



# BAKER TECHNOLOGY LIMITED

Company Registration No.: 198100637D

## Quarterly Financial Statement And Dividend Announcement for the Period Ended 30 June 2009

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

#### 1(a) An income statement (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		
	30/6/09 S\$'000	30/6/08 S\$'000	Change %	30/6/09 S\$'000	30/6/08 S\$'000	Change %
Revenue	16,446	16,613	(1)	34,911	16,613	110
Cost of goods sold	(4,768)	(10,427)	(54)	(17,323)	(10,427)	66
<b>Gross profit</b>	<b>11,678</b>	<b>6,186</b>	<b>89</b>	<b>17,588</b>	<b>6,186</b>	<b>184</b>
Other operating income	85	30	183	432	120	260
Administrative expenses	(1,784)	(2,266)	(21)	(2,896)	(2,481)	17
Other operating expenses	(3,422)	(187)	1,730	(327)	(187)	75
Finance cost	(4)	(1)	300	(6)	(1)	500
Share of results of associates (a)	159	401	(60)	(543)	604	NM
<b>Profit before taxation (b)</b>	<b>6,712</b>	<b>4,163</b>	<b>61</b>	<b>14,248</b>	<b>4,241</b>	<b>236</b>
Income tax expenses	(1,310)	(776)	69	(2,749)	(785)	250
<b>Net profit attributable to equity holders of the Company</b>	<b>5,402</b>	<b>3,387</b>	<b>59</b>	<b>11,499</b>	<b>3,456</b>	<b>233</b>

NM – Not meaningful

#### A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediate preceding financial year

	Group					
	3 months ended			6 months ended		
	30/6/09 S\$'000	30/6/08 S\$'000	Change %	30/6/09 S\$'000	30/6/08 S\$'000	Change %
<b>Net profit attributable to equity holders of the Company</b>	<b>5,402</b>	<b>3,387</b>	<b>59</b>	<b>11,499</b>	<b>3,456</b>	<b>233</b>
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income attributable to equity holders of the Company</b>	<b>5,402</b>	<b>3,387</b>	<b>59</b>	<b>11,499</b>	<b>3,456</b>	<b>233</b>

- (a) This relates to the Group's 49% share of result in York Transport (Asia) Equipment Pte Ltd ("York").
- (b) Profit before taxation is stated after charging / (crediting):

	Group					
	3 months ended			6 months ended		
	30/6/09 S\$'000	30/6/08 S\$'000	Change %	30/6/09 S\$'000	30/6/08 S\$'000	Change %
Depreciation	434	210	107	871	211	313
Foreign exchange loss / (gain)	3,253	135	2,310	(299)	123	NM
Loss on disposal of property, plant and equipment	16	-	NM	16	-	NM
Interest income	(56)	(22)	154	(75)	(100)	(25)
Amortisation of intangible assets	158	-	NM	317	-	NM

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

	Group		Company	
	30/6/2009 S\$'000	31/12/2008 S\$'000	30/6/2009 S\$'000	31/12/2008 S\$'000
<b><u>Non-current assets</u></b>				
Property, plant and equipment	7,871	8,647	5	6
Intangible assets	7,551	7,868	-	-
Investment in subsidiaries	-	-	23,600	23,600
Investment in associates	(a) 10,026	10,569	9,616	9,616
Other investment	(b) 5,066	5,066	-	-
	30,514	32,150	33,221	33,222
<b><u>Current assets</u></b>				
Inventories	(c) 11,173	4,513	-	-
Work-in-progress	2,043	8,571	-	-
Trade receivables	(d) 12,389	36,304	-	-
Other receivables	272	887	18	14
Amounts due from subsidiaries	-	-	1,200	1,872
Cash and cash equivalents	70,992	37,644	95	25
	96,869	87,919	1,313	1,911
<b><u>Current liabilities</u></b>				
Obligations under finance leases	27	39	-	-
Progress billing in excess of WIP	42,557	40,292	-	-
Trade payables and other liabilities	11,500	14,725	223	237
Amounts due to subsidiaries	-	-	10,771	7,409
Tax payable	4,361	4,357	6	8
	58,445	59,413	11,000	7,654
Net current assets / (liabilities)	38,424	28,506	(9,687)	(5,743)
<b><u>Non-current liabilities</u></b>				
Obligations under finance leases	(132)	(206)	-	-
<b>Net assets</b>	68,806	60,450	23,534	27,479
<b><u>Equity attributable to equity holders of the Company</u></b>				
Share capital	18,131	18,115	18,131	18,115
Reserves	50,675	42,335	5,403	9,364
<b>Total equity</b>	68,806	60,450	23,534	27,479

**Explanatory notes:**

- (a) This relates to the 49% stake in York.
- (b) The amount relates to the 15% equity stake in PPL Shipyard Pte Ltd ("PPL"), held through PPL Holdings Pte Ltd and its subsidiary.
- (c) The increase in inventories was due to higher purchases in anticipation of future orders.
- (d) The reduction was due to improved financial discipline in the collection of receivables.

**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 30/6/2009		As at 31/12/2008	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
27	-	39	-

**Amount repayable after one year**

As at 30/6/2009		As at 31/12/2008	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
132	-	206	-

**Details of any collateral**

Certain motor vehicles are under finance lease arrangements.

**1(c) A cash flow statement (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	
	30/6/09 S\$'000	30/6/08 S\$'000	30/6/09 S\$'000	30/6/08 S\$'000
<b>Cash flows from operating activities:</b>				
Profit before tax	6,712	4,163	14,248	4,241
Adjustments for:				
Depreciation	434	210	871	211
Amortisation of intangible assets	158	-	317	-
Interest income	(56)	(22)	(75)	(100)
Interest expenses	4	1	6	1
Loss on disposal of property, plant and equipment	16	-	16	-
Share of results of associates	(159)	(400)	543	(604)
<b>Operating profit before working capital changes</b>	<b>7,109</b>	<b>3,952</b>	<b>15,926</b>	<b>3,749</b>
Decrease / (increase) in trade receivables	5,868	(1,360)	23,915	(1,360)
Decrease in other receivables	377	719	615	585
(Increase) / decrease in inventories	(8,510)	766	(6,660)	766
Decrease / (increase) in pledged deposits	837	2,812	(1,457)	2,812
Increase / (decrease) in progress billing in excess of work in progress	8,700	(2,464)	8,793	(2,464)
Increase / (decrease) in trade payables and other liabilities	495	1,096	(3,225)	1,088
<b>Net cash flows from operations</b>	<b>14,876</b>	<b>5,521</b>	<b>37,907</b>	<b>5,176</b>
Interest received	56	22	75	100
Interest paid	(4)	(1)	(6)	(1)
Income tax paid	(2,504)	-	(2,745)	-
<b>Net cash flows from operating activities</b>	<b>12,424</b>	<b>5,542</b>	<b>35,231</b>	<b>5,275</b>
<b>Cash flows from investing activities:</b>				
Dividend received from associated company	-	-	-	606
Proceeds from disposal of property, plant and equipment	49	-	49	-
Purchase of property, plant and equipment	(87)	(1,361)	(160)	(1,361)
Repayment to vendors	-	(1,000)	-	(1,000)
Net cash (outflow) / inflow on acquisition of subsidiaries	-	(18,925)	-	(18,925)
<b>Net cash flows used in investing activities</b>	<b>(38)</b>	<b>(21,286)</b>	<b>(111)</b>	<b>(20,680)</b>
<b>Cash flows from financing activities:</b>				
Net proceeds from conversion of warrants	16	1	16	4
Dividends on ordinary shares	(3,159)	-	(3,159)	-
Repayment of obligations under finance leases	(77)	(4)	(86)	(4)
<b>Net cash flows used in financing activities</b>	<b>(3,220)</b>	<b>(3)</b>	<b>(3,229)</b>	<b>-</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>9,166</b>	<b>(15,747)</b>	<b>31,891</b>	<b>(15,405)</b>
Cash and cash equivalents at beginning of period	53,834	27,548	31,109	27,206
<b>Cash and cash equivalents at end of period [Note A]</b>	<b>63,000</b>	<b>11,801</b>	<b>63,000</b>	<b>11,801</b>
<b>Note A:</b>				
Cash and cash equivalents at end of period comprised of:				
Cash at banks and in hand	19,499	6,060	19,499	6,060
Short-term deposits	51,493	10,019	51,493	10,019
	70,992	16,079	70,992	16,079
Less: Pledged deposits **	(7,992)	(4,278)	(7,992)	(4,278)
	63,000	11,801	63,000	11,801

\*\* - These are deposits pledged to the banks as collateral for banking facilities and the issuance of bank guarantees.

**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**

<b>Group</b>	<b>Share capital</b>	<b>Capital reserve</b>	<b>Accumulated profits</b>	<b>Total reserves</b>	<b>Total equity</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Balance at 1/1/2009</b>	18,115	2,344	39,991	42,335	60,450
Issuance of new shares from conversion of warrants	-	-	-	-	-
Total comprehensive income for the period	-	-	6,097	6,097	6,097
<b>Balance at 31/3/2009</b>	18,115	2,344	46,088	48,432	66,547
Issuance of new shares from conversion of warrants	16	-	-	-	16
Total comprehensive income for the period	-	-	5,402	5,402	5,402
Dividends on ordinary shares	-	-	(3,159)	(3,159)	(3,159)
<b>Balance at 30/6/2009</b>	<b>18,131</b>	<b>2,344</b>	<b>48,331</b>	<b>50,675</b>	<b>68,806</b>
<b>Balance at 1/1/2008</b>	18,110	2,344	21,174	23,518	41,628
Issuance of new shares from conversion of warrants	3	-	-	-	3
Total comprehensive income for the period	-	-	69	69	69
<b>Balance at 31/3/2008</b>	18,113	2,344	21,243	23,587	41,700
Issuance of new shares from conversion of warrants	1	-	-	-	1
Total comprehensive income for the period	-	-	3,387	3,387	3,387
<b>Balance at 30/6/2008</b>	<b>18,114</b>	<b>2,344</b>	<b>24,630</b>	<b>26,974</b>	<b>45,088</b>

  

<b>Company</b>	<b>Share capital</b>	<b>Capital reserve</b>	<b>Accumulated profits</b>	<b>Total reserves</b>	<b>Total equity</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Balance at 1/1/2009</b>	18,115	2,344	7,020	9,364	27,479
Issuance of new shares from conversion of warrants	-	-	-	-	-
Total comprehensive income for the period	-	-	(387)	(387)	(387)
<b>Balance at 31/3/2009</b>	18,115	2,344	6,633	8,977	27,092
Issuance of new shares from conversion of warrants	16	-	-	-	16
Total comprehensive income for the period	-	-	(415)	(415)	(415)
Dividends on ordinary shares	-	-	(3,159)	(3,159)	(3,159)
<b>Balance at 30/6/2009</b>	<b>18,131</b>	<b>2,344</b>	<b>3,059</b>	<b>5,403</b>	<b>23,534</b>
<b>Balance at 1/1/2008</b>	18,110	2,344	5,851	8,195	26,305
Issuance of new shares from conversion of warrants	3	-	-	-	3
Total comprehensive income for the period	-	-	392	392	392
<b>Balance at 31/3/2008</b>	18,113	2,344	6,243	8,587	26,700
Issuance of new shares from conversion of warrants	1	-	-	-	1
Total comprehensive income for the period	-	-	(591)	(591)	(591)
<b>Balance at 30/6/2008</b>	<b>18,114</b>	<b>2,344</b>	<b>5,652</b>	<b>7,996</b>	<b>26,110</b>

- 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 1<sup>st</sup> half of 2009, a total of 627,500 warrants were exercised at S\$0.025 each by warrant holders to subscribe for 627,500 new ordinary shares of the Company. As at 30 June 2009, 23,493,743 warrants remained outstanding (31 December 2008 - 24,121,243 warrants).

- 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 2009, the Company's issued share capital was S\$18,130,947 (31 December 2008 – S\$18,115,259) comprising 632,006,076 ordinary shares (31 December 2008 – 631,378,576 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**

Not applicable.

- 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 its auditors, Messrs Ernst & Young.

- 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 same accounting policies and methods of computation have been applied in the financial statements as in the most recently audited financial statements except for those as disclosed under paragraph 5 below.

- 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 adopted the new or revised Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2009.

The adoption of the new or revised FRS and INT FRS did not result in any material effect on the financial statements, except for the disclosure of a statement of comprehensive income in accordance with the FRS 1 (revised) Presentation of Financial Statements.

**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	
	30/6/2009	30/6/2008	30/6/2009	30/6/2008
(i) Basic earnings per share (in cents)	0.85	0.54	1.82	0.55
(ii) Diluted earnings per share (in cents)	0.83	0.52	1.76	0.53

- (i) Basic earnings per ordinary shares for the financial period ended 30 June 2009 was calculated based on the weighted average number of ordinary shares in issue of 631,586,170 (30 June 2008 - 631,281,396).
- (ii) Earnings per share for the financial period ended 30 June 2009 on a fully diluted basis was calculated based on the number of ordinary shares in issue during the period adjusted for the dilutive effect of 23,493,743 warrants (30 June 2008 – 24,171,243).

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

	Group		Company	
	30/6/2009	31/12/2008	30/6/2009	31/12/2008
Net Asset Value per ordinary share based on issued share capital at the end of the period (in cents)	10.9	9.6	3.7	4.4

Net asset value per ordinary share as at 30 June 2009 and 31 December 2008 was calculated based on the number of shares in issue of 632,006,076 and 631,378,576 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**

	2Q2009 S\$'000	2Q2008 S\$'000	1H2009 S\$'000	1H2008 S\$'000
Equipment & services for offshore marine Oil & Gas Industry	16,446	16,613	34,911	16,613

The Group is principally a manufacturer and provider of specialised marine offshore equipment and services for the oil and gas industry through its 100% interest in Sea Deep Shipyard Pte. Ltd. ("Sea Deep").

Group revenue increased by S\$18.3 million to S\$34.9 million in 1H2009 as the acquisition of Sea Deep was only completed on 30 April 2008 and accordingly, only 2 months of Sea Deep's results were consolidated in the reported revenue for 1H2008.

For 2Q2009, Sea Deep continued to perform well and the Group reported a revenue of S\$16.4 million.

## **Profitability**

The Group's overall gross profit for 1H2009 was S\$17.6 million and pretax profit for the same period was S\$14.2 million.

Gross profit for 2Q2009 was S\$11.7 million, an increase of S\$5.5 million from that reported for the same period last year, largely due to higher margin contribution from certain projects in their closing stages of completion. However, pretax profit only increased by S\$2.5 million from S\$4.2 million in 2Q2008 to S\$6.7 million in 2Q2009. This was due to a foreign exchange loss of S\$3.3 million, resulting from the weakening of US\$ against S\$ during the quarter ended 30 June 2009.

Share of results from our 49%-owned associate York was a profit of S\$159,000 in 2Q2009 and an overall loss of S\$543,000 in 1H2009. York which manufactures and distributes trailer axles and related components continue to be adversely affected by the global economic slowdown.

Group net profit for 1H2009 was S\$11.5 million, resulting in an earnings per share of 1.82 cents (or 1.76 cents on a fully diluted basis). Group net profit for the corresponding period in 2008 was S\$3.4 million.

## **Financial position & cash flow**

The Group's overall cash position was further enhanced by improved collections of trade receivables which decreased by S\$23.9 million; net cash flows from operating activities in the six-month period rose to S\$35.2 million from S\$5.3 million a year ago. Net cash flows used in investing activities was S\$111,000. Net cash flows used in financing activities was S\$3.2 million due mainly to the payment of a tax exempt one-tier first and final dividend of 0.5 cents per share, in respect of the previous financial year ended 31 December 2008. The Group's available cash and cash equivalents stood at S\$63.0 million as at 30 June 2009, almost doubled the S\$31.1 million as at 31 December 2008.

The Group's total shareholders' funds increased from S\$60.5 million as at 31 December 2008 to S\$68.8 million as at 30 June 2009. Consequently, net assets per share was 10.9 cents, up 1.3 cents from 9.6 cents as at end 31 December 2008.

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

There is no material variance from the previous outlook statement.

### **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's order book was US\$38 million as at 30 June 2009, down from US\$47 million as at 31 March 2009. These orders will be completed over the next 12 to 18 months.

Though the current global economic and financial crisis has affected the outlook for the offshore marine oil and gas industry, the Group remains confident of the industry's long term fundamentals. With a healthy balance sheet and cash flow, the Group will be able to weather the uncertainties ahead. The Group expects to remain profitable in the second half of FY2009.



**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 by the Company.

**13. Confirmation by the Board**

The Board of Directors hereby confirm 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 2009 to be false or misleading.

**BY ORDER OF THE BOARD**

Aw Seok Chin  
Company Secretary  
5 August 2009