



BAKER TECHNOLOGY LIMITED

Company Registration No.: 198100637D

Unaudited Second Quarter and Half Year Financial Statement for the Period Ended 30 June 2019

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group					
	3 months ended			6 months ended		
	30/6/19	30/6/18	Change	30/6/19	30/6/18	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	21,295	3,516	NM	37,220	4,199	NM
Cost of sales	(12,819)	(2,149)	NM	(23,097)	(2,361)	NM
Gross profit	8,476	1,367	NM	14,123	1,838	NM
Administrative expenses	(5,780)	(4,385)	+32	(10,575)	(9,155)	+16
Other operating income / (expenses), net	(44)	195	NM	108	371	-71
Foreign exchange (loss) / gain	(194)	1,796	NM	(408)	1,072	NM
Finance cost	(242)	-	NM	(475)	-	NM
Share of results of associates	(4,397)	-	NM	(4,953)	-	NM
Loss before taxation	(2,181)	(1,027)	+112	(2,180)	(5,874)	-63
Income tax (expenses) / credit	(54)	44	NM	(54)	44	NM
Net loss for the period	(2,235)	(983)	+127	(2,234)	(5,830)	-62
<u>Results attributable to:</u>						
Shareholders of the Company	915	(983)	NM	1,923	(5,830)	NM
Non-controlling interests	(3,150)	-	NM	(4,157)	-	NM
Net loss for the period	(2,235)	(983)	+127	(2,234)	(5,830)	-62

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group					
	3 months ended			6 months ended		
	30/6/19	30/6/18	Change	30/6/19	30/6/18	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Net loss attributable to equity holders of the Company	(2,235)	(983)	+127	(2,234)	(5,830)	-62
Other comprehensive income:						
Net fair value gain / (loss) on other investments	1	(8)	NM	16	(15)	NM
Foreign currency translation	(305)	-	NM	(1,176)	-	NM
Total comprehensive income for the period	(2,539)	(991)	+156	(3,394)	(5,845)	-42

NM – Not meaningful

	Group					
	3 months ended			6 months ended		
	30/6/19	30/6/18	Change	30/6/19	30/6/18	Change
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
<u>Attributable to:</u>						
Shareholders of the Company	716	(991)	NM	1,235	(5,845)	NM
Non-controlling interests	(3,255)	-	NM	(4,629)	-	NM
Total comprehensive income for the period	(2,539)	(991)	+156	(3,394)	(5,845)	-42

Explanatory notes:

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

	Group					
	3 months ended			6 months ended		
	30/6/19	30/6/18	Change	30/6/19	30/6/18	Change
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Depreciation & amortization	4,550	2,037	+123	9,419	4,061	+132
Loss on disposal of property, plant and equipment	191	-	NM	191	-	NM
Inventory written down	-	16	NM	-	16	NM
Interest income	(125)	(141)	-11	(256)	(285)	-10
Interest expenses	242	-	NM	475	-	NM

- (b) The amount relates to the losses attributed to the 45.02% minority shareholders of CH Offshore Ltd.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	30/6/2019	31/12/2018	30/6/2019	31/12/2018
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Non-current assets</u>				
Property, plant and equipment	219,464	230,341	5	3
Right-of-use assets (a)	6,035	-	-	-
Intangible assets	1,422	1,551	-	-
Investment in subsidiaries	-	-	22,800	22,800
Investment in associates	-	4,979	-	-
Loan to associate	1,551	3,406	-	-
Other investments (b)	2,387	2,491	2,387	2,491
	230,859	242,768	25,192	25,294
<u>Current assets</u>				
Inventories and contract assets	2,134	2,247	-	-
Trade and other receivables (c)	30,395	23,985	69	68
Amounts due from subsidiaries	-	-	159,216	165,769
Loan to associate	5,935	5,862	-	-
Other investments (b)	271	797	271	797
Cash and short-term deposits	37,223	28,920	19,482	14,575
	75,958	61,811	179,038	181,209

	Group		Company	
	30/6/2019 S\$'000	31/12/2018 S\$'000	30/6/2019 S\$'000	31/12/2018 S\$'000
<u>Current liabilities</u>				
Contract liabilities	26	-	-	-
Trade payables and other liabilities	11,041	10,265	514	601
Amounts due to subsidiaries	-	-	7,363	7,650
Borrowings	8,742	8,447	-	-
Lease liabilities (a)	775	-	-	-
Tax payable	96	146	-	-
	20,680	18,858	7,877	8,251
Net current assets	55,278	42,953	171,161	172,958
<u>Non-current liabilities</u>				
Deferred tax liabilities	5,496	5,545	-	-
Other payables and liabilities (a)	1,550	-	-	-
Borrowings	3,480	4,067	-	-
Lease liabilities (a)	3,910	-	-	-
	14,436	9,612	-	-
Net assets	271,701	276,109	196,353	198,252
Equity attributable to equity holders of the Company				
Share capital	108,788	108,788	108,788	108,788
Reserves	112,262	112,041	87,565	89,464
	221,050	220,829	196,353	198,252
Non-controlling interests	50,651	55,280	-	-
Total equity	271,701	276,109	196,353	198,252

Explanatory notes:

- (a) The amounts arose from the adoption of SFRS(I) 16 as of 1 January 2019.
- (b) Other investments included the Company's investment in quoted corporate bond (\$0.3m) and a minority stake in an unquoted investment fund company (\$2.4m), which was incorporated in Luxembourg.
- (c) The increase in trade and other receivables was in line with the increase in revenue for 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 30/6/2019		As at 31/12/2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
8,742	775	-	8,447

Amount repayable after one year

As at 30/6/2019		As at 31/12/2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,480	3,910	-	4,067

Details of any collateral

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

1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year

Group	3 months ended		6 months ended	
	30/6/19 S\$'000	30/6/18 S\$'000	30/6/19 S\$'000	30/6/18 S\$'000
Cash flows from operating activities:				
Loss before tax	(2,181)	(1,027)	(2,180)	(5,874)
Adjustments for:				
Depreciation & amortization	4,550	2,037	9,419	4,061
Loss on disposal of property, plant & equipment	191	-	191	-
Inventory written down	-	16	-	16
Interest income	(125)	(141)	(256)	(285)
Interest expenses	242	-	475	-
Share of results of associates	4,397	-	4,953	-
Unrealised exchange (gain) / loss	(8)	(1,768)	184	(1,081)
Operating profit / (loss) before working capital changes	7,066	(883)	12,786	(3,163)
Increase in trade and other receivables	(7,120)	(3,113)	(6,342)	(2,074)
Increase / (decrease) in inventories & contract assets / liabilities	343	(319)	139	(637)
Increase / (decrease) in trade payables and other liabilities	914	1,961	54	(580)
Net cash flows from / (used) in operations	1,203	(2,354)	6,637	(6,454)
Interest received	118	131	252	282
Interest paid	(170)	-	(328)	-
Income tax paid	(11)	-	(104)	(266)
Net cash flows from / (used) in operating activities	1,140	(2,223)	6,457	(6,438)
Cash flows from investing activities:				
Purchase of other investments	(166)	(83)	(166)	(120)
Maturity of other investments	283	1,059	790	1,059
Purchase of property, plant and equipment	(155)	(4,771)	(206)	(5,618)
Proceeds from disposal of property, plant and equipment	1,140	-	1,140	-
Repayment from associate	1,426	-	1,707	-
Net cash flows from / (used) in investing activities	2,528	(3,795)	3,265	(4,679)

Group	3 months ended		6 months ended	
	30/6/19	30/6/18	30/6/19	30/6/18
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from financing activities:				
Repayment of borrowings	(186)	-	(186)	-
Dividends paid on ordinary shares	(1,014)	-	(1,014)	-
Net cash flows used in financing activities	(1,200)	-	(1,200)	-
Net increase / (decrease) in cash and cash equivalents	2,468	(6,018)	8,522	(11,117)
Effect of exchange rate changes on cash and cash equivalents	114	1,503	(219)	841
Cash and cash equivalents at beginning of period	34,641	80,881	28,920	86,642
Cash and cash equivalents at end of period	37,223	76,366	37,223	76,366

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group	Share capital S\$'000	Capital reserve S\$'000	Accumulated profits S\$'000	Other reserves S\$'000	Total reserves S\$'000	Non-controlling interest S\$'000	Total equity S\$'000
Balance at 1/1/2019	108,788	2,344	109,007	690	112,041	55,280	276,109
Profit / (loss) for the period	-	-	1,008	-	1,008	(1,007)	1
Other comprehensive income for the period	-	-	-	(489)	(489)	(367)	(856)
Balance at 31/3/2019	108,788	2,344	110,015	201	112,560	53,906	275,254
Profit / (loss) for the period	-	-	915	-	915	(3,150)	(2,235)
Other comprehensive income for the period	-	-	-	(199)	(199)	(105)	(304)
Dividends on ordinary shares	-	-	(1,014)	-	(1,014)	-	(1,014)
Balance at 30/6/2019	108,788	2,344	109,916	2	112,262	50,651	271,701
Balance at 1/1/2018	108,788	2,344	91,383	(1)	93,726	-	202,514
Impact on adoption of new accounting policy	-	-	-	734	734	-	734
Loss for the period	-	-	(4,847)	-	(4,847)	-	(4,847)
Other comprehensive income for the period	-	-	-	(7)	(7)	-	(7)
Balance at 31/3/2018	108,788	2,344	86,536	726	89,606	-	198,394
Loss for the period	-	-	(983)	-	(983)	-	(983)
Other comprehensive income for the period	-	-	-	(8)	(8)	-	(8)
Balance at 30/6/2018	108,788	2,344	85,553	718	88,615	-	197,403

Company	Share capital S\$'000	Capital reserve S\$'000	Accumulated profits S\$'000	Other reserve S\$'000	Total reserves S\$'000	Total equity S\$'000
Balance at 1/1/2019	108,788	2,344	86,362	758	89,464	198,252
Loss for the period	-	-	(490)	-	(490)	(490)
Other comprehensive income for the period	-	-	-	15	15	15
Balance at 31/3/2019	108,788	2,344	85,872	773	88,989	197,777
Loss for the period	-	-	(411)	-	(411)	(411)
Other comprehensive income for the period	-	-	-	1	1	1
Dividends on ordinary shares	-	-	(1,014)	-	(1,014)	(1,014)
Balance at 30/6/2019	108,788	2,344	84,447	774	87,565	196,353
Balance at 1/1/2018	108,788	2,344	90,296	(1)	92,639	201,427
Impact on adoption of new accounting policy	-	-	-	734	734	734
Loss for the period	-	-	(5,777)	-	(5,777)	(5,777)
Other comprehensive income for the period	-	-	-	(7)	(7)	(7)
Balance at 31/3/2018	108,788	2,344	84,519	726	87,589	196,377
Profit for the period	-	-	1,221	-	1,221	1,221
Other comprehensive income for the period	-	-	-	(8)	(8)	(8)
Balance at 30/6/2018	108,788	2,344	85,740	718	88,802	197,590

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediate preceding financial year.

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

The Company did not hold any treasury shares and there were no subsidiary holdings as at 30 June 2019 and 30 June 2018.

1(d)(iii) To show the total number of issued shares excluding treasury shares and subsidiary holdings as at the end of the current financial period and as at the end of the immediately preceding year.

As at 30 June 2019 and 31 December 2018, the Company's issued share capital excluding treasury shares and subsidiary holdings was \$108,788,054 comprising 202,877,948 ordinary shares.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on

Nil.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Nil.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the Company's auditor.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the audited financial statements for the year ended 31 December 2018.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted new Singapore Financial Reporting Standards (International) (SFRS(I)) for the financial period beginning 1 January 2019 as follows:

SFRS(I) 16 Leases

SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. The Group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

SFRS(I) 16 has resulted in almost all leases being recognised in the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term leases and leases of low value assets. The accounting for lessor has not changed significantly.

Right-of-use assets are measured using the cost model and are carried at cost less accumulated depreciation and accumulated impairment loss, if any, subsequent to initial recognition. The carrying amount for lease liabilities subsequent to initial recognition would take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.

The adoption of SFRS(I) 16 resulted in the recognition of right-of-use assets, lease liabilities and provision for restoration costs as at 1 January 2019.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group		Group	
	3 months ended		6 months ended	
	30/6/2019	30/6/2018	30/6/2019	30/6/2018
(i) Basic earnings per share (in cents)	0.45	(0.48)	0.95	(2.87)
(ii) Diluted earnings per share (in cents)	0.45	(0.48)	0.95	(2.87)

Basic earnings per ordinary share for the current quarter and half year ended 30 June 2019 and 30 June 2018 were calculated based on the weighted average number of ordinary shares in issue of 202,877,948.

7. Net asset value (for the issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year

	Group		Company	
	30/6/2019	31/12/2018	30/6/2019	31/12/2018
Net asset value per ordinary share based on issued share capital at the end of the period (in cents)	109.0	108.8	96.8	97.7

Net asset value per ordinary share as at 30 June 2019 and 31 December 2018 was calculated based on the number of shares in issue of 202,877,948.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Revenue

Group revenue in the second quarter of 2019 ("2Q2019") and half year ended 30 June 2019 ("1H2019") were \$21.3 million and \$37.2 million, respectively. The substantial increase in revenue in 2019 as compared to corresponding periods in 2018 was mainly due to charter revenue.

Profitability

After taking into account for non-controlling interests (i.e. minority shareholders of CH Offshore Ltd ("CHO")), net profit attributable to shareholders of the Company were \$915,000 and \$1.9 million for 2Q2019 and 1H2019, in contrast to a net loss of \$983,000 and \$5.8 million for 2Q2018 and 1H2018, respectively.

The Group recorded share of losses from associates of \$4.4 million in 2Q2019, partially contributed by loss on disposal of vessels by CHO's Indonesian associate in the second quarter.

Administrative expenses for 2Q2019 and 1H2019 were higher than the corresponding periods in 2018 mainly due to the consolidation of CHO from end August 2018. Due to the weakening of the US dollar against Singapore dollar in the current period, the Group recognised foreign exchange loss of \$0.4 million, as compared to a foreign exchange gain of \$1.1 million in 1H2018.

Financial position and cash flow

Group shareholders' fund increased from \$220.8 million as at 31 December 2018 to \$221.1 million as at 30 June 2019, mainly due to net profit attributable to shareholders of the Company of \$1.9 million, partially offset by the payment of FY2018 dividend of \$1.0 million in the current period.

For 2Q2019 and 1H2019, the Group reported positive operating cash flows of \$1.1 million and \$6.5 million, respectively. The Group's cash and short-term deposits remains healthy at \$37.2 million as at 30 June 2019.

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

None.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Slowdown in the global economy, ongoing trade dispute between the US and China and volatility in the oil prices among other geopolitical events, continue to create uncertainty in the market. Coupled with overcapacity and muted new-build activity, near-term charter rates are also expected to remain soft.

The Group remains prudent and cautious in managing its operating expenditure and business risk.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

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 second quarter and half year ended 30 June 2019 to be false or misleading.

BY ORDER OF THE BOARD

Nga Ko Nie
Company Secretary
6 August 2019