



BAKER TECHNOLOGY LIMITED

Company Registration No.: 198100637D

Quarterly Financial Statement And Dividend Announcement for the Period Ended 31 March 2010

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 31 March 2010	3 months ended 31 March 2009	Change
	S\$'000	S\$'000	%
Revenue	6,213	18,465	(66)
Cost of goods sold	(1,823)	(12,555)	(85)
Gross profit	4,390	5,910	(26)
Other operating income	97	3,601	(97)
Administrative expenses	(1,387)	(1,112)	25
Other operating expenses	(116)	(159)	(27)
Finance cost	(1)	(2)	(50)
Share of results of associates	(a) 79	(702)	NM
Profit before taxation	(b) 3,062	7,536	(59)
Income tax expenses	(610)	(1,439)	(58)
Net profit attributable to equity holders of the Company	2,452	6,097	(60)

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 31 March 2010	3 months ended 31 March 2009	Change
	S\$'000	S\$'000	%
Net profit attributable to equity holders of the Company	2,452	6,097	(60)
Other comprehensive income	-	-	-
Total comprehensive income attributable to equity holders of the Company	2,452	6,097	(60)

Explanatory notes:

- (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 31 March 2010	3 months ended 31 March 2009	Change
	S\$'000	S\$'000	%
Depreciation	447	437	2
Amortisation of intangible assets	-	159	NM
Foreign exchange gain	(20)	(3,552)	(99)
Interest income	(48)	(19)	153

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	
	31/3/2010	31/12/2009	31/3/2010	31/12/2009
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Non-current assets</u>				
Property, plant and equipment	6,523	6,967	4	4
Intangible assets	7,551	7,551	-	-
Investment in subsidiaries	-	-	23,600	23,600
Investment in associates	(a) 10,397	10,318	9,616	9,616
Other investment	(b) 5,066	5,066	-	-
	<u>29,537</u>	<u>29,902</u>	<u>33,220</u>	<u>33,220</u>
<u>Current assets</u>				
Inventories	10,140	10,813	-	-
Work-in-progress	2,350	1,783	-	-
Trade receivables	7,138	6,189	-	-
Other receivables	898	974	36	12
Amounts due from subsidiaries	-	-	-	4,200
Cash and cash equivalents	(c) 72,749	81,824	39,958	34,826
	<u>93,275</u>	<u>101,583</u>	<u>39,994</u>	<u>39,038</u>
<u>Current liabilities</u>				
Obligations under finance leases	27	27	-	-
Excess of progress billings over work-in-progress	(d) 6,386	9,850	-	-
Trade payables and other liabilities	(d) 6,896	14,024	299	334
Amounts due to subsidiaries	-	-	1,671	71
Tax payable	7,366	7,895	7	7
	<u>20,675</u>	<u>31,796</u>	<u>1,977</u>	<u>412</u>
Net current assets	72,600	69,787	38,017	38,626
<u>Non-current liabilities</u>				
Obligations under finance leases	(111)	(118)	-	-
Deferred tax liabilities	(100)	(100)	-	-
Net assets	<u>101,926</u>	<u>99,471</u>	<u>71,237</u>	<u>71,846</u>

	Group		Company	
	31/3/2010	31/12/2009	31/3/2010	31/12/2009
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Equity attributable to equity holders of the Company</u>				
Share capital	21,729	21,726	21,729	21,726
Reserves	80,197	77,745	49,508	50,120
Shareholders' equity	101,926	99,471	71,237	71,846

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 Group's cash and cash equivalents included pledged deposits of S\$5,451,000 (31 Dec 2009: S\$5,396,000). These pledged deposits are pledged to the banks as collateral for banking facilities and issuance of bank guarantees.
- (d) The decrease was in line with the reduction in activities in the current quarter.

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 31/3/2010		As at 31/12/2009	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
27	-	27	-

Amount repayable after one year

As at 31/3/2010		As at 31/12/2009	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
111	-	118	-

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 31 March 2010 S\$'000	3 months ended 31 March 2009 S\$'000
Cash flows from operating activities:		
Profit before tax	3,062	7,536
Adjustments for:		
Depreciation	447	437
Amortisation of intangible assets	-	159
Interest income	(48)	(19)
Interest expenses	1	2
Share of results of associates	(79)	702
Operating profit before working capital changes	3,383	8,817
(Increase) / decrease in trade receivables	(949)	18,047
Decrease in other receivables	76	238
Decrease in inventories	673	1,850
Increase in pledged deposits	(55)	(2,294)
(Decrease) / increase in progress billing in excess of WIP	(4,031)	93
Decrease in trade payables and other liabilities	(7,128)	(3,720)
Net cash flows (used in) / from operations	(8,031)	23,031
Interest received	48	19
Interest paid	(1)	(2)
Income tax paid	(1,139)	(241)
Net cash flows (used in) / from operating activities	(9,123)	22,807
Cash flows from investing activities:		
Purchase of property, plant and equipment	(3)	(73)
Net cash flows used in investing activities	(3)	(73)
Cash flows from financing activities:		
Net proceeds from conversion of warrants	3	-
Repayment of obligations under finance leases	(7)	(9)
Net cash flows used in financing activities	(4)	(9)
Net (decrease) / increase in cash and cash equivalents	(9,130)	22,725
Cash and cash equivalents at beginning of period	76,428	31,109
Cash and cash equivalents at end of period [Note A]	67,298	53,834
Note A:		
Cash and cash equivalents at end of period comprised of:	31/3/2010	31/3/2009
	S\$'000	S\$'000
Cash at banks and in hand	53,295	8,436
Short-term deposits	19,454	54,227
	72,749	62,663
Less: Pledged deposits **	(5,451)	(8,829)
	67,298	53,834

** - 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

Group	Share capital	Capital reserve	Accumulated profits	Total reserves	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1/1/2010	21,726	2,344	75,401	77,745	99,471
Issuance of new shares from conversion of warrants*	2	-	-	-	2
Issuance of new shares from conversion of warrants**	1	-	-	-	1
Total comprehensive income for the period	-	-	2,452	2,452	2,452
Balance at 31/3/2010	21,729	2,344	77,853	80,197	101,926
Balance at 1/1/2009	18,115	2,344	39,991	42,335	60,450
Total comprehensive income for the period	-	-	6,097	6,097	6,097
Balance at 31/3/2009	18,115	2,344	46,088	48,432	66,547

Company	Share capital	Capital reserve	Accumulated profits	Total reserves	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1/1/2010	21,726	2,344	47,776	50,120	71,846
Issuance of new shares from conversion of warrants*	2	-	-	-	2
Issuance of new shares from conversion of warrants**	1	-	-	-	1
Total comprehensive income for the period	-	-	(612)	(612)	(612)
Balance at 31/3/2010	21,729	2,344	47,164	49,508	71,237
Balance at 1/1/2009	18,115	2,344	7,020	9,364	27,479
Total comprehensive income for the period	-	-	(387)	(387)	(387)
Balance at 31/3/2009	18,115	2,344	6,633	8,977	27,092

* - W110613 warrants

** - W121116 warrants

- 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 31 March 2010, 73,949 warrants (W110613) and 5,000 warrants (W121116) were exercised at S\$0.025 and S\$0.320 each by warrant holders, respectively, to subscribe for a total of 78,949 new ordinary shares in the Company.

As at 31 March 2010 and 31 December 2009, the Company has the following warrants that remained outstanding:

	Expiry Date	Exercise Price	No. of warrants	
			31 Mar 2010	31 Dec 2009
W110613	13 June 2011	S\$0.025	657,853	731,802
W121116	16 November 2012	S\$0.320	327,379,008	327,384,008
			<u>328,036,861</u>	<u>328,115,810</u>

- 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 31 March 2010, the Company's issued share capital was S\$21,729,138 (31 December 2009 – S\$21,725,689) comprising 654,846,966 ordinary shares (31 December 2009 – 654,768,017 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.

The new or revised Financial Reporting Standards ("FRS") and Interpretations to FRS that are applicable for the current financial year has no material effect on the financial statements.

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	
		3 months ended 31 March 2010	3 months ended 31 March 2009
(i)	Basic earnings per share (in cents)	0.37	0.97
(ii)	Diluted earnings per share (in cents)	0.37	0.93

(i) Basic earnings per ordinary shares for the financial period ended 31 March 2010 was calculated based on the weighted average number of ordinary shares in issue of 654,794,417 (31 March 2009 – 631,378,576).

(ii) Earnings per share for the financial period ended 31 March 2010 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 657,853 W110613 warrants (31 March 2009 – 24,121,243). This excluded the 327,379,008 W121116 warrants (31 March 2009 – Nil) as these warrants have no dilutive effect as the average market price of the Company's ordinary shares during the period is below the exercise price.

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	
	31/3/2010	31/12/2009	31/3/2010	31/12/2009
Net Asset Value per ordinary share based on issued share capital at the end of the period (in cents)	15.6	15.2	10.9	11.0

Net asset value per ordinary share as at 31 March 2010 and 31 December 2009 was calculated based on the number of shares in issue of 654,846,966 and 654,768,017 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 fell from S\$12.3 million in 1Q2009 to S\$6.2 million in 1Q2010. The reduction was primarily due to lower order intake resulting from the slow down of activities in the marine offshore industry during 2009. However, the Group secured new orders in the first quarter; the Group's net order book stood at US\$20 million as at end March 2010, up from US\$7 million as at end December 2009. These orders are expected to be completed within the next 12 months.

Profitability

Due to the lower revenue, gross profit for 1Q2010 was S\$4.4 million, a drop of S\$1.5 million (or 26%) from that reported for the corresponding period in 2009. 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.

With the improvement in the operating environment for the trailer axles industry, the Group's share of profits from its 49% stake in York was S\$79,000 in 1Q2010, as compared to a share of losses of S\$702,000 in 1Q2009.

As a result of the lower gross profit and the absence of a foreign exchange gain of S\$3.6 million as reported a year ago, the Group's net profit for 1Q2010 was S\$2.5 million, a reduction of 60% from the S\$6.1 million as previously reported in 1Q2009.

Financial position & cash flow

Group shareholders' fund increased from S\$99.5 million at 31 December 2009 to S\$101.9 million at 31 March 2010, attributable to retained profits for the quarter.

For the current quarter, the Group's net cash flows used in operating activities was S\$9.1 million, mainly due to lower project progress billings and payment of trade and other liabilities (including income tax liabilities). However, the Group's net available cash and cash equivalents remain healthy at S\$67.3 million.

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 prospect 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 is encouraged by the continuing rise in enquiries following the rise in oil prices in recent months. The Group remains confident of the long term fundamentals in the offshore marine oil and gas industry.

The Group expects to remain profitable in FY2010 from positive contributions from both its marine offshore and investment segments.

On 16 April 2010, the Group received a binding letter of offer from Yangzijiang Shipbuilding (Holdings) Ltd to purchase all the issued and paid-up capital of PPL Holdings Pte Ltd ("PPLH") for US\$155 million. PPLH is an investment holding company which 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 from shallow water to deep water. The Group is currently evaluating this offer.

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 first quarter ended 31 March 2010 to be false or misleading.

BY ORDER OF THE BOARD

Aw Seok Chin
Company Secretary
22 April 2010