



BAKER TECHNOLOGY LIMITED

Company Registration No.: 198100637D

Unaudited Second Quarter and Half Year Financial Statement for the Period Ended 30 June 2015

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		
	30/6/15 S\$'000	30/6/14 S\$'000	Change %	30/6/15 S\$'000	30/6/14 S\$'000	Change %
Revenue	12,682	17,791	(29)	40,617	36,301	12
Cost of goods sold	(8,887)	(13,634)	(35)	(28,966)	(27,209)	6
Gross profit	3,795	4,157	(9)	11,651	9,092	28
Administrative expenses	(2,769)	(2,435)	14	(5,743)	(5,109)	12
Other operating income / (expenses), net	(883)	(315)	180	1,936	(194)	NM
Profit before taxation	(a) 143	1,407	(90)	7,844	3,789	107
Income tax expenses	(b) (98)	(452)	(78)	(1,398)	(1,074)	30
Net profit attributable to equity holders of the Company	45	955	(95)	6,446	2,715	137

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group					
	3 months ended			6 months ended		
	30/6/15 S\$'000	30/6/14 S\$'000	Change %	30/6/15 S\$'000	30/6/14 S\$'000	Change %
Net profit attributable to equity holders of the Company	45	955	(95)	6,446	2,715	137
Other comprehensive income:						
Net fair value (loss) / gain on other investments	(145)	44	NM	57	(127)	NM
Total comprehensive income attributable to equity holders of the Company	(100)	999	NM	6,503	2,588	151

NM – Not meaningful

Explanatory notes:

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

	Group					
	3 months ended			6 months ended		
	30/6/15	30/6/14	Change	30/6/15	30/6/14	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation	416	604	(31)	923	1,038	(11)
Foreign exchange loss / (gain)	1,174	701	67	(1,409)	644	NM
Interest income	(286)	(281)	2	(522)	(499)	5

- (b) The taxation charges for periods in 2015 and 2014 were significantly higher than the statutory income tax rate of Singapore. This was due to certain operating expenses incurred by the corporate head office and certain subsidiaries could not be offset against the taxable profits of the operating subsidiaries.

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	
	30/6/2015	31/12/2014	30/6/2015	31/12/2014
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Non-current assets</u>				
Property, plant and equipment (a)	10,714	9,305	9	11
Intangible assets	9,764	9,764	-	-
Investment in subsidiaries	-	-	26,000	26,000
Other investments (b)	9,082	8,288	9,082	8,288
Deferred tax assets	1,018	1,018	-	-
	30,578	28,375	35,091	34,299
<u>Current assets</u>				
Inventories	2,662	2,512	-	-
Work-in-progress (c)	26,852	28,776	-	-
Trade and other receivables (d)	9,261	7,701	135	126
Amounts due from subsidiaries	-	-	-	6,011
Cash and short-term deposits	172,854	168,685	148,830	136,570
	211,629	207,674	148,965	142,707
<u>Current liabilities</u>				
Excess of progress billings over work-in-progress (c)	1,649	2,630	-	-
Trade payables and other liabilities	12,051	13,146	654	625
Amounts due to subsidiaries	-	-	3,824	-
Tax payable	1,936	3,371	-	80
	15,636	19,147	4,478	705
Net current assets	195,993	188,527	144,487	142,002
Net assets	226,571	216,902	179,578	176,301
Equity attributable to equity holders of the Company				
Share capital	108,788	95,547	108,788	95,547
Reserves	117,783	121,355	70,790	80,754
Total equity	226,571	216,902	179,578	176,301

Explanatory notes:

- (a) The increase in the Group's fixed asset was mainly due to the acquisition of new plant and machinery by its subsidiaries to boost their production capabilities.
- (b) Other investments include the Company's investment in quoted corporate bonds (S\$8.3 million) and a minority stake in an unquoted investment fund company (S\$0.8 million), incorporated in Luxembourg. The increase was due to additional investments during the period.
- (c) The reduction was due to the progressive recognition of revenue and cost incurred for existing projects during the current period, partially offset by additional cost incurred for the construction of the liftboat.
- (d) Trade and other receivables increased due to higher shipments and billings during 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 30/6/2015		As at 31/12/2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

Amount repayable after one year

As at 30/6/2015		As at 31/12/2014	
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		6 months ended	
	30/6/15 S\$'000	30/6/14 S\$'000	30/6/15 S\$'000	30/6/14 S\$'000
Cash flows from operating activities:				
Profit before tax	143	1,407	7,844	3,789
Adjustments for:				
Depreciation	416	604	923	1,038
Interest income	(286)	(281)	(522)	(499)
Unrealised exchange loss / (gain)	1,338	794	(654)	891
Operating profit before working capital changes	1,611	2,524	7,591	5,219
Decrease / (increase) in trade and other receivables	6,685	1,783	(1,569)	(485)
Increase in inventories	(43)	(1,817)	(150)	(4,973)
(Increase) / decrease in net work-in-progress	(9,798)	(15,695)	1,269	(6,559)
(Decrease) / increase in trade payables and other liabilities	(269)	8,104	(1,125)	6,210
Net cash flows (used in) / from operations	(1,814)	(5,101)	6,016	(588)
Interest received	264	281	412	499
Income tax paid	(2,701)	(1,350)	(2,833)	(1,994)
Net cash flows (used in) / from operating activities	(4,251)	(6,170)	3,595	(2,083)
Cash flows from investing activities:				
(Purchase) of other investment / Return of equity contribution	(442)	24	(737)	(5,713)
Purchase of property, plant and equipment	(1,024)	(28)	(2,658)	(4,167)
Maturity / (placement) of short-term deposits	-	2,000	-	(4,021)
Net cash flows (used in) / from investing activities	(1,466)	1,996	(3,395)	(13,901)
Cash flows from financing activities:				
Proceeds from conversion of warrants	12,480	5,720	13,241	6,079
Dividends paid on ordinary shares	(10,075)	(45,246)	(10,075)	(45,246)
Net cash flows from / (used in) financing activities	2,405	(39,526)	3,166	(39,167)
Net (decrease) / increase in cash and cash equivalents	(3,312)	(43,700)	3,366	(55,151)
Effect of exchange rate changes on cash and cash equivalents	(1,161)	(886)	803	(879)
Cash and cash equivalents at beginning of period	177,327	190,427	168,685	201,871
Cash and cash equivalents at end of period	172,854	145,841	172,854	145,841

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

	30/6/15 S\$'000	30/6/14 S\$'000
Cash and short-term deposits	172,854	153,862
Less: Deposits with more than three months maturity	-	(8,021)
Cash and cash equivalents at end of period	172,854	145,841

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 reserve	Total reserves	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
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
Profit for the period	-	-	45	-	45	45
Other comprehensive income for the period	-	-	-	(145)	(145)	(145)
Issuance of new shares from conversion of warrants	12,480	-	-	-	-	12,480
Dividends on ordinary shares	-	-	(10,075)	-	(10,075)	(10,075)
Balance at 30/6/2015	108,788	2,344	115,291	148	117,783	226,571
Balance at 1/1/2014	86,850	2,344	150,649	-	152,993	239,843
Profit for the period	-	-	1,760	-	1,760	1,760
Other comprehensive income for the period	-	-	-	(171)	(171)	(171)
Issuance of new shares from conversion of warrants	359	-	-	-	-	359
Balance at 31/3/2014	87,209	2,344	152,409	(171)	154,582	241,791
Profit for the period	-	-	955	-	955	955
Other comprehensive income for the period	-	-	-	44	44	44
Issuance of new shares from conversion of warrants	5,720	-	-	-	-	5,720
Dividends on ordinary shares	-	-	(45,246)	-	(45,246)	(45,246)
Balance at 30/6/2014	92,929	2,344	108,118	(127)	110,335	203,264

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 1/1/2015	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
Loss for the period	-	-	(598)	-	(598)	(598)
Other comprehensive income for the period	-	-	-	(145)	(145)	(145)
Issuance of new shares from conversion of warrants	12,480	-	-	-	-	12,480
Dividends on ordinary shares	-	-	(10,075)	-	(10,075)	(10,075)
Balance at 30/6/2015	108,788	2,344	68,298	148	70,790	179,578
Balance at 1/1/2014	86,850	2,344	99,598	-	101,942	188,792
Loss for the period	-	-	(613)	-	(613)	(613)
Other comprehensive income for the period	-	-	-	(171)	(171)	(171)
Issuance of new shares from conversion of warrants	359	-	-	-	-	359
Balance at 31/3/2014	87,209	2,344	98,985	(171)	101,158	188,367
Loss for the period	-	-	(544)	-	(544)	(544)
Other comprehensive income for the period	-	-	-	44	44	44
Issuance of new shares from conversion of warrants	5,720	-	-	-	-	5,720
Dividends on ordinary shares	-	-	(45,246)	-	(45,246)	(45,246)
Balance at 30/6/2014	92,929	2,344	53,195	(127)	55,412	148,341

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 period ended 30 June 2015, 91,319,818 warrants were exercised at S\$0.145 each by warrant holders to subscribe for a total of 91,319,818 new ordinary shares in the Company.

The remaining unexercised 2,457,404 warrants expired on 5 June 2015. No warrants were outstanding as at 30 June 2015 (30 June 2014 – 111,828,222 warrants).

There were no shares held as treasury shares as at 30 June 2015 and 30 June 2014.

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 30 June 2015, the Company's issued share capital was S\$108,788,054 (31 December 2014 – S\$95,546,681) comprising 1,014,390,262 ordinary shares (31 December 2014 – 923,070,444 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 2014.

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		6 months ended	
	30/6/2015	30/6/2014	30/6/2015	30/6/2014
(i) Basic earnings per share (in cents)	0.01	0.10	0.68	0.31
(ii) Diluted earnings per share (in cents)	0.01	0.09	0.68	0.29

(i) Basic earnings per ordinary share for the current quarter and half year ended 30 June 2015 were calculated based on the weighted average number of ordinary shares in issue of 975,418,612 (2Q2014 – 898,248,648) and 951,045,291 (1H2014 – 885,511,434), respectively.

- (ii) Earnings per share for the current quarter and half year ended 30 June 2015 on a fully diluted basis was calculated based on the weighted number of ordinary shares in issue during the periods adjusted for the dilutive effect of Nil warrants (30 June 2014 – 111,828,222 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	
	30/6/2015	31/12/2014	30/6/2015	31/12/2014
Net Asset Value per ordinary share based on issued share capital at the end of the period (in cents)	22.3	23.5	17.7	19.1

Net asset value per ordinary share as at 30 June 2015 and 31 December 2014 was calculated based on the number of shares in issue of 1,014,390,262 and 923,070,444 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

Group revenue for 2Q2015 decreased to S\$12.7 million from S\$17.8 million in the corresponding period in 2014. This reduction was due to low oil prices which led to the slowdown of order in-take since the second half of 2014.

However, with the Group's strong performance in 1Q2015 as a result of increased shipments to customers, Group revenue increased by 12% to S\$40.6 million in 1H2015 as compared to 1H2014.

Profitability

For the current quarter ended 30 June 2015, the Group's net profit decreased from S\$1.0 million in 2Q2014 to S\$45,000. Excluding foreign exchange losses, the Group reported a net profit of S\$1.2 million in 2Q2015 as compared to a net profit of S\$1.7 million for 2Q2014. The reduction in profitability was mainly attributed to:

- lower gross profit of S\$0.4 million as a result of a lower revenue for the quarter; and
- higher administrative expenses of S\$0.3 million (i.e. higher payroll cost and operating expenses) incurred mainly by Baker Engineering in ramping up its activities supporting the construction of the Liftboat.

The Group's net profit for 1H2015 improved 137% to S\$6.4 million from S\$2.7 million in the corresponding period in 2014. This was due mainly to foreign exchange gain of S\$1.4 million from the strengthening of the US dollar against the Singapore dollar in 1H2015 (1H2014 : foreign exchange loss of S\$0.6 million) and higher gross profit of S\$2.6 million as a result of a higher revenue for the period. However, the increase was partially offset by the increase in administrative expenses.

Financial position and cash flow

Group shareholders' fund increased from S\$216.9 million as at 31 December 2014 to S\$226.6 million as at 30 June 2015. This was mainly due to the increase in share capital following the conversion of warrants by warrant holders (S\$13.2 million) and retained profits for the period but partially offset by the payment of dividends of S\$10.1 million to shareholders.

For the quarter ended 30 June 2015, the Group reported net operating cash outflows of S\$4.3 million, due to working capital required for construction of the Liftboat. However, the Group's cash and short-term deposits increased to S\$172.9 million (or 17 cents per share) as at 30 June 2015.

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 previously been 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 current softness in oil prices resulting in a reduction or delay of oil & gas capital expenditure and activities. Nevertheless, with a cash balance of S\$172.9 million and a healthy balance sheet, the Group is confident of weathering through the uncertainties ahead.

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

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 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 its attention which may render the unaudited financial results for the second quarter and half year ended 30 June 2015 to be false or misleading.

BY ORDER OF THE BOARD

Nga Ko Nie
Company Secretary
30 July 2015