



BAKER TECHNOLOGY LIMITED

Company Registration No.: 198100637D

Unaudited First Quarter Financial Statement for the Period Ended 31 March 2018

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		
	31/3/2018 S\$'000	31/3/2017 S\$'000	Change %
Revenue	683	1,001	-32
Cost of sales	(212)	560	NM
Gross profit	471	1,561	-70
Administrative expenses	(4,770)	(2,256)	+111
Other operating income / (expenses), net	176	182	-3
Foreign exchange loss	(724)	(1,693)	-57
Loss before taxation	(4,847)	(2,206)	+120
Income tax credit	-	268	-100
Net loss attributable to equity holders of the Company	(4,847)	(1,938)	+150

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		
	3 months ended		
	31/3/2018 S\$'000	31/3/2017 S\$'000	Change %
Net loss attributable to equity holders of the Company	(4,847)	(1,938)	+150
Other comprehensive income:			
Net fair value loss on other investments	(7)	(7)	-
Total comprehensive income attributable to equity holders of the Company	(4,854)	(1,945)	+150

NM – Not meaningful

Explanatory notes:

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

	Group		
	3 months ended		
	31/3/2018	31/3/2017	Change
	S\$'000	S\$'000	%
Depreciation & amortization	2,024	502	+303
Interest income	(144)	(167)	-14

- (b) For the quarter ended 31 March 2017, the amount included a write-back of excess tax provision from prior year of \$0.3 million.

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	
		31/3/2018	31/12/2017	31/3/2018	31/12/2017
		S\$'000	S\$'000	S\$'000	S\$'000
<u>Non-current assets</u>					
Property, plant and equipment	(a)	112,298	113,410	5	6
Intangible assets		1,745	1,810	-	-
Investment in subsidiaries		-	-	22,800	22,800
Other investments	(b)	2,609	2,388	2,609	2,388
Deferred tax assets		17	17	-	-
		116,669	117,625	25,414	25,194
<u>Current assets</u>					
Inventories and contract assets		1,110	695	-	-
Trade and other receivables	(c)	1,817	2,843	66	64
Amounts due from subsidiaries		-	-	106,420	100,641
Other investments	(b)	1,576	1,068	1,576	1,068
Cash and short-term deposits		80,881	86,642	68,384	79,872
		85,384	91,248	176,446	181,645
<u>Current liabilities</u>					
Contract liabilities		201	104	-	-
Trade payable and other liabilities	(c)	3,273	5,804	483	412
Amounts due to subsidiaries		-	-	5,000	5,000
Tax payable		141	407	-	-
		3,615	6,315	5,483	5,412
Net current assets		81,769	84,933	170,963	176,233
<u>Non-current liability</u>					
Deferred tax liabilities		(44)	(44)	-	-
Net assets		198,394	202,514	196,377	201,427
<u>Equity attributable to equity holders of the Company</u>					
Share capital		108,788	108,788	108,788	108,788
Reserves		89,606	93,726	87,589	92,639
Total equity		198,394	202,514	196,377	201,427

Explanatory notes:

- (a) The reduction in property, plant and equipment was mainly due to depreciation charge for the period, partially offset by additional cost incurred for the enhancement of the liftboat.
- (b) Other investments included the Company's investment in quoted corporate bonds (\$2.1 million) and a minority stake in an unquoted investment fund company (\$2.1 million), which was incorporated in Luxembourg.
- (c) The decrease in trade receivables, other receivables, trade payables and other liabilities was in line with the reduction of revenue for 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 31/3/2018		As at 31/12/2017	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

Amount repayable after one year

As at 31/3/2018		As at 31/12/2017	
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	
	31/3/2018 S\$'000	31/3/2017 S\$'000
Cash flows from operating activities:		
Loss before tax	(4,847)	(2,206)
Adjustments for:		
Depreciation and amortization	2,024	502
Interest income	(144)	(167)
Unrealised exchange loss	687	1,785
Operating loss before working capital changes	(2,280)	(86)
Decrease in trade and other receivables	1,039	1,619
Increase in inventories & contract assets / liabilities	(318)	(3,973)
Decrease in trade payables and other liabilities	(2,541)	(2,805)
Net cash flows used in operations	(4,100)	(5,245)
Interest received	151	191
Income tax (paid) / refunded	(266)	517
Net cash flows used in operating activities	(4,215)	(4,537)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(847)	(43)
Purchase of other investments	(37)	(30)
Maturity of other investments	-	279
Net cash flows (used in) / from investing activities	(884)	206
Net decrease in cash and cash equivalents	(5,099)	(4,331)
Effect of exchange rate changes on cash and cash equivalents	(662)	(1,409)
Cash and cash equivalents at beginning of period	86,642	106,956
Cash and cash equivalents at end of period	80,881	101,216

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 31/12/2017	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	-	-	(4,847)	-	(4,847)	(4,847)
Other comprehensive income for the period	-	-	-	(7)	(7)	(7)
Balance at 31/3/2018	108,788	2,344	87,270	(8)	89,606	198,394
Balance at 1/1/2017	108,788	2,344	104,609	(74)	106,879	215,667
Loss for the period	-	-	(1,938)	-	(1,938)	(1,938)
Other comprehensive income for the period	-	-	-	(7)	(7)	(7)
Balance at 31/3/2017	108,788	2,344	102,671	(81)	104,934	213,722

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 31/12/2017	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	-	-	(5,777)	-	(5,777)	(5,777)
Other comprehensive income for the period	-	-	-	(7)	(7)	(7)
Balance at 31/3/2018	108,788	2,344	85,253	(8)	87,589	196,377
Balance at 1/1/2017	108,788	2,344	104,691	(74)	106,961	215,749
Loss for the period	-	-	(1,658)	-	(1,658)	(1,658)
Other comprehensive income for the period	-	-	-	(7)	(7)	(7)
Balance at 31/3/2017	108,788	2,344	103,033	(81)	105,296	214,084

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 issued share capital for the three months ended 31 March 2018.

The Company did not hold any treasury shares as at 31 March 2018 and 31 March 2017.

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 31 March 2018 and 31 December 2017, 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 2017.

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 a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s), on 1 January 2018 and has prepared its first set of financial information under SFRS(I)s for the quarter ended 31 March 2018.

In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. The adoption of the new standards did not have any significant impact on the financial statements of the Group except for the following:

Adoption of SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting, and is effective for annual periods beginning on or after 1 January 2018. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SFRS(I) 9 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Group and Company adopted the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

Adoption of SFRS(I) 15 *Revenue from Contracts with Customers*

SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Following the presentation requirements in SFRS(I) 15, the Group has presented gross amount due from customers for contract work-in-progress as contract assets and gross amount due to customers for contract work-in-progress as contract liabilities.

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 31/3/2018	3 months ended 31/3/2017
(i) Basic earnings per share (in cents)	(2.39)	(0.96)
(ii) Diluted earnings per share (in cents)	(2.39)	(0.96)

Basic earnings per ordinary shares for the quarters ended 31 March 2018 and 31 March 2017 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	
	31/3/2018	31/12/2017	31/3/2018	31/12/2017
Net Asset Value per ordinary share based on issued share capital at the end of the period (in cents)	97.8	99.8	96.8	99.3

Net asset value per ordinary share as at 31 March 2018 and 31 December 2017 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

Revenue for the Group was \$0.7 million in 1Q2018 as compared to \$1.0 million in 1Q2017. The revenue reflects the continued weakness in the oil and gas industry.

Profitability

In line with the reduction in revenue, the Group reported a lower gross profit at \$0.5 million for 1Q2018 as compared to \$1.6 million in 1Q2017, which included a write-back of expired warranty provision.

Administrative expenses in 1Q2018 was higher than 1Q2017 by \$2.5 million primarily due to depreciation of its completed liftboat and under-absorption of overheads.

The Group's foreign exchange losses of \$0.7 million was attributed to the weakening of the US dollar against the Singapore dollar during the current quarter.

The Group recorded a net loss of \$4.8 million for 1Q2018 as a result of the above-mentioned factors.

Financial position and cash flow

Group shareholders' fund decreased from \$202.5 million as at 31 December 2017 to \$198.4 million as at 31 March 2018, attributable to the loss for the current quarter.

For 1Q2018, the Group reported net operating cash outflows of \$4.2 million due to working capital required for operations. The Group's cash and short-term deposits were at \$80.9 million, with no borrowings as at 31 March 2018.

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

Despite the renewed optimism for the oil and gas industry amid firmer oil prices, market remains weak. The Group will continue to be cautious and prudent.

The Group has secured a time charter contract for its Liftboat, Blue Titanium, to be deployed in Southeast Asia in the later part of 2nd quarter of 2018. This charter is expected to contribute to the Group's financial performance for the financial year ending 31 December 2018.

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

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 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 first quarter ended 31 March 2018 to be false or misleading.

BY ORDER OF THE BOARD

Nga Ko Nie
Company Secretary
2 May 2018