



BAKER TECHNOLOGY LIMITED

Company Registration No.: 198100637D

Unaudited Third Quarter and Nine Months Financial Statements for the Period Ended 30 September 2018

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			9 months ended		
	30/9/18 S\$'000	30/9/17 S\$'000	Change %	30/9/18 S\$'000	30/9/17 S\$'000	Change %
Revenue	11,009	826	+1,233	15,208	3,248	+368
Cost of goods sold	(6,880)	(903)	+662	(10,293)	(1,170)	+780
Gross profit / (loss)	4,129	(77)	NM	4,915	2,078	+137
Administrative expenses	(3,548)	(2,811)	+26	(11,651)	(7,294)	+60
Provisional negative goodwill	24,818	-	NM	24,818	-	NM
Other operating income, net	315	175	+80	686	530	+29
Foreign exchange (loss) / gain	(9)	(849)	-99	1,063	(3,128)	NM
Finance cost	(50)	-	NM	(50)	-	NM
Share of results of associates	22	-	NM	22	-	NM
Profit / (loss) before taxation (a)	25,677	(3,562)	NM	19,803	(7,814)	NM
Income tax credit	-	32	-100	44	286	-85
Net profit / (loss) for the period	25,677	(3,530)	NM	19,847	(7,528)	NM
Results attributable to:						
Owners of the Company	25,838	(3,530)	NM	20,008	(7,528)	NM
Non-controlling interests	(161)	-	NM	(161)	-	NM
Net profit / (loss) for the period	25,677	(3,530)	NM	19,847	(7,528)	NM

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group					
	3 months ended			9 months ended		
	30/9/18 S\$'000	30/9/17 S\$'000	Change %	30/9/18 S\$'000	30/9/17 S\$'000	Change %
Net profit / (loss) for the period	25,677	(3,530)	NM	19,847	(7,528)	NM
Other comprehensive income:						
Net fair value (loss) / gain on other investments	(1)	106	NM	(16)	82	NM
Foreign currency translation	(193)	-	NM	(193)	-	NM
Total comprehensive income for the period	25,483	(3,424)	NM	19,638	(7,446)	NM

	Group					
	3 months ended			9 months ended		
	30/9/18	30/9/17	Change	30/9/18	30/9/17	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<i>Attributable to:</i>						
Owners of the Company	25,731	(3,424)	NM	19,886	(7,446)	NM
Non-controlling interests	(248)	-	NM	(248)	-	NM
Total comprehensive income for the period	25,483	(3,530)	NM	19,638	(7,528)	NM

NM – Not meaningful

Explanatory notes:

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

	Group					
	3 months ended			9 months ended		
	30/9/18	30/9/17	Change	30/9/18	30/9/17	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation & amortization	2,449	854	+187	6,510	1,874	+247
Inventories written down	8	122	-93	24	122	-80
Interest income	(120)	(175)	-31	(405)	(504)	-20
Interest expenses	50	-	NM	50	-	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	
		30/9/2018	31/12/2017	30/9/2018	31/12/2017
		S\$'000	S\$'000	S\$'000	S\$'000
<u>Non-current assets</u>					
Property, plant and equipment	(a)	233,196	113,410	4	6
Intangible assets		1,616	1,810	-	-
Investment in subsidiaries		-	-	22,800	22,800
Investment in associates	(a)	13,703	-	-	-
Loan to associates	(a)	4,321	-	-	-
Other investments	(b)	2,451	2,388	2,451	2,388
Deferred tax assets		17	17	-	-
		255,304	117,625	25,255	25,194
<u>Current assets</u>					
Inventories and contract assets		3,329	695	-	-
Trade and other receivables	(a)	25,197	2,843	55	64
Amounts due from subsidiaries		-	-	172,361	100,641
Loan to associate	(a)	5,532	-	-	-
Other investments	(b)	798	1,068	798	1,068
Cash and short-term deposits		28,680	86,642	8,186	79,872
		63,536	91,248	181,400	181,645
<u>Current liabilities</u>					
Contract liabilities		117	104	-	-
Trade payables and other liabilities	(a)	13,906	5,804	483	412
Amounts due to subsidiaries		-	-	8,992	5,000
Borrowings	(a)	8,020	-	-	-
Tax payable		145	407	-	-
		22,188	6,315	9,475	5,412
Net current assets		41,348	84,933	171,925	176,233

	Group		Company	
	30/9/2018	31/12/2017	30/9/2018	31/12/2017
<u>Non-current liabilities</u>				
Deferred tax liabilities	(a) 5,402	44	-	-
Other payables	(a) 5,018	-	-	-
Borrowings	(a) 4,480	-	-	-
	<u>14,900</u>	<u>44</u>	<u>-</u>	<u>-</u>
Net assets	<u>281,752</u>	<u>202,514</u>	<u>197,180</u>	<u>201,427</u>
Equity attributable to equity holders of the Company				
Share capital	108,788	108,788	108,788	108,788
Reserves	114,346	93,726	88,392	92,639
	<u>223,134</u>	<u>202,514</u>	<u>197,180</u>	<u>201,427</u>
Non-controlling interests	(a) 58,618	-	-	-
Total equity	<u>281,752</u>	<u>202,514</u>	<u>197,180</u>	<u>201,427</u>

Explanatory notes:

- (a) The increase in these balances are mainly due to the consolidation of CH Offshore Ltd. as a 54.98%-owned subsidiary during 3Q2018.
- (b) Other investments included the Company's investment in quoted corporate bonds (\$1.1m) and a minority stake in an unquoted investment fund company (\$2.2m), which was incorporated in Luxembourg.

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 30/9/2018		As at 31/12/2017	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	8,020	-	-

Amount repayable after one year

As at 30/9/2018		As at 31/12/2017	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	4,480	-	-

Details of any collateral

These borrowings are unsecured.

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		9 months ended	
	30/9/18 S\$'000	30/9/17 S\$'000	30/9/18 S\$'000	30/9/17 S\$'000
Cash flows from operating activities:				
Profit / (loss) before tax	25,677	(3,562)	19,803	(7,814)
Adjustments for:				
Depreciation & amortization	2,449	854	6,510	1,874
Inventory written down	8	122	24	122
Provisional negative goodwill	(24,818)	-	(24,818)	-
Share of results of associates	(22)	-	(22)	-
Interest income	(120)	(175)	(405)	(504)
Interest expenses	50	-	50	-
Unrealised exchange (gain) / loss	(207)	665	(1,288)	3,028
Operating profit / (loss) before working capital changes	3,017	(2,096)	(146)	(3,294)
(Increase) / decrease in trade and other receivables	(5,137)	(548)	(7,211)	1,919
Increase in inventories & contract assets / liabilities	(1,796)	(2,656)	(2,433)	(8,624)
(Decrease) / increase in trade payables and other liabilities	(1,895)	503	(2,475)	(4,669)
Net cash flows used in operations	(5,811)	(4,797)	(12,265)	(14,668)
Interest received	168	187	450	522
Interest paid	(50)	-	(50)	-
Income tax (paid) / refunded	(8)	-	(274)	517
Net cash flows used in operating activities	(5,701)	(4,610)	(12,139)	(13,629)
Cash flows from investing activities:				
Net cash outflow on acquisition of subsidiary	(41,983)	-	(41,983)	-
Purchase of other investments	-	(4)	(120)	(303)
Maturity of other investments	-	2,901	1,059	3,180
Purchase of property, plant and equipment	(159)	(53)	(5,777)	(111)
Repayment from associates	70	-	70	-
Net cash flows (used in) / from investing activities	(42,072)	2,844	(46,751)	2,766
Cash flows from financing activity:				
Dividends paid on ordinary shares	-	-	-	(2,536)
Net cash flows from / (used in) financing activity	-	-	-	(2,536)
Net decrease in cash and cash equivalents	(47,773)	(1,766)	(58,890)	(13,399)
Effect of exchange rate changes on cash and cash equivalents	87	(643)	928	(2,541)
Cash and cash equivalents at beginning of period	76,366	93,425	86,642	106,956
Cash and cash equivalents at end of period	28,680	91,016	28,680	91,016

The aggregate effect of the acquisition of subsidiary (CH Offshore Ltd) is as follows:-

	S\$'000
Property, plant & equipment	120,325
Associates	18,365
Current assets	25,713
Current liabilities	(18,551)
Non-current liabilities	(15,055)
	<u>130,797</u>
Less: non-controlling interests	(58,866)
Net assets acquired	71,931
Provisional negative goodwill	(24,818)
Total consideration paid	47,113
Less: Cash & cash equivalent of subsidiary	(5,130)
Net cash outflow from acquisition of subsidiary	<u>41,983</u>

The Group has appointed an external consultant to undertake an assessment of the fair values of the assets acquired as part of the acquisition of CH Offshore Ltd. The valuation is to assist the Group to ascertain the negative goodwill recognised, among the intangible assets acquired (if any) in accordance with the Singapore Financial Reporting Standards (International).

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

Group	Share capital	Capital reserve	Accumulated profits	Other reserves	Total reserves	Non-controlling interest	Total equity
	S\$'000	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	-	-	(5,830)	-	(5,830)	-	(5,830)
Other comprehensive income for the period	-	-	-	(15)	(15)	-	(15)
Balance at 30/6/2018	108,788	2,344	86,287	(16)	88,615	-	197,403
Profit for the period	-	-	25,838	-	25,838	(161)	25,677
Due to acquisition of subsidiary	-	-	-	-	-	58,866	58,866
Other comprehensive income for the period	-	-	-	(107)	(107)	(87)	(194)
Balance at 30/9/2018	108,788	2,344	112,125	(123)	114,346	58,618	281,752
Balance at 1/1/2017	108,788	2,344	104,609	(74)	106,879	-	215,667
Loss for the period	-	-	(3,998)	-	(3,998)	-	(3,998)
Other comprehensive income for the period	-	-	-	(24)	(24)	-	(24)
Dividends on ordinary shares	-	-	(2,536)	-	(2,536)	-	(2,536)
Balance at 30/6/2017	108,788	2,344	98,075	(98)	100,321	-	209,109
Loss for the period	-	-	(3,530)	-	(3,530)	-	(3,530)
Other comprehensive income for the period	-	-	-	106	106	-	106
Balance at 30/9/2017	108,788	2,344	94,545	8	96,897	-	205,685

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 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	-	-	(4,556)	-	(4,556)	(4,556)
Other comprehensive income for the period	-	-	-	(15)	(15)	(15)
Balance at 30/6/2018	108,788	2,344	86,474	(16)	88,802	197,590
Loss for the period	-	-	(409)	-	(409)	(409)
Other comprehensive income for the period	-	-	-	(1)	(1)	(1)
Balance at 30/9/2018	108,788	2,344	86,065	(17)	88,392	197,180
Balance at 1/1/2017	108,788	2,344	104,691	(74)	106,961	215,749
Loss for the period	-	-	(2,423)	-	(2,423)	(2,423)
Other comprehensive income for the period	-	-	-	(24)	(24)	(24)
Dividends on ordinary shares	-	-	(2,536)	-	(2,536)	(2,536)
Balance at 30/6/2017	108,788	2,344	99,732	(98)	101,978	210,766
Loss for the period	-	-	(982)	-	(982)	(982)
Other comprehensive income for the period	-	-	-	106	106	106
Balance at 30/9/2017	108,788	2,344	98,750	8	101,102	209,890

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 September 2018.

The Company did not hold any treasury shares as at 30 September 2018 and 30 September 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 30 September 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 recognizes 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 due from customers on construction contracts as contract assets and due to customers on construction contract 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		Group	
	3 months ended		9 months ended	
	30/9/2018	30/9/2017	30/9/2018	30/9/2017
(i) Basic earnings per share (in cents)	12.74	(1.74)	9.86	(3.71)
(ii) Diluted earnings per share (in cents)	12.74	(1.74)	9.86	(3.71)

Basic earnings per ordinary share for the current quarter and nine months ended 30 September 2018 and 30 September 2017 were calculated by dividing the net profit / (loss) attributable to shareholders over 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	
	30/9/2018	31/12/2017	30/9/2018	31/12/2017
Net asset value (excluding non-controlling interests) per ordinary share based on issued share capital at the end of the period (in cents)	109.9	99.8	97.2	99.3

Net asset value per ordinary share as at 30 September 2018 and 31 December 2017 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

On 26 July 2018, the Group acquired 371,646,150 shares (or 52.72%) in CH Offshore Ltd. ("CHO") for approximately \$45.0 million from two unrelated vendors. Subsequently, the Group acquired additional 15,889,150 shares in CHO (or 2.26%) for approximately \$2.1 million under the mandatory unconditional cash offer in accordance with Rule 14.1 of the Singapore Code of Take-overs and Mergers. As a result, the Group commenced the consolidation of CHO as a 54.98%-owned subsidiary from end August 2018 onwards.

Revenue

Group revenue for the quarter ended 30 September 2018 ("3Q2018") increased by \$10.2 million to \$11.0 million from the corresponding period in 2017 due mainly to charter income. Similarly, Group revenue for the nine-month period ended 30 September 2018 ("9M2018") increased 368% to \$15.2 million year-on-year.

Profitability

Due to the acquisition of CHO, the Group recorded a provisional negative goodwill of \$24.8 million in 3Q2018. As a result, net profit for 3Q2018 and 9M2018 surged to \$25.7 million and \$19.8 million, respectively.

The Group recognised foreign exchange gains of \$1.1 million for 9M2018, arising from the strengthening of the US dollar against the Singapore dollar, especially during 2Q2018.

Financial position and cash flow

Group shareholders' fund increased from \$202.5 million as at 31 December 2017 to \$281.8 million as at 30 September 2018, attributable mainly to net profit for the period and the non-controlling interest in relation to the acquisition of CHO in 3Q2018.

For 3Q2018 and 9M2018, the Group reported net operating cash outflows of \$5.7 million and \$12.1 million, respectively, due to working capital required for operation. The Group's cash and short-term deposits remained healthy at \$28.7 million as at 30 September 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

Going forward, as a result of the Group's acquisition and consolidation of CHO, the Group's financials will be impacted by the performance of CHO.

With oil prices continuing to stabilise around US\$70 per barrel, oil field activities appear to have increased. However, charter rates are expected to remain flat in the near term as a result of oversupply. In addition, new build activity has remained muted.

The Group will continue to be prudent to ensure long-term sustainability in its operations.

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 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 third quarter and nine months ended 30 September 2018 to be false or misleading.

BY ORDER OF THE BOARD

Nga Ko Nie
Company Secretary
31 October 2018