



BAKER TECHNOLOGY LIMITED

Company Registration No.: 198100637D

Unaudited Third Quarter and Nine Months Financial Statement for the Period Ended 30 September 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			9 months ended		
	30/9/15 S\$'000	30/9/14 S\$'000	Change %	30/9/15 S\$'000	30/9/14 S\$'000	Change %
Revenue	5,556	21,113	-74	46,173	57,414	-20
Cost of goods sold	(3,502)	(14,934)	-77	(32,468)	(42,143)	-23
Gross profit	2,054	6,179	-67	13,705	15,271	-10
Administrative expenses	(2,579)	(2,765)	-7	(8,322)	(7,874)	+6
Other operating income / (expenses), net	3,825	1,850	+107	5,761	1,656	+248
Profit before taxation	(a) 3,300	5,264	-37	11,144	9,053	+23
Income tax expenses	(b) (637)	(937)	-32	(2,035)	(2,011)	+1
Net profit attributable to equity holders of the Company	2,663	4,327	-38	9,109	7,042	+29

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group					
	3 months ended			9 months ended		
	30/9/15 S\$'000	30/9/14 S\$'000	Change %	30/9/15 S\$'000	30/9/14 S\$'000	Change %
Net profit attributable to equity holders of the Company	2,663	4,327	-38	9,109	7,042	+29
Other comprehensive income:						
Net fair value gain/(loss) on other investments	224	75	+199	281	(52)	NM
Total comprehensive income attributable to equity holders of the Company	2,887	4,402	-34	9,390	6,990	+34

NM – Not meaningful

Explanatory notes:

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

	Group					
	3 months ended			9 months ended		
	30/9/15	30/9/14	Change	30/9/15	30/9/14	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation	401	616	-35	1,324	1,654	-20
Foreign exchange gain	(3,568)	(1,507)	+137	(4,977)	(863)	+477
Interest income	(267)	(191)	+40	(789)	(690)	+14

- (b) The taxation charges for the periods in 2015 and 2014 were 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 which 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	
		30/9/2015	31/12/2014	30/9/2015	31/12/2014
		S\$'000	S\$'000	S\$'000	S\$'000
<u>Non-current assets</u>					
Property, plant and equipment	(a)	12,112	9,305	7	11
Intangible assets		9,598	9,764	-	-
Investment in subsidiaries		-	-	26,000	26,000
Other investments	(b)	9,605	8,288	9,605	8,288
Deferred tax assets		808	1,018	-	-
		32,123	28,375	35,612	34,299
<u>Current assets</u>					
Inventories		3,013	2,512	-	-
Work-in-progress	(c)	39,704	28,776	-	-
Trade and other receivables	(d)	6,184	7,701	118	126
Amounts due from subsidiaries		-	-	566	6,011
Cash and short-term deposits		168,203	168,685	146,452	136,570
		217,104	207,674	147,136	142,707
<u>Current liabilities</u>					
Excess of progress billings over work-in-progress	(c)	1,180	2,630	-	-
Trade payables and other liabilities	(c)	16,225	13,146	558	625
Tax payable		2,364	3,371	390	80
		19,769	19,147	948	705
Net current assets		197,335	188,527	146,188	142,002
Net assets		229,458	216,902	181,800	176,301
<u>Equity attributable to equity holders of the Company</u>					
Share capital		108,788	95,547	108,788	95,547
Reserves		120,670	121,355	73,012	80,754
Total equity		229,458	216,902	181,800	176,301

Explanatory notes:

- (a) The increase in the Group's fixed asset was attributed 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\$8.8 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 made during the period.
- (c) The increase in work-in-progress, trade payable and other liabilities were mainly due to additional cost incurred for operations.
- (d) The reduction in trade and other receivables was in-line with the decrease in revenue 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 30/9/2015		As at 31/12/2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

Amount repayable after one year

As at 30/9/2015		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		9 months ended	
	30/9/15 S\$'000	30/9/14 S\$'000	30/9/15 S\$'000	30/9/14 S\$'000
Cash flows from operating activities:				
Profit before tax	3,300	5,264	11,144	9,053
Adjustments for:				
Depreciation	401	616	1,324	1,654
Interest income	(267)	(191)	(789)	(690)
Unrealised exchange gain	(2,996)	(1,284)	(3,650)	(393)
Operating profit before working capital changes	438	4,405	8,029	9,624
Decrease / (increase) in trade and other receivables	3,088	(5,938)	1,519	(6,423)
(Increase) / decrease in inventories	(351)	6,098	(501)	1,125
Increase in net work-in-progress	(12,864)	(4,040)	(11,595)	(10,599)
Increase / (decrease) in trade payables and other liabilities	4,092	(5,516)	2,967	694
Net cash flows (used in) / from operations	(5,597)	(4,991)	419	(5,579)
Interest received	284	191	696	690
Income tax refunded / (paid)	1	(1,347)	(2,832)	(3,341)
Net cash flows used in operating activities	(5,312)	(6,147)	(1,717)	(8,230)
Cash flows from investing activities:				
Purchase of other investment	(299)	(28)	(1,036)	(5,741)
Purchase of property, plant and equipment	(2,090)	(392)	(4,748)	(4,559)
Maturity of short-term deposits	-	8,021	-	4,000
Net cash flows (used in) / from investing activities	(2,389)	7,601	(5,784)	(6,300)
Cash flows from financing activities:				
Proceeds from conversion of warrants	-	320	13,241	6,399
Dividends paid on ordinary shares	-	-	(10,075)	(45,246)
Net cash flows from / (used in) financing activities	-	320	3,166	(38,847)
Net (decrease) / increase in cash and cash equivalents	(7,701)	1,774	(4,335)	(53,377)
Effect of exchange rate changes on cash and cash equivalents	3,050	1,074	3,853	195
Cash and cash equivalents at beginning of period	172,854	145,841	168,685	201,871
Cash and cash equivalents at end of period	168,203	148,689	168,203	148,689

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	-	-	6,446	-	6,446	6,446
Other comprehensive income for the period	-	-	-	57	57	57
Issuance of new shares from conversion of warrants	13,241	-	-	-	-	13,241
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
Profit for the period	-	-	2,663	-	2,663	2,663
Other comprehensive income for the period	-	-	-	224	224	224
Balance at 30/9/2015	108,788	2,344	117,954	372	120,670	229,458
Balance at 1/1/2014	86,850	2,344	150,649	-	152,993	239,843
Profit for the period	-	-	2,715	-	2,715	2,715
Other comprehensive income for the period	-	-	-	(127)	(127)	(127)
Issuance of new shares from conversion of warrants	6,079	-	-	-	-	6,079
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
Profit for the period	-	-	4,327	-	4,327	4,327
Other comprehensive income for the period	-	-	-	75	75	75
Issuance of new shares from conversion of warrants	320	-	-	-	-	320
Balance at 30/9/2014	93,249	2,344	112,445	(52)	114,737	207,986

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	-	-	54	-	54	54
Other comprehensive income for the period	-	-	-	57	57	57
Issuance of new shares from conversion of warrants	13,241	-	-	-	-	13,241
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
Profit for the period	-	-	1,998	-	1,998	1,998
Other comprehensive income for the period	-	-	-	224	224	224
Balance at 30/9/2015	108,788	2,344	70,296	372	73,012	181,800
Balance at 1/1/2014	86,850	2,344	99,598	-	101,942	188,792
Loss for the period	-	-	(1,157)	-	(1,157)	(1,157)
Other comprehensive income for the period	-	-	-	(127)	(127)	(127)
Issuance of new shares from conversion of warrants	6,079	-	-	-	-	6,079
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
Profit for the period	-	-	255	-	255	255
Other comprehensive income for the period	-	-	-	75	75	75
Issuance of new shares from conversion of warrants	320	-	-	-	-	320
Balance at 30/9/2014	93,249	2,344	53,450	(52)	55,742	148,991

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 September 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 September 2015 (30 September 2014 – 109,623,222 warrants).

There were no shares held as treasury shares as at 30 September 2015 and 30 September 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 September 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		9 months ended	
	30/9/2015	30/9/2014	30/9/2015	30/9/2014
(i) Basic earnings per share (in cents)	0.26	0.48	0.94	0.79
(ii) Diluted earnings per share (in cents)	0.26	0.45	0.94	0.74

(i) Basic earnings per ordinary share for the current quarter and nine months ended 30 September 2015 were calculated based on the weighted average number of ordinary shares in issue of 1,014,390,262 (3Q2014 – 905,248,595) and 972,470,796 (9M2014 – 892,338,882), respectively.-

- (ii) Earnings per share for the current quarter and nine months ended 30 September 2015 on a fully diluted basis were calculated based on the weighted number of ordinary shares in issue during the periods adjusted for the dilutive effect of Nil warrants (30 September 2014 – 109,623,222 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	
	30/9/2015	31/12/2014	30/9/2015	31/12/2014
Net Asset Value per ordinary share based on issued share capital at the end of the period (in cents)	22.6	23.5	17.9	19.1

Net asset value per ordinary share as at 30 September 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 decreased from S\$21.1 million for 3Q2014 to S\$5.6 million in 3Q2015 due to the general slowdown of the oil and gas industry. Similarly, Group revenue for 9M2015 also decreased 20% to S\$46.2 million.

Profitability

The Group's net profit for 3Q2015 decreased to S\$2.7 million from S\$4.3 million in 3Q2014 in line with the lower revenue. The 3Q2015 net profit included a foreign exchange gain of S\$3.6 million as a result of the strengthening of the US dollar against the Singapore dollar during the quarter.

The Group's net profit for 9M2015 increased 29% to S\$9.1 million from S\$7.0 million in the corresponding period in 2014. This included a foreign exchange gain of S\$5.0 million (9M2014 : S\$0.9 million), partially offset by lower gross profit from lower revenue in 2015.

Financial position and cash flow

Group shareholders' fund increased from S\$216.9 million as at 31 December 2014 to S\$229.5 million as at 30 September 2015. This was 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 and offsetted by the payment of dividends of S\$10.1 million to shareholders.

For the quarter and period ended 30 September 2015, the Group reported net operating cash outflows of S\$5.3 million and S\$1.7 million, respectively, due to working capital required for operations. The Group's cash and short-term deposits were at S\$168.2 million and it has no borrowings as at 30 September 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 operating and business environment remains challenging for the next 12 months with the expectation that oil price will remain low. 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 third quarter and nine months ended 30 September 2015 to be false or misleading.

BY ORDER OF THE BOARD

Nga Ko Nie
Company Secretary
29 October 2015