



BAKER TECHNOLOGY LIMITED

Company Registration No.: 198100637D

Quarterly Financial Statement And Dividend Announcement for the Period Ended 31 March 2012

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

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year

CONSOLIDATED INCOME STATEMENT

	Group		Change
	3 months ended 31 March 2012	3 months ended 31 March 2011	
	S\$'000	S\$'000	%
Revenue	35,101	10,645	230
Cost of goods sold	(30,192)	(5,278)	472
Gross profit	4,909	5,367	(9)
Administrative expenses	(2,049)	(2,304)	(11)
Other operating income / (expenses), net	10,787	(1,356)	NM
Finance cost	-	(21)	(100)
Share of results of associates (a)	598	457	31
Profit before taxation (b)	14,245	2,143	565
Income tax expenses (c)	(640)	(750)	(15)
Net profit attributable to equity holders of the Company	13,605	1,393	877

NM – Not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		Change
	3 months ended 31 March 2012	3 months ended 31 March 2011	
	S\$'000	S\$'000	%
Net profit attributable to equity holders of the Company	13,605	1,393	877
Other comprehensive income:			
Net gain / (loss) on fair value changes of available-for-sale investment	5,400	1,300	315
Total comprehensive income attributable to equity holders of the Company	19,005	2,693	606

Explanatory notes:

- (a) This relates to the Group's 49% share in the results of York Transport Equipment (Asia) Pte Ltd ("York"), prior to its disposal of York on 27 March 2012.
- (b) Profit before taxation is stated after charging / (crediting):

	Group		
	3 months ended 31 March 2012	3 months ended 31 March 2011	Change
	S\$'000	S\$'000	%
Depreciation	372	449	(17)
Foreign exchange loss	376	1,436	(74)
Interest income	(52)	(51)	2
Gain on disposal of associates	(10,894)	-	NM

- (c) The taxation charge for the current quarter was significantly lower than the statutory income tax rate of Singapore as the gain on disposal of associates (York) of S\$10.9 million is capital in nature and not subject to any income tax. For the corresponding period in 2011, the taxation charge was significantly higher than the statutory income tax rate of Singapore as certain operating expenses incurred by the corporate head office could not be offset against the taxable profits of the operating subsidiaries.

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

	Group		Company	
	31/3/2012 S\$'000	31/12/2011 S\$'000	31/3/2012 S\$'000	31/12/2011 S\$'000
Non-current assets				
Property, plant and equipment	3,545	3,842	18	20
Intangible assets	7,551	7,551	-	-
Investment in subsidiaries	-	-	20,000	20,000
Investment in associates (a)	-	10,358	-	9,616
Available-for-sale Investment (b)	25,672	20,118	25,672	20,118
	36,768	41,869	45,690	49,754
Current assets				
Inventories	6,770	6,357	-	-
Work-in-progress (c)	33,695	31,561	-	-
Trade and other receivables (c)	17,020	11,810	307	31
Amounts due from subsidiaries	-	-	150	600
Pledged deposits (e)	8,594	6,500	-	-
Cash and short-term deposits	174,010	169,277	162,682	142,123
	240,089	225,505	163,139	142,754
Current liabilities				
Excess of progress billings over work-in-progress (d)	3,803	7,118	-	-
Trade and other payables (f)	20,928	27,133	1,034	1,565
Deferred gain on disposal of subsidiary (g)	58,237	58,237	141,941	141,941
Tax payable	3,094	3,096	5	9
	86,062	95,584	142,980	143,515
Net current assets	154,027	129,921	20,159	(761)
Net assets	190,795	171,790	65,849	48,993

	Group		Company	
	31/3/2012	31/12/2011	31/3/2012	31/12/2011
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Equity attributable to equity holders of the Company</u>				
Share capital	36,053	36,053	36,053	36,053
Reserves	154,742	135,737	29,796	12,940
Total equity	190,795	171,790	65,849	48,993

Explanatory notes:

- (a) This relates to the Group's 49% stake in York. On 27 March 2012, the Group disposed of its entire stake in York for a gross cash consideration of S\$22.2 million.
- (b) This relates to the Group's minority stake of 17% in a quoted investment in a foreign offshore drilling company, Discovery Offshore S.A.. This investment has been recorded at its fair value.
- (c) The increases were in line with the increase in business activities during the current financial year.
- (d) The reduction was mainly due to the completion of projects and lower progressive billings during the current quarter.
- (e) These are deposits pledged to the banks as collateral for banking facilities and the issuance of bank guarantees. The increase was due to additional banking facilities obtained in the current quarter.
- (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 31/3/2012		As at 31/12/2011	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

Amount repayable after one year

As at 31/3/2012		As at 31/12/2011	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

Details of any collateral

Not applicable.

1(c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

	Group	
	3 months ended 31 March 2012 S\$'000	3 months ended 31 March 2011 S\$'000
Cash flows from operating activities:		
Profit before tax	14,245	2,143
Adjustments for:		
Depreciation	372	449
Interest income	(52)	(51)
Interest expenses	-	21
Gain on disposal of associates	(10,894)	-
Share of results of associates	(598)	(457)
Operating profit before working capital changes	3,073	2,105
(Increase) / decrease in trade and other receivables	(5,210)	2,580
(Increase) / decrease in inventories	(413)	3,595
(Increase) / decrease in pledged deposits	(2,094)	488
Increase in net work-in-progress	(5,449)	(1,866)
Decrease in trade and other payables	(6,205)	(2,726)
Net cash flows (used in) / from operations	(16,298)	4,176
Interest received	52	51
Interest paid	-	(21)
Income tax paid	(642)	(800)
Net cash flows (used in) / from operating activities	(16,888)	3,406
Cash flows from investing activities:		
Net proceeds from disposal of associates	21,850	-
Purchase of property, plant and equipment	(75)	(17)
Purchase of available for sale investment	(154)	(10,382)
Net cash flows from / (used in) investing activities	21,621	(10,399)
Cash flows from financing activities:		
Repayment of obligations under finance leases	-	(99)
Net cash flows used in financing activities	-	(99)
Net increase / (decrease) in cash and cash equivalents	4,733	(7,092)
Cash and cash equivalents at beginning of period	169,277	214,130
Cash and cash equivalents at end of period	174,010	207,038

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	Other reserve	Total reserves	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1/1/2012	36,053	2,344	140,893	(7,500)	135,737	171,790
Profit for the period	-	-	13,605	-	13,605	13,605
Other comprehensive income for the period	-	-	-	5,400	5,400	5,400
Balance at 31/3/2012	36,053	2,344	154,498	(2,100)	154,742	190,795
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

Company	Share capital	Capital reserve	Accumulated profits	Other reserve	Total reserves	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1/1/2012	36,053	2,344	18,096	(7,500)	12,940	48,993
Profit for the period	-	-	11,456	-	11,456	11,456
Other comprehensive income for the period	-	-	-	5,400	5,400	5,400
Balance at 31/3/2012	36,053	2,344	29,552	(2,100)	29,795	65,849
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

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 was no conversion of warrants during the quarter ended 31 March 2012.

As at 31 March 2012 and 31 March 2011, the Company's outstanding warrants is as follow:

	Expiry Date	Exercise Price	No. of warrants	
			31 Mar 2012	31 Mar 2011
W110613	3 June 2011	S\$0.025	-	404,953
W121116	16 Nov 2012	S\$0.320	282,662,881	299,900,381
			<u>282,662,881</u>	<u>300,305,334</u>

On 1 March 2012, the Company announced a proposed renounceable non-underwritten rights issue (the "Warrants Issue") of up to 393,132,704 warrants at an issue price of S\$0.01 for each warrant. Each warrant will carry the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of S\$0.27 for each new share during the exercise period. The Warrants Issue will be made on the basis of two warrants for every five existing ordinary shares in the capital of the Company held by entitled shareholders as at book closure date to be determined by the Directors. On 4 April 2012, the Company further announced that the Singapore Exchange Securities Trading Limited ("SGX-ST") has granted its approval in-principle for the listing of and quotation for the warrants, the new shares and further warrants that may be issued pursuant to the deed poll to be executed by the Company constituting the warrants and further new shares to be issued pursuant to the exercise of further warrants on the Main Board of the SGX-ST.

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 2012, the Company's issued share capital was S\$36,053,443 (31 December 2011 – S\$36,053,443) comprising 700,168,881 ordinary shares (31 December 2011 – 700,168,881 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 2012	3 months ended 31 March 2011
(i)	Basic earnings per share (in cents)	1.94	0.20
(ii)	Diluted earnings per share (in cents)	1.94	0.14

- (i) Basic earnings per ordinary shares for the financial period ended 31 March 2012 was calculated based on the weighted average number of ordinary shares in issue of 700,168,881 (31 March 2011 – 682,578,493).
- (ii) Earnings per share for the financial period ended 31 March 2012 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 Nil warrants (31 March 2011 – 300,305,334 warrants).

The outstanding warrants of 282,662,881 as at 31 March 2002 have no dilutive effect as the average market price of the Company's ordinary shares during the quarter ended 31 March 2012 was below the exercise price of S\$0.32.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:- (a) current financial period reported on; and (b) immediately preceding financial year**

	Group		Company	
	31/3/2012	31/12/2011	31/3/2012	31/12/2011
Net Asset Value per ordinary share based on issued share capital at the end of the period (in cents)	27.3	24.5	9.4	7.0

Net asset value per ordinary share as at 31 March 2012 and 31 December 2011 was calculated based on the number of shares in issue of 700,168,881.

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

The Group's revenue for 1Q2012 increased 230% from 1Q2011 to S\$35.1 million in 1Q2012, due mainly to the progressive recognition of orders, especially those secured during FY2011.

As at the end of March 2012, the Group's net order book stands at US\$79 million, an improvement from a net order book of US\$67 million a year ago. These orders are expected to be completed within the next 12 to 18 months.

Profitability

For the current quarter ended 31 March 2012, the Group's gross profit decreased from S\$5.4 million in 1Q2011 to S\$4.9 million despite a higher revenue. This was mainly attributable to lower margins in 1Q2012 as a result of different product mix and competitive pricing. In addition, a significant portion of the Group's revenue for 1Q2012 was from projects in their early stages of construction, which lower margins were typically recognised.

On 23 March 2012, TRF Limited exercised its call option to acquire the remaining 49% interest in York from the Group for a gross cash consideration of S\$22.2 million. The consideration was arrived at based on a formula set out in a call and put options agreement entered between the Company and TRF Limited on 5 October 2007. The disposal was completed on 27 March 2012 and York ceased to be an associated company of the Group. As a result, the Group recorded a gain of S\$10.9 million in 1Q2012 for the disposal.

Consequently, the Group's net profit for 1Q2012 was S\$13.6 million, an increase of 877% from the corresponding period in 2011.

Financial position & cash flow

Group shareholders' fund increased from S\$171.8 million at 31 December 2011 to S\$190.8 million at 31 March 2012, mainly attributable to retained profits for the quarter ended 31 March 2012.

For the quarter ended 31 March 2012, the Group's net cash outflow from operating activities was S\$16.9 million, mainly due to higher working capital requirements as a result of higher work-in-progress and receivables, coupled with payment to suppliers. However, with the disposal of York for a net proceed of S\$21.9 million, the Group's net cash inflows were S\$4.7 million for 1Q2012. The Group's cash and short-term deposits remain healthy at S\$174.0 million as at 31 March 2012.

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 outlook for the next 12 months is uncertain considering signs of general slowdown in the global economy and the volatility of the financial markets. However, with the gain of S\$10.9 million from the disposal of York, coupled with a healthy net order book of US\$79 million, the Group expects to be profitable in FY2012.

With regards to the legal suit between Sembcorp Marine Ltd and PPL Holdings Pte Ltd and E-Interface Holdings Limited, in which PPL Shipyard Pte Ltd is also a party as second defendant to the counterclaim, the Group has previously announced that submission have been made by all parties to the Court. The Group will announce the Court's decision when rendered.

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. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect

The Company has not obtained a general mandate from shareholders for Interested Person Transactions.

14. Negative confirmation pursuant to Rule 705(5)

The Board of Directors hereby confirms that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results of the Company and of the Group for the period ended 31 March 2012 to be false or misleading.

BY ORDER OF THE BOARD

Nga Ko Nie
Company Secretary
25 April 2012