assets and capital expenditure of the Group are located in Singapore.

**15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

Refer to paragraphs 8 and 10 above.

**16. A breakdown of sales**

|  | <b>GROUP</b>   |                |               |
|--|----------------|----------------|---------------|
|  | <b>2014</b>    | <b>2013</b>    | <b>Change</b> |
|  | <b>S\$'000</b> | <b>S\$'000</b> | <b>%</b>      |
| Sales reported for first half year             | 36,301         | 47,201         | (23)          |
| Sales reported for second half year            | 49,971         | 36,098         | 38            |
| <b>Total sales</b>                             | <b>86,272</b>  | <b>83,299</b>  | <b>4</b>      |
| <br>   |                |                |               |
| Profit after tax reported for first half year  | 2,715          | 14,567         | (81)          |
| Profit after tax reported for second half year | 10,802         | 7,806          | 38            |
| <b>Total profit after tax</b>                  | <b>13,517</b>  | <b>22,373</b>  | <b>(40)</b>   |

**17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

|                   | <b>Latest Full Year<br/>(S\$'000)</b> | <b>Previous Full Year<br/>(S\$'000)</b> |
|-------------------|---------------------------------------|---|
| <b>Ordinary</b>   | 9,231*                                | 45,246                                  |
| <b>Preference</b> | -                                     | -                                       |
| <b>Total</b>      | 9,231                                 | 45,246                                  |

\* 2014 proposed first and final dividend are estimated based on share capital of 923,070,444 ordinary shares in issue at the end of the financial year.

**18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer**

| Name           | Age | Family Relationship with any director and/or chief executive officer and/or substantial shareholder | Current position and duties, and the year the position was first held  | Details of changes in duties and position held, if any, during the year |
|----------------|-----|---|--|---|
| Jeanette Chang | 38  | Daughter of Dr Benety Chang, Chief Executive Officer and substantial shareholder of the Company.    | Executive Director of the Company since 1 September 2013.<br><br>Responsible for corporate administration and human resources. | Nil.  |

**BY ORDER OF THE BOARD**

Nga Ko Nie  
Company Secretary  
26 February 2015