



BAKER TECHNOLOGY LIMITED

Company Registration No.: 198100637D

Unaudited First Quarter Financial Statement for the Period Ended 31 March 2016

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		
	3 months ended		
	31/3/2016 S\$'000	31/3/2015 S\$'000	Change %
Revenue	5,966	27,935	-79
Cost of goods sold	(3,605)	(20,079)	-82
Gross profit	2,361	7,856	-70
Administrative expenses	(2,737)	(2,974)	-8
Other operating income / (expenses), net	213	236	-10
Foreign exchange (loss) / gain	(2,594)	2,583	NM
(Loss) / profit before taxation	(2,757)	7,701	NM
Income tax expenses	-	(1,300)	-100
Net (loss) / profit attributable to equity holders of the Company	(2,757)	6,401	NM

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		
	3 months ended		
	31/3/2016 S\$'000	31/3/2015 S\$'000	Change %
Net (loss) / profit attributable to equity holders of the Company	(2,757)	6,401	NM
Other comprehensive income:			
Net fair value gain on other investments	77	202	-62
Total comprehensive income attributable to equity holders of the Company	(2,680)	6,603	NM

NM – Not meaningful

Explanatory notes:

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

	Group		
	3 months ended		
	31/3/2016	31/3/2015	Change
	S\$'000	S\$'000	%
Depreciation	468	656	-29
Interest income	(183)	(236)	-22
Gain on disposal of property, plant and equipment	(1)	-	NM

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	
	31/3/2016	31/12/2015	31/3/2016	31/12/2015
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Non-current assets</u>				
Property, plant and equipment	17,637	18,076	5	6
Intangible assets	9,686	9,747	-	-
Investment in subsidiaries	-	-	26,000	26,000
Other investments (a)	5,407	8,399	5,407	8,399
Deferred tax assets	360	360	-	-
	33,090	36,582	31,412	34,405
<u>Current assets</u>				
Inventories and work-in-progress (b)	64,958	56,735	-	-
Trade and other receivables (c)	9,751	11,395	113	129
Amounts due from subsidiaries	-	-	78,490	67,166
Other investments (a)	3,311	1,284	3,311	1,284
Cash and short-term deposits	128,336	140,070	118,237	128,265
	206,356	209,484	200,151	196,844
<u>Current liabilities</u>				
Excess of progress billings over work-in-progress (b)	547	1,581	-	-
Trade payable and other liabilities (d)	10,178	13,612	807	604
Amounts due to subsidiaries	-	-	41,091	38,696
Tax payable	2,368	1,810	170	170
	13,093	17,003	42,068	39,470
Net current assets	193,263	192,481	158,083	157,374
<u>Non-current liabilities</u>				
Deferred tax liabilities	(120)	(150)	-	-
Net assets	226,233	228,913	189,495	191,779
<u>Equity attributable to equity holders of the Company</u>				
Share capital	108,788	108,788	108,788	108,788
Reserves	117,445	120,125	80,707	82,991
Total equity	226,233	228,913	189,495	191,779

Explanatory notes:

- (a) 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. The decrease was mainly due to the maturity of bond during the period.
- (b) The increase was mainly due to additional cost incurred for the construction of the liftboat.
- (c) The decrease was in line with lower revenue for the period.
- (d) The decrease was mainly due to the settlement of liabilities during the current quarter.

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 31/3/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

Amount repayable after one year

As at 31/3/2016		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	
	31/3/2016 S\$'000	31/3/2015 S\$,000
Cash flows from operating activities:		
(Loss) / profit before tax	(2,757)	7,701
Adjustments for:		
Depreciation	468	656
Interest income	(183)	(236)
Gain on disposal of property, plant and equipment	(1)	-
Unrealised exchange loss / (gain)	2,790	(1,992)
Operating profit before working capital changes	317	6,129
Decrease / (increase) in trade and other receivables	1,310	(8,254)
(Increase) / decrease in inventories & net work-in-progress	(8,777)	10,811
Decrease in trade payables and other liabilities	(3,381)	(856)
Net cash flows (used in) / from operations	(10,531)	7,830
Interest received	183	148
Income tax refunded / (paid)	528	(132)
Net cash flows (used in) / from operating activities	(9,820)	7,846
Cash flows from investing activities:		
Purchase of property, plant and equipment	(448)	(1,634)
Purchase of other investments	(280)	(295)
Maturity of other investments	1,000	-
Proceed from sale of property, plant and equipment	1	-
Net cash flows from / (used in) investing activities	273	(1,929)
Cash flows from financing activities:		
Proceeds from conversion of warrants	-	761
Net cash flows from financing activities	-	761
Net (decrease) / increase in cash and cash equivalents	(9,547)	6,678
Effect of exchange rate changes on cash and cash equivalents	(2,187)	1,964
Cash and cash equivalents at beginning of period	140,070	168,685
Cash and cash equivalents at end of period	128,336	177,327

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
Balance at 1/1/2016	108,788	2,344	118,008	(227)	120,125	228,913
Loss for the period	-	-	(2,757)	-	(2,757)	(2,757)
Other comprehensive income for the period	-	-	-	77	77	77
Balance at 31/3/2016	108,788	2,344	115,251	(150)	117,445	226,233
Balance at 1/1/2015	95,547	2,344	118,920	91	121,355	216,902
Profit for the period	-	-	6,401	-	6,401	6,401
Other comprehensive income for the period	-	-	-	202	202	202
Issuance of new shares from conversion of warrants	761	-	-	-	-	761
Balance at 31/3/2015	96,308	2,344	125,321	293	127,958	224,266

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
Balance at 1/1/2016	108,788	2,344	80,874	(227)	82,991	191,779
Loss for the period	-	-	(2,361)	-	(2,361)	(2,361)
Other comprehensive income for the period	-	-	-	77	77	77
Balance at 31/3/2016	108,788	2,344	78,513	(150)	80,707	189,495
Balance at 1/1/2015	95,547	2,344	78,319	91	80,754	176,301
Profit for the period	-	-	652	-	652	652
Other comprehensive income for the period	-	-	-	202	202	202
Issuance of new shares from conversion of warrants	761	-	-	-	-	761
Balance at 31/3/2015	96,308	2,344	78,971	293	81,608	177,916

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 were no shares held as treasury shares as at 31 March 2016 and 31 March 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 31 March 2016 and 31 December 2015, the Company's issued share capital excluding treasury shares was S\$108,788,054 comprising 1,014,390,262 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 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	
	3 months ended 31 March 2016	3 months ended 31 March 2015
(i) Basic earnings per share (in cents)	(0.27)	0.69
(ii) Diluted earnings per share (in cents)	(0.27)	0.66

- (i) Basic earnings per ordinary shares for the financial period ended 31 March 2016 was calculated based on the weighted average number of ordinary shares in issue of 1,014,390,262 (31 March 2015 – 926,124,255).
- (ii) Earnings per share for the financial period ended 31 March 2015 on a fully diluted basis was calculated based on the number of ordinary shares in issue during the period adjusted for the dilutive effect of 88,523,322 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	
	31/3/2016	31/12/2015	31/3/2016	31/12/2015
Net Asset Value per ordinary share based on issued share capital at the end of the period (in cents)	22.3	22.6	18.7	18.9

Net asset value per ordinary share as at 31 March 2016 and 31 December 2015 was calculated based on the number of shares in issue of 1,014,390,262.

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 1Q2016 decreased from S\$27.9 million to S\$6.0 million due to the general slowdown of the oil and gas industry. The operating condition of the industry remains challenging due to prolonged low oil prices.

Profitability

The Group reported a net loss of S\$2.8 million for 1Q2016 as compared to a net profit of S\$6.4 million in 1Q2015 primarily due to a foreign exchange loss of S\$2.6 million (1Q2015: foreign exchange gain of S\$2.6 million) as a result of the weakening of the US dollar against the Singapore dollar.

Excluding this foreign exchange loss, the Group's net loss for 1Q2016 was S\$163,000 as compared to a net profit of S\$3.8 million in 1Q2015.

Financial position and cash flow

Group shareholders' fund decreased from S\$228.9 million as at 31 December 2015 to S\$226.2 million as at 31 March 2016, attributable mainly to the loss for the current quarter.

For 1Q2016, the Group reported net operating cash outflows of S\$9.8 million due to working capital required for operations. The Group's cash and short-term deposits were at S\$128.3 million, with no borrowings as at 31 March 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 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

The Group expects the operating environment to remain challenging for the next 12 months in view of the prolonged low oil prices. However, with a healthy balance sheet and an experienced management team, the Group is in a strong position to weather the uncertainties ahead.

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/recommended, 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 their attention which may render the unaudited financial statements of the Company and of the Group for the first quarter ended 31 March 2016 to be false or misleading.

BY ORDER OF THE BOARD

Nga Ko Nie
Company Secretary
22 April 2016