



BAKER TECHNOLOGY LIMITED

Company Registration No.: 198100637D

Half Year Financial Statement And Dividend Announcement for the 6 Months Ended 30 June 2007

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		
	30/6/2007	30/6/2006	Change
	S\$'000	S\$'000	%
Revenue	32,071	29,841	7%
Cost of goods sold	(25,177)	(23,599)	7%
Gross profit	6,894	6,242	10%
Administrative expenses	(3,750)	(3,620)	4%
Selling and distribution expenses	(1,789)	(2,008)	(11%)
Other operating income / (expenses), net	361	(108)	NM
Profit from operating activities (a)	1,716	506	239%
Finance costs	(124)	(354)	(65%)
Profit before taxation	1,592	152	947%
Taxation (b)	(538)	(295)	82%
Net profit / (loss) attributable to members of the Company	1,054	(143)	NM

NM : not meaningful

Explanatory notes:

(a) Profit from operating activities is stated after charging / (crediting):

	Group		
	30/6/2007	30/6/2006	Change
	S\$'000	S\$'000	%
Depreciation	336	273	23%
Expense of share-based payments	-	22	100%
Foreign exchange (gain) / loss	(262)	189	NM
Royalty income	(126)	(126)	0%

(b) The taxation charge for the Group for the current period was in relation to profitable subsidiaries within the Group. Losses reported by certain subsidiaries were not able to offset the taxation charge of these profitable subsidiaries due to different tax jurisdiction.

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	
	30/6/2007	31/12/2006	30/6/2007	31/12/2006
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Non-current assets</u>				
Property, plant and equipment	5,539	5,488	2	-
Investment in subsidiaries (a)	-	-	11,600	8,000
Available-for-sale investment (a)	3,066	-	-	-
Intangible assets	99	93	-	-
	<u>8,704</u>	<u>5,581</u>	<u>11,602</u>	<u>8,000</u>
<u>Current assets</u>				
Inventories	15,332	16,752	-	-
Trade receivables	16,073	12,253	-	-
Other receivables	1,220	649	28	19
Amount due from subsidiaries	-	-	11,628	12,711
Cash at bank and on hand	2,024	1,569	5	21
	<u>34,649</u>	<u>31,223</u>	<u>11,661</u>	<u>12,751</u>
<u>Less: Current liabilities</u>				
Interest-bearing loans and borrowings	2,183	3,253	-	-
Trade payables	9,124	6,543	-	-
Other liabilities	3,596	3,072	140	145
Amount due to holding company (b)	2,000	-	2,000	-
Provision for taxation	933	573	-	-
	<u>17,836</u>	<u>13,441</u>	<u>2,140</u>	<u>145</u>
Net current assets	<u>16,813</u>	<u>17,782</u>	<u>9,521</u>	<u>12,606</u>
<u>Non-current liabilities</u>				
Amount due to holding company (b)	(1,000)	-	(1,000)	-
Interest-bearing loans and borrowings	(1,184)	(1,174)	-	-
Deferred tax liabilities	(68)	(68)	-	-
Net assets	<u>23,265</u>	<u>22,121</u>	<u>20,123</u>	<u>20,606</u>
<u>Equity attributable to equity holders of company</u>				
Share capital	18,041	18,006	18,041	18,006
Reserves	5,224	4,115	2,082	2,600
Shareholders' funds	<u>23,265</u>	<u>22,121</u>	<u>20,123</u>	<u>20,606</u>

Explanatory notes:

- (a) - The amounts relate to the 15% equity stake in PPL Shipyard Pte Ltd through the acquisition of 100% of PPL Holdings Pte Ltd in May 2007.
- (b) - These amounts relate to the installment payments of \$1,000,000 each due in November 2007, May 2008 and November 2008 in relation to the acquisition of PPL Holdings Pte Ltd.

1(b)(ii) Aggregate amount of the group's borrowings and debt securities**Amount repayable in one year or less, or on demand**

As at 30/6/2007		As at 31/12/2006	
Secured	Unsecured	Secured	Unsecured
\$2,183,000	-	\$3,253,000	-

Amount repayable after one year

As at 30/6/2007		As at 31/12/2006	
Secured	Unsecured	Secured	Unsecured
\$1,184,000	-	\$1,174,000	-

Details of any collateral

The Group's borrowings are secured as follows:

- (i) - Legal mortgages on the Group's freehold and leasehold properties;
- (ii) - Fixed and floating charge on its subsidiary's fixed property and assets;
- (iii) - Rights to leased assets (mainly motor vehicles) and certain trade receivables of its subsidiary; and
- (iv) - Corporate guarantee by the Company.

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	
	30/6/2007	30/6/2006
	S\$'000	S\$'000
<u>Cash flows from operating activities</u>		
Profit from operations before taxation	1,592	152
Adjustment for:		
Depreciation	336	273
Interest expense	124	354
Expense of share-based payments	-	22
Gain on disposal of fixed assets	(17)	(1)
Negative goodwill written off	(38)	-
Operating profit before working capital changes	1,997	800
Increase in trade receivables	(3,820)	(1,459)
Increase in other receivables	(551)	(544)
Decrease / (increase) in inventories	1,420	(1,561)
Increase / (decrease) in trade payables	2,581	(1,503)
Increase in other liabilities	517	281
Cash generated / (used in) from operations	2,144	(3,986)
Interest paid	(124)	(354)
Income tax paid	(377)	(301)
Net cash generated / (used in) from operating activities	1,643	(4,641)
<u>Cash flows from investing activities</u>		
Proceeds from disposal of property, plant and equipment	44	1
Purchase of property, plant and equipment	(261)	(67)
Purchase of subsidiary, net of cash	158	-
Net cash used in investing activities	(59)	(66)
<u>Cash flows from financing activities</u>		
Net proceeds from Rights Issue	-	13,966
Proceeds from conversion of Warrants	35	-
Repayment of bank loans, bills payables and secured overdrafts	(996)	(6,686)
Repayments of finance leases	(64)	(52)
Repayment of loan from holding company	-	(578)
Net cash (used in) / generated from financing activities	(1,025)	6,650
Net increase in cash and cash equivalents	559	1,943
Cash and cash equivalents at beginning of financial period	1,569	80
Effect of exchange rate changes on balances held in foreign currency	(104)	(36)
Cash and cash equivalents at end of financial period	2,024	1,987

Cash and cash equivalents comprise of:

Cash at bank and on hand	2,024	1,987
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Acquisition of subsidiary

During the financial period, the Company acquired 100% of the issued share capital of PPL Holdings Pte Ltd for \$3,600,000.

The aggregate effect of the acquisition of subsidiary is as follows:

	S\$'000
Available-for-sale investment	3,066
Other receivables	20
Cash at bank	758
Provision of taxation	(199)
Other liabilities	(7)
Net identifiable assets purchased	3,638
Negative goodwill	(38)
Total purchase consideration	3,600
Less: Consideration unpaid as at 30 June 2007	(3,000)
Less: Cash in subsidiary acquired	(758)
Net cash inflow from acquisition of subsidiary	(158)
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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

	Share capital	Reserves				Total Equity
		Capital reserve	Employee share option reserve	Translation reserve	Accumulated profits / (losses)	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group						
Balance as at 1/1/2006	16,048	1,928	24	1,174	(11,797)	7,377
Foreign currency translation	-	-	-	(181)	-	(181)
Expense of share-based payments due to cancellation of options	-	-	22	-	-	22
Transfer of reserve	-	-	(46)	-	46	-
Issuance of Rights Shares	14,250	-	-	-	-	14,250
Share issue expenses	(284)	-	-	-	-	(284)
Capital reduction	(12,008)	-	-	-	12,008	-
Net profit for the year	-	-	-	-	937	937
Balance as at 31/12/2006	18,006	1,928	-	993	1,194	22,121
Conversion of Warrants	35	-	-	-	-	35
Foreign currency translation	-	-	-	55	-	55
Net profit for the period	-	-	-	-	1,054	1,054
Balance as at 30/6/2007	18,041	1,928	-	1,048	2,248	23,265

<u>Company</u>						
Balance as at 1/1/2006	16,048	2,344	24	-	(12,008)	6,408
Expense of share-based payments due to cancellation of options	-	-	22	-	-	22
Transfer of reserve	-	-	(46)	-	46	-
Issuance of Rights Shares	14,250	-	-	-	-	14,250
Share issue expenses	(284)	-	-	-	-	(284)
Capital reduction	(12,008)	-	-	-	12,008	-
Net profit for the year	-	-	-	-	210	210
Balance as at 31/12/2006	18,006	2,344	-	-	256	20,606
Conversion of Warrants	35	-	-	-	-	35
Net loss for the period	-	-	-	-	(518)	(518)
Balance as at 30/6/2007	18,041	2,344	-	-	(262)	20,123

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 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 from 1 January 2007 to 30 June 2007, a total of 1,399,750 Warrants were exercised at \$0.025 each. As at 30 June 2007, 27,100,069 Warrants remain outstanding.

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 accounting policies and methods of computation applied in the financial statements for the current financial period are consistent with those of the audited financial statements for the year ended 31 December 2006.

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

Not applicable.

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	
	30/6/2007	30/6/2006
(i) Basic earnings per share	0.17 cents	(0.14) cents
(ii) Diluted earnings per share	0.17 cents	(0.14) cents

(i) Basic earnings per ordinary shares for the financial period ended 30 June 2007 was calculated based on the weighted average number of ordinary shares in issue of 627,354,460 (30 June 2006 = 104,500,000).

(ii) Earnings per share for the financial period ended 30 June 2007 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 27,100,069 Warrants.

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	
	30/6/2007	31/12/2006	30/6/2007	31/12/2006
Net Asset Value per Ordinary Share based on issued share capital at the end of the period	3.7 cents	3.5 cents	3.2 cents	3.3 cents

Net asset value per ordinary share as at 30 June 2007 and 31 December 2006 was calculated based on the number of shares in issue of 628,399,750 and 627,000,000 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

	30/6/2007	30/6/2006	+ / (-)	+ / (-)
	S\$'000	S\$'000	S\$'000	%
Singapore / Asia	16,836	13,446	3,390	25%
Australia / New Zealand	7,531	7,190	341	5%
Middle East / Africa / Europe	7,704	9,205	(1,501)	(16%)
	<u>32,071</u>	<u>29,841</u>	<u>2,230</u>	7%
	=====	=====	=====	

Group revenue increased by 7% from \$29.8 million for the 6 months ended 30 June 2006 to \$32.1 million for the same corresponding period in 2007 due to continual strong demand for our products.

Gross Profit

Gross profit increased by 10% to \$6.9 million as compared to \$6.2 million for the 6 months ended 2006 as a result of higher revenue.

Profit / (Loss) Attributable to Shareholders

The net increase in other operating income/expense was mainly due to a foreign exchange gain of \$262,000 for the 6 months ended 30 June 2007 as compared to a foreign exchange loss of \$189,000 in the same period in 2006.

Total operating expenses and finance cost was approximately \$5.7 million for the 6 months ended 30 June 2007, a reduction of about \$0.3 million from the same period in 2006. This reduction was mainly due to lower payroll expenses and lower finance cost as a result of better operating cash flows in 2007.

On the back of higher revenue and lower operating expenses, the Group reported a net profit after tax of \$1.1 million, surpassing our full year profit of \$0.9 million in 2006.

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

On 23 July 2007, the Company announced that it had entered into a conditional share purchase agreement with TRF Limited, a member of the TATA group of companies of India, pursuant to which the Company had agreed to dispose approximately 51% of York Transport Equipment (Asia) Pte Ltd ("York Transport"). This disposal is subject to a due diligence exercise being carried out by TRF Limited and the approval from the Company's shareholders.

Barring unforeseen circumstances, the Company expects to remain profitable for the second half of 2007.

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 by the Company.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

Not applicable.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Not applicable.

15. A breakdown of sales

Not applicable.

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Total Annual Dividend (*Refer to Para 16 of Appendix 7.2 for the required details*)

	Latest Full Year (S\$'000)	Previous Full Year (S\$'000)
Ordinary	0	0
Preference	0	0
Total:	0	0

BY ORDER OF THE BOARD

Aw Seok Chin
Company Secretary
31 July 2007

Confirmation by the Board

We, Dr. Benety Chang and Anthony Sabastian Aurol, being two directors of Baker Technology Limited (the “Company”), do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the half year 2007 financial results to be false or misleading.

On behalf of the Board,

Dr. Benety Chang

Anthony Sabastian Aurol