



BAKER TECHNOLOGY LIMITED
Company Registration No.: 198100637D

Media Release

Baker Tech's reports first quarter net profit of S\$2.5m, net order book improves from US\$7m to US\$20m

S\$ million Y/E Dec	1QFY10	1QFY09	Chg
Revenue	6.2	18.5	-66%
Cost of goods sold	(1.8)	(12.6)	-85%
Gross Profit	4.4	5.9	-26%
Profit before tax	3.1	7.5	-59%
Net Profit	2.5	6.1	-60%
Basic EPS* (cents)	0.37	0.97	
Diluted EPS+ (cents)	0.37	0.93	
NAV per share (cents)	15.6	15.2	

* based on a weighted average number of 654,794,417 ordinary shares for the financial period ended 31 March 2010 (31 March 2009—631,378,576)

+ based on the number of ordinary shares in issue during the financial period ended 31 March 2010 adjusted for dilutive effect of 657,853 W110613 warrants (31 March 2009—24,121,243).

- **Revenue and gross profit were lower due to lower intake of new orders resulting from the slowdown in marine and offshore industry in 2009**
- **Net order book improved from US\$7 million as at end December 2009 to US\$20 million as at March 2010 on the back of new orders secured in first quarter.**
- **Balance sheet remains healthy; the group is debt-free and has net cash and cash equivalents of S\$67.3 million.**
- **The Board is currently evaluating Yangzijiang Shipbuilding (Holdings) Ltd's offer to purchase Baker Tech's wholly-owned subsidiary—PPL Holdings Ltd for US\$155 million.**

22 April 2010 – Baker Technology Limited ('Baker Tech' or 'the Group') 巴克科技有限公司, a SGX-ST mainboard-listed manufacturer and provider of specialised marine offshore equipment and services for the oil and gas industry has reported a net profit of S\$2.5 million for the three months ended 31 March 2010 (1Q2010).

Group revenue was down 66% to S\$6.2 million in 1Q2010 as compared to a year ago. This was primarily due to the slowdown in the marine offshore industry in 2009 as projects were postponed during the global credit crunch. Consequently, gross profit fell S\$1.5 million or 26% to S\$4.4 million in 1Q2010. However, gross profit margins were higher due to higher project margins recognised for most of its existing projects which were near completion as well as a write-back of unutilized warranty provision of approximately S\$1.1 million. Higher margins are usually recognised towards the closing stages of project completion.

1Q2010 pretax profits dropped 59% to S\$3.1 million due to the lower gross profit and smaller foreign exchange gain of S\$0.02 million as compared to a gain of \$3.6 million last year. This was partly mitigated by an improvement in the Group's share of profits from its 49%-owned associate—York Transport Equipment Asia (“York”). York's contribution reversed from a share of losses of S\$0.7 million to a share of profits of S\$79,000 due to an improvement in the operating environment in the trailer axle industry.

The Group used S\$9.1 million in operating activities in 1Q2010 as compared to generating a positive operating cashflow of S\$22.8 million in 1Q2009. This was attributed to lower project billings and the payment of trade and other liabilities which include income tax liabilities of S\$1.1 million in 1Q2010. Despite that, net available cash and cash equivalents remain at a healthy S\$67.3 million, up \$13.5 million from a year ago. The Group has zero bank borrowings. Shareholders' fund increased from S\$99.5 million as at 31 December 2009 to \$101.9 million as at 31 March 2010 due to retained earnings in 1Q2010. Net asset value per share was 15.6 cents as compared to 15.2 cents as at 31 December 2009.

Outlook

The Group's net order book improved from US\$7 million as at 31 December 2009 to US\$20 million as at end March 2010. These orders are expected to be completed within the next 12 months. Enquiries from customers continue to rise, especially with the recent increase in oil prices.

According to a February 2010 “Outlook for Energy” study by Exxon Mobil, world energy demand will increase by 35% from 2005 to 2030, driven by growing population and economic growth, particularly in developing countries, even with substantial efficiency gains in all regions. Of this demand, oil will remain the world's largest energy source from now till 2030. Near-term, a report released by the U.S. Energy Information Administration (EIA) on 6th April 2010 says that world consumption of oil will grow by 1.5 million barrels per day (bbl/d) in 2010 and 1.6 million bbl/d in 2011 as a result of expected recovery in the global economy and expectation that world GDP will rise more than 3% per year.

“We are confident of the positive long term fundamentals in the marine offshore oil and gas industry as oil will remain one of the most viable sources of energy. At Baker Tech, we want to build a portfolio of quality and value-accretive businesses that tap on the growth opportunities within this sector. .”

- Chairman, Mr. Lim Ho Seng (林穆升)

The Group had received an offer on 16 April 2010 from Singapore-listed Yangzijiang Shipbuilding Holdings Limited for the purchase of its wholly-owned subsidiary, PPL Holdings Pte Ltd (“PPLH”) for US\$155 million. PPLH is an investment holding company that holds an aggregate direct and indirect 15% shareholding stake in PPL Shipyard Pte Ltd, a company principally engaged in the business of design and construction of offshore drilling rigs for shallow to deep waters. The Group is currently evaluating this offer.

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About Baker Technology Limited

Listed on SGX-ST mainboard, Baker Technology Limited (Baker Tech) is a leading manufacturer and provider of specialised equipment and services for the oil & gas industry. Its core business is in the design and construction of a wide range of equipment and components for use in the offshore environment. These include offshore pedestal cranes, anchor winches, skidding systems, jacking systems and raw water tower structures. It also provides services such as project management, engineering services, quality assurance, and construction supervision.

Baker Tech has a 49% interest in York Transport Equipment (Asia) Pte Ltd, a manufacturer and distributor of trailer axles and related components. It also holds a 15% stake in PPL Shipyard which designs and constructs offshore rigs. PPL's Pacific Class 375 jack-up rigs are well accepted in the market as rigs of choice. Baker Tech has market presence in China, the Middle East, Asia and USA. Please visit us at www.bakertech.com.sg

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