



**BAKER TECHNOLOGY LIMITED**

Company Registration No.: 198100637D

**Quarterly Financial Statement And Dividend Announcement for the Period Ended 30 June 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					
	3 months ended			6 months ended		
	30/6/11 S\$'000	30/6/10* S\$'000	Change %	30/6/11 S\$'000	30/6/10* S\$'000	Change %
Revenue	19,268	6,809	183	29,913	13,022	130
Cost of goods sold	(14,709)	(2,261)	551	(19,987)	(4,084)	389
<b>Gross profit</b>	<b>4,559</b>	<b>4,548</b>	<b>-</b>	<b>9,926</b>	<b>8,938</b>	<b>11</b>
Administrative expenses	(3,142)	(2,405)	31	(5,446)	(3,792)	44
Other operating income / (expenses), net	(2,116)	249	NM	(3,472)	230	NM
Finance cost	-	(4)	(100)	(21)	(5)	320
Share of results of associates (a)	143	152	(6)	600	231	160
Share of results from investment in PPLS (b)	-	15,823	(100)	-	15,823	(100)
<b>(Loss) / profit before taxation (c)</b>	<b>(556)</b>	<b>18,363</b>	<b>NM</b>	<b>1,587</b>	<b>21,425</b>	<b>(93)</b>
Income tax expenses (d)	(330)	(560)	(41)	(1,080)	(1,170)	(8)
<b>Net (loss) / profit attributable to equity holders of the Company</b>	<b>(886)</b>	<b>17,803</b>	<b>NM</b>	<b>507</b>	<b>20,255</b>	<b>(97)</b>

NM – Not meaningful

\* - Restated figures as a result of adoption of FRS 31 in the last financial year.

**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			6 months ended		
	30/6/11 S\$'000	30/6/10 S\$'000	Change %	30/6/11 S\$'000	30/6/10 S\$'000	Change %
<b>Net profit attributable to equity holders of the Company</b>	<b>(886)</b>	<b>17,803</b>	<b>NM</b>	<b>507</b>	<b>20,255</b>	<b>(97)</b>
Other comprehensive income:						
Net gain / (loss) on fair value changes of available-for-sale investment	(3,300)	-	100	(2,000)	-	100
<b>Total comprehensive income attributable to equity holders of the Company</b>	<b>(4,186)</b>	<b>17,803</b>	<b>NM</b>	<b>(1,493)</b>	<b>20,255</b>	<b>NM</b>

**Explanatory notes:**

- (a) This relates to the Group's 49% share in the result of York Transport Equipment (Asia) Pte Ltd ("York").
- (b) This related to the Group's 15% share in the results of PPL Shipyard Pte Ltd ("PPLS"), prior to its disposal of PPL Holdings Pte Ltd in October 2010, as a result of adopting FRS 31 in the previous financial year. The amount was based on the receipt of tax-exempt interim dividend of S\$15,823,000 from PPLS in 2Q2010.
- (c) (Loss) / profit before taxation is stated after charging / (crediting):

	<b>Group</b>					
	<b>3 months ended</b>			<b>6 months ended</b>		
	<b>30/6/11</b>	<b>30/6/10</b>	<b>Change</b>	<b>30/6/11</b>	<b>30/6/10</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Depreciation	430	448	(4)	879	895	(2)
Foreign exchange loss / (gain)	2,168	(180)	NM	3,604	(200)	NM
Interest income	(36)	(39)	(8)	(87)	(87)	-

- (d) The taxation charge for the current quarter and period ended 30 June 2011 was significantly higher than the statutory income tax rate of Singapore as the administrative expenses incurred by the head office were unable to be 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**

	<b>Group</b>		<b>Company</b>	
	<b>30/6/2011</b>	<b>31/12/2010</b>	<b>30/6/2011</b>	<b>31/12/2010</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b><u>Non-current assets</u></b>				
Property, plant and equipment	4,430	5,262	21	23
Intangible assets	7,551	7,551	-	-
Investment in subsidiaries	-	-	20,000	20,000
Investment in associates (a)	11,205	10,707	9,616	9,616
Available-for-sale investment (b)	18,262	-	18,262	-
	<b>41,448</b>	<b>23,520</b>	<b>47,899</b>	<b>29,639</b>
<b><u>Current assets</u></b>				
Inventories	8,152	8,566	-	-
Work-in-progress (c)	19,710	1,480	-	-
Trade and other receivables	6,821	8,148	41	29
Amounts due from subsidiaries	-	-	1,300	2,900
Pledged deposits (d)	6,150	7,455	-	-
Cash and short-term deposits	171,538	214,130	142,457	181,676
	<b>212,371</b>	<b>239,779</b>	<b>143,798</b>	<b>184,605</b>
<b><u>Current liabilities</u></b>				
Obligations under finance leases	-	23	-	-
Excess of progress billings over work-in-progress (c)	9,825	3,842	-	-
Trade and other payables	12,818	10,875	670	484
Deferred gain on disposal of subsidiary (e)	58,237	58,237	141,941	141,941
Tax payable	2,614	2,955	3	7
	<b>83,494</b>	<b>75,932</b>	<b>142,614</b>	<b>142,432</b>
Net current assets	128,877	163,847	1,184	42,173

	Group		Company	
	30/6/2011 S\$'000	31/12/2010 S\$'000	30/6/2011 S\$'000	31/12/2010 S\$'000
<b><u>Non-current liabilities</u></b>				
Obligations under finance leases	-	(76)	-	-
Deferred tax liabilities	(159)	(159)	-	-
<b>Net assets</b>	<b>170,166</b>	<b>187,132</b>	<b>49,083</b>	<b>71,812</b>
<b><u>Equity attributable to equity holders of the Company</u></b>				
Share capital	36,053	30,529	36,053	30,529
Reserves	134,113	156,603	13,030	41,283
<b>Total equity</b>	<b>170,166</b>	<b>187,132</b>	<b>49,083</b>	<b>71,812</b>

**Explanatory notes:**

- (a) This relates to the Group's 49% stake in York.
- (b) This relates to the quoted investment in Discovery Offshore S.A., a foreign offshore drilling company.
- (c) The increase was due to higher production activities in the current quarter, especially for newly secured projects.
- (d) These are deposits pledged to the banks as collateral for banking facilities and the issuance of bank guarantees.
- (e) Due to the legal dispute with Sembcorp Marine Ltd on the disposal of PPL Holdings Pte Ltd to QD Asia Pacific Ltd in October 2010, the Group has deferred the gain from the disposal.

**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 30/6/2011		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 30/6/2011		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		6 months ended	
	30/6/11 S\$'000	30/6/10 S\$'000	30/6/11 S\$'000	30/6/10 S\$'000
<b>Cash flows from operating activities:</b>				
(Loss) / profit before tax	(556)	18,363	1,587	21,425
Adjustments for:				
Depreciation	430	448	879	895
Interest income	(36)	(39)	(87)	(87)
Interest expenses	-	4	21	5
Share of results from investment in PPL	-	(15,823)	-	(15,823)
Share of results of associates	(143)	(152)	(600)	(231)
<b>Operating (loss) / profit before working capital changes</b>	<b>(305)</b>	<b>2,801</b>	<b>1,800</b>	<b>6,184</b>
(Increase) / decrease in trade and other receivables	(1,253)	1,380	1,327	507
(Increase) / decrease in inventories	(3,181)	122	414	795
Decrease / (Increase) in pledged deposits	817	(2,739)	1,305	(2,794)
(Decrease) / increase in net progress billings in excess of work-in-progress	(10,381)	(2,659)	(12,247)	(6,690)
Increase / (decrease) in trade payables and other liabilities	4,669	919	1,943	(6,209)
<b>Net cash flows (used in) / from operations</b>	<b>(9,634)</b>	<b>(176)</b>	<b>(5,458)</b>	<b>(8,207)</b>
Interest received	36	39	87	87
Interest paid	-	(4)	(21)	(5)
Income tax paid	(621)	(3,328)	(1,421)	(4,467)
<b>Net cash flows used in operating activities</b>	<b>(10,219)</b>	<b>(3,469)</b>	<b>(6,813)</b>	<b>(12,592)</b>
<b>Cash flows from investing activities:</b>				
Dividend received	102	15,823	102	15,823
Purchase of available-for-sale investment	(9,880)	-	(20,262)	-
Purchase of property, plant and equipment	(30)	(29)	(47)	(32)
<b>Net cash flows (used in) / from investing activities</b>	<b>(9,808)</b>	<b>15,794</b>	<b>(20,207)</b>	<b>15,791</b>
<b>Cash flows from financing activities:</b>				
Net proceeds from conversion of warrants	5,524	8,794	5,524	8,797
Dividends paid on ordinary shares	(20,997)	(15,356)	(20,997)	(15,356)
Repayment of obligations under finance leases	-	(28)	(99)	(35)
<b>Net cash flows used in financing activities</b>	<b>(15,473)</b>	<b>(6,590)</b>	<b>(15,572)</b>	<b>(6,594)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(35,500)</b>	<b>5,735</b>	<b>(42,592)</b>	<b>(3,395)</b>
Cash and cash equivalents at beginning of period	207,038	67,298	214,130	76,428
<b>Cash and cash equivalents at end of period [Note A]</b>	<b>171,538</b>	<b>73,033</b>	<b>171,538</b>	<b>73,033</b>

**Notes to Cash Flow Statement:**

**(A) Cash and cash equivalent**

	30/6/11	30/6/10
	S\$'000	S\$'000
<b>Cash and cash equivalents at end of period / year comprised of:</b>		
Cash at banks and in hand	47,793	50,793
Short-term deposits	123,745	22,240
	<u>171,538</u>	<u>73,033</u>

**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 capitalization 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
<b>Balance at 1/1/2011</b>	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
<b>Balance at 31/3/2011</b>	<b>30,529</b>	<b>2,344</b>	<b>155,652</b>	<b>1,300</b>	<b>159,296</b>	<b>189,825</b>
Issuance of new shares from conversion of warrants*	8	-	-	-	-	8
Issuance of new shares from conversion of warrants**	5,516	-	-	-	-	5,516
Loss for the period	-	-	(886)	-	(886)	(886)
Other comprehensive income for the period	-	-	-	(3,300)	(3,300)	(3,300)
Dividends on ordinary shares	-	-	(20,997)	-	(20,997)	(20,997)
<b>Balance at 30/6/2011</b>	<b>36,053</b>	<b>2,344</b>	<b>133,769</b>	<b>(2,000)</b>	<b>134,113</b>	<b>170,166</b>
<b>Balance at 1/1/2010</b>						
- 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
<b>Balance at 31/3/2010</b>	<b>21,729</b>	<b>2,344</b>	<b>144,666</b>	<b>-</b>	<b>147,010</b>	<b>168,739</b>
Issuance of new shares from conversion of warrants*	5	-	-	-	-	5
Issuance of new shares from conversion of warrants**	8,789	-	-	-	-	8,789
Total comprehensive income for the period	-	-	17,803	-	17,803	17,803
Dividends on ordinary shares	-	-	(15,356)	-	(15,356)	(15,356)
<b>Balance at 30/6/2010</b>	<b>30,523</b>	<b>2,344</b>	<b>147,113</b>	<b>-</b>	<b>149,457</b>	<b>179,980</b>

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
<b>Balance at 1/1/2011</b>	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
<b>Balance at 31/3/2011</b>	<b>30,529</b>	<b>2,344</b>	<b>36,560</b>	<b>1,300</b>	<b>40,204</b>	<b>70,733</b>
Issuance of new shares from conversion of warrants*	8	-	-	-	-	8
Issuance of new shares from conversion of warrants**	5,516	-	-	-	-	5,516
Loss for the period	-	-	(2,877)	-	(2,877)	(2,877)
Other comprehensive income for the period	-	-	-	(3,300)	(3,300)	(3,300)
Dividends on ordinary shares	-	-	(20,997)	-	(20,997)	(20,997)
<b>Balance at 30/6/2011</b>	<b>36,053</b>	<b>2,344</b>	<b>12,686</b>	<b>(2,000)</b>	<b>13,030</b>	<b>49,083</b>
<b>Balance at 1/1/2010</b>	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)
<b>Balance at 31/3/2010</b>	<b>21,729</b>	<b>2,344</b>	<b>47,164</b>	<b>-</b>	<b>49,508</b>	<b>71,237</b>
Issuance of new shares from conversion of warrants*	5	-	-	-	-	5
Issuance of new shares from conversion of warrants**	8,789	-	-	-	-	8,789
Total comprehensive income for the period	-	-	3,534	-	3,534	3,534
Dividends on ordinary shares	-	-	(15,356)	-	(15,356)	(15,356)
<b>Balance at 30/6/2010</b>	<b>30,523</b>	<b>2,344</b>	<b>35,342</b>	<b>-</b>	<b>37,686</b>	<b>68,209</b>

\* - W110613

\*\* - W121116

**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 30 June 2011, 352,888 warrants (W110613) and 17,237,500 warrants (W121116) were exercised at S\$0.025 and S\$0.320 each by warrant holders, respectively, to subscribe for a total of 17,590,388 new ordinary shares in the Company.

The remaining unexercised 52,065 warrants (W110613) expired on 13 June 2011.

As at 30 June 2011 and 31 December 2010, the Company has the following warrants that remained outstanding:

	Expiry Date	Exercise Price	No. of warrants	
			30 Jun 2011	31 Dec 2010
W110613	13 June 2011	S\$0.025	-	404,953
W121116	16 November 2012	S\$0.320	282,662,881	299,900,381
			<u>282,662,881</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 30 June 2011, the Company's issued share capital was S\$36,053,443 (31 December 2010 – S\$30,528,621) comprising 700,168,881 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		Group	
	3 months ended		6 months ended	
	30/6/2011	30/6/2010	30/6/2011	30/6/2010
(i) Basic earnings per share (in cents)	(0.13)	2.67	0.07	3.05
(ii) Diluted earnings per share (in cents)	(0.13)	1.85	0.05	2.10

- (i) Basic earnings per ordinary share for the financial period ended 30 June 2011 was calculated based on the weighted average number of ordinary shares in issue of 687,893,952 (30 June 2010 – 664,311,251).
- (ii) Earnings per share for the financial period ended 30 June 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 282,662,881 warrants (30 June 2010 – 300,361,934 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	
	30/6/2011	31/12/2010	30/6/2011	31/12/2010
Net Asset Value per ordinary share based on issued share capital at the end of the period (in cents)	24.3	27.4	7.0	10.5

Net asset value per ordinary share as at 30 June 2011 and 31 December 2010 was calculated based on the number of shares in issue of 700,168,881 and 682,578,493 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**

2Q2011 vs 2Q2010

Group revenue for 2Q2011 was S\$19.3 million, an increase of 183% from the corresponding period in 2010. This was mainly attributable to higher level of progressive recognition of revenue, especially from new orders secured in late 2010 and early 2011.



### 1H2011 vs 1H2010

Group revenue increased from S\$13.0 million in 1H2010 to S\$29.9 million in 1H2011. The increase was in line with the improvement in the intake of new orders since late 2010 and early 2011.

As at the end of June 2011, the Group's net order book stands at US\$57 million. These orders are expected to be completed within the next 12 to 18 months.

### **Profitability**

#### 2Q2011 vs 2Q2010

Despite higher revenue, the Group's gross profit for 2Q2011 was flat at S\$4.6 million as most of the projects were in their early stages of construction. In comparison, the gross profit margin for 2Q2010 was higher as most projects then were either completed or near completion, and higher margins were recognised towards the closing stages of construction.

For the current quarter ended 30 June 2011, the Group recorded a net loss of S\$0.9 million, as compared to a net profit of S\$17.8 million in 2Q2010. The significant reduction in the Group's profitability was also due to:

- absence of a share of results from investment in PPLS, of which S\$15.8 million was recorded in 2Q2010, as a result of its disposal of PPL Holdings Pte Ltd in October 2010;
- higher foreign exchange loss of S\$2.2 million due to further weakening of the US\$ against the S\$; and
- higher administrative expenses due to higher professional and legal fees.

#### 1H2011 vs 1H2010

Despite an increase of 130% in revenue for the six months ended 30 June 2011, the Group's gross profit increased by only 11% to S\$9.9 million in 1H2011. This was mainly attributed to a lower gross profit margin in the current period due to:

- lesser number of projects which were either completed or near completion in 1H2011 where higher margins were typically recognised towards the closing stages of construction; and
- a lower write-back of unutilised warranty provision of S\$0.6 million (1H2010: S\$1.4 million).

The Group's share of results from its 49% stake in York improved to S\$0.6 million, from S\$0.2 million in 1H2010, due to improvement in the operating environment for the trailer axles industry, especially in India.

As a result of the significant reduction in profitability in 2Q2011, the Group's net profit was also reduced by 97% to S\$0.5 million in 1H2011.

### **Financial position & cash flow**

Group shareholders' fund decreased from S\$187.1 million at 31 December 2010 to S\$170.2 million at 30 June 2011, mainly attributable to the payment of dividend to its shareholders for the period.

For the second quarter and half year ended 30 June 2011, the Group's net cash outflows were S\$35.5 million and S\$42.6 million respectively, mainly due to lower operating cash flows, acquisition of an available-for-sale investment and payment of dividend. However, the Group's net available cash and cash equivalents remain healthy at S\$171.5 million as at June 2011.

**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**

Since 30 June 2011, the Group has secured further new projects resulting in an increase to the Group's net order book to approximately US\$114 million as at the date of this report.

Notwithstanding the healthy order book, the outlook is uncertain because of the recent events in the global financial market.

**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.

**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 second quarter and half year ended 30 June 2011 to be false or misleading.

**BY ORDER OF THE BOARD**

Nga Ko Nie  
Company Secretary  
11 August 2011