



BAKER TECHNOLOGY LIMITED

Company Registration No.: 198100637D

Quarterly Financial Statement And Dividend Announcement for the Period Ended 31 March 2011

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		Change
	3 months ended 31 March 2011	3 months ended 31 March 2010	
	S\$'000	S\$'000	%
Revenue	10,645	6,213	71
Cost of goods sold	(5,278)	(1,823)	190
Gross profit	5,367	4,390	22
Administrative expenses	(2,304)	(1,387)	66
Other operating income / (expenses), net	(1,356)	(19)	7,037
Finance cost	(21)	(1)	2,000
Share of results of associates (a)	457	79	478
Profit before taxation (b)	2,143	3,062	(30)
Income tax expenses (c)	(750)	(610)	23
Net profit attributable to equity holders of the Company	1,393	2,452	(43)

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		Change
	3 months ended 31 March 2011	3 months ended 31 March 2010	
	S\$'000	S\$'000	%
Net profit attributable to equity holders of the Company	1,393	2,452	(43)
Other comprehensive income:			
Net gain on fair value changes of available-for-sale investment	1,300	-	100
Total comprehensive income attributable to equity holders of the Company	2,693	2,452	10

Explanatory notes:

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

	Group		
	3 months ended 31 March 2011	3 months ended 31 March 2010	Change
	S\$'000	S\$'000	%
Depreciation	449	447	-
Foreign exchange loss / (gain)	1,436	(20)	NM
Interest income	(51)	(48)	6

- (c) The taxation charge for the current quarter was significantly higher than the statutory income tax rate of Singapore as the administrative expenses incurred by the head office were not able to offset against taxable profits of the operating subsidiaries.

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	
	31/3/2011 S\$'000	31/12/2010 S\$'000	31/3/2011 S\$'000	31/12/2010 S\$'000
<u>Non-current assets</u>				
Property, plant and equipment	4,830	5,262	24	23
Intangible assets	7,551	7,551	-	-
Investment in subsidiaries	-	-	20,000	20,000
Investment in associates (a)	11,164	10,707	9,616	9,616
Available-for-sale investment (b)	11,682	-	11,682	-
	35,227	23,520	41,322	29,639
<u>Current assets</u>				
Inventories (c)	4,971	8,566	-	-
Work-in-progress (c)	6,173	1,480	-	-
Trade and other receivables	5,568	8,148	197	29
Amounts due from subsidiaries	-	-	-	2,900
Pledged deposits (d)	6,967	7,455	-	-
Cash and short-term deposits	207,038	214,130	171,878	181,676
	230,717	239,779	172,075	184,605
<u>Current liabilities</u>				
Obligations under finance leases	-	23	-	-
Excess of progress billings over work-in-progress (e)	6,669	3,842	-	-
Trade and other payables (f)	8,149	10,875	716	484
Deferred gain on disposal of subsidiary (g)	58,237	58,237	141,941	141,941
Tax payable	2,905	2,955	7	7
	75,960	75,932	142,664	142,432
Net current assets	154,757	163,847	29,411	42,173
<u>Non-current liabilities</u>				
Obligations under finance leases	-	(76)	-	-
Deferred tax liabilities	(159)	(159)	-	-
Net assets	189,825	187,132	70,733	71,812

	Group		Company	
	31/3/2011	31/12/2010	31/3/2011	31/12/2010
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Equity attributable to equity holders of the Company</u>				
Share capital	30,529	30,529	30,529	30,529
Reserves	159,296	156,603	40,204	41,283
Total equity	189,825	187,132	70,733	71,812

Explanatory notes:

- (a) This relates to the Group's 49% stake in York.
- (b) This relates to the quoted investment in a foreign offshore drilling company, recorded at fair value.
- (c) Decrease in inventory mainly due to utilization of materials for some newly-secured projects.
- (d) These are deposits pledged to the banks as collateral for banking facilities and the issuance of bank guarantees.
- (e) The increase was due to more progressive billings for newly-secured projects.
- (f) The decrease was mainly due to the settlement of liabilities during the current period.
- (g) Due to the pending legal suit with Sembcorp Marine Ltd, the Group has deferred the gain on disposal of subsidiary, PPL Holdings Pte Ltd, to QD Asia Pacific Ltd, which was completed in October 2010.

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 31/3/2011		As at 31/12/2010	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	23	-

Amount repayable after one year

As at 31/3/2011		As at 31/12/2010	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	76	-

Details of any collateral

Not applicable.

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 2011 S\$'000	3 months ended 31 March 2010 S\$'000
Cash flows from operating activities:		
Profit before tax	2,143	3,062
Adjustments for:		
Depreciation	449	447
Interest income	(51)	(48)
Interest expenses	21	1
Share of results of associates	(457)	(79)
Operating profit before working capital changes	2,105	3,383
Decrease / (increase) in trade and other receivables	2,580	(873)
Decrease in inventories	3,595	673
Decrease / (increase) in pledged deposits	488	(55)
Decrease in net progress billing in excess of work-in-progress	(1,866)	(4,031)
Decrease in trade and other payables	(2,726)	(7,128)
Net cash flows from / (used in) operations	4,176	(8,031)
Interest received	51	48
Interest paid	(21)	(1)
Income tax paid	(800)	(1,139)
Net cash flows from / (used in) operating activities	3,406	(9,123)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(17)	(3)
Purchase of available-for-sale investment	(10,382)	-
Net cash flows used in investing activities	(10,399)	(3)
Cash flows from financing activities:		
Net proceeds from conversion of warrants	-	3
Repayment of obligations under finance leases	(99)	(7)
Net cash flows used in financing activities	(99)	(4)
Net decrease in cash and cash equivalents	(7,092)	(9,130)
Cash and cash equivalents at beginning of period	214,130	76,428
Cash and cash equivalents at end of period	207,038	67,298

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 S\$'000	Capital reserve S\$'000	Accumulated profits S\$'000	Other reserve S\$'000	Total reserves S\$'000	Total equity S\$'000
Balance at 1/1/2011	30,529	2,344	154,259	-	156,603	187,132
Profit for the period	-	-	1,393	-	1,393	1,393
Other comprehensive income for the period	-	-	-	1,300	1,300	1,300
Balance at 31/3/2011	30,529	2,344	155,652	1,300	159,296	189,825
Balance at 1/1/2010						
- as previously reported	21,726	2,344	75,401	-	77,745	99,471
- adoption of FRS31	-	-	66,813	-	66,813	66,813
- as restated	21,726	2,344	142,214	-	144,558	166,284
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	144,666	-	147,010	168,739

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 1/1/2011	30,529	2,344	38,939	-	41,283	71,812
Loss for the period	-	-	(2,379)	-	(2,379)	(2,379)
Other comprehensive income for the period	-	-	-	1,300	1,300	1,300
Balance at 31/3/2011	30,529	2,344	36,560	1,300	40,204	70,733
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

* - 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

There were no conversion of warrants during the quarter ended 31 March 2011.

As at 31 March 2011 and 31 December 2010, the Company has the following warrants that remained outstanding:

	Expiry Date	Exercise Price	No. of warrants	
			31 Mar 2011	31 Dec 2010
W110613	13 June 2011	S\$0.025	404,953	404,953
W121116	16 November 2012	S\$0.320	299,900,381	299,900,381
			<u>300,305,334</u>	<u>300,305,334</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 2011, the Company's issued share capital was S\$30,528,621 (31 December 2010 – S\$30,528,621) comprising 682,578,493 ordinary shares (31 December 2010 – 682,578,493 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 LLP.

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.

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 2011	3 months ended 31 March 2010
(i) Basic earnings per share (in cents)	0.20	0.37
(ii) Diluted earnings per share (in cents)	0.14	0.37

(i) Basic earnings per ordinary shares for the financial period ended 31 March 2011 was calculated based on the weighted average number of ordinary shares in issue of 682,578,493 (31 March 2010 – 654,794,417).

(ii) Earnings per share for the financial period ended 31 March 2011 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 300,305,334 warrants (31 March 2010 – 24,121,243, which excluded 327,379,008 W121116 warrants as these warrants had no dilutive effect since the average market price of the Company's ordinary shares during that period was 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	
	31/3/2011	31/12/2010	31/3/2011	31/12/2010
Net Asset Value per ordinary share based on issued share capital at the end of the period (in cents)	27.8	27.4	10.4	10.6

Net asset value per ordinary share as at 31 March 2011 and 31 December 2010 was calculated based on the number of shares in issue of 682,578,493.

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 increased from S\$6.2 million in 1Q2010 to S\$10.6 million in 1Q2011. The increase was in line with the improvement in the intake of new orders since 2010, which resulted in a much higher level of completions and progressive recognition of new orders during 1Q2011.

As at the end of March 2011, the Group's net order book stood at US\$67 million, a significant improvement from a net order book of US\$33 million as at December 2010. These orders are expected to be completed within the next 12 to 18 months.

Profitability

For the quarter ended 31 March 2011, gross profit increased 22% to S\$5.4 million on the back of higher revenue. However, gross profit margins were lower in the current quarter due to a lower write-back of unutilised warranty provision of S\$0.3 million (1Q2010: S\$1.1 million).

Administrative expenses were 66% higher at S\$2.3 million for 1Q2011 due to higher professional and legal fees. The Group also reported a higher foreign exchange loss of S\$1.4 million due to the weakening of US\$ against S\$ during the quarter.

The Group's share of results from its 49% stake in York improved to S\$457,000 in 1Q2011, from S\$79,000 in 1Q2010 due to improvement in the operating environment for the trailer axles industry, especially in India.

As a result of higher administrative expenses and foreign exchange losses, Group net profit for 1Q2011 was at S\$1.4 million, 43% lower than the corresponding period last year; earnings per share were 0.20 cents (1Q2010: 0.37 cents).

Financial position & cash flow

The Group's financial position strengthened further in 1Q2011 with Group shareholders' equity improving from S\$187.1 million at 31 December 2010 to S\$189.8 million at 31 March 2011. This was mainly attributed to retained profits for the quarter.

In the current quarter, the Group's net cash and cash equivalents decreased by S\$7.1 million, mainly due to S\$10.4 million spent on the acquisition of an available-for-sale investment. The Group's net available cash and cash equivalents remained healthy at S\$207.0 million, or approximately 30.3 cents per share.

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 new orders it secured in FY2011 to date. It remains confident of the oil and gas sector's long term fundamentals and expects to remain profitable in FY2011.

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 2011 to be false or misleading.

BY ORDER OF THE BOARD

Aw Seok Chin
Company Secretary
29 April 2011