



**BAKER TECHNOLOGY LIMITED**

Company Registration No.: 198100637D

**Quarterly Financial Statement And Dividend Announcement for the Period Ended 30 September 2008**

**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 |              |            | 9 months ended |               |             |
|   |     | 30/9/08        | 30/9/07      | Change     | 30/9/08        | 30/9/07       | Change      |
|   |     | S\$'000        | S\$'000      | %          | S\$'000        | S\$'000       | %           |
| Revenue   | (a) | 26,273         | 18,662       | 41         | 42,886         | 50,733        | (15)        |
| Cost of goods sold  |     | (21,613)       | (14,102)     | 53         | (32,791)       | (39,279)      | (17)        |
| <b>Gross profit</b>   | (a) | <b>4,660</b>   | <b>4,560</b> | <b>2</b>   | <b>10,095</b>  | <b>11,454</b> | <b>(12)</b> |
| Other operating income  |     | 6,520          | 119          | 5,379      | 6,651          | 507           | 1,212       |
| Administrative expenses   |     | (1,616)        | (1,653)      | (2)        | (3,346)        | (5,403)       | (38)        |
| Selling & distribution expenses                                 |     | -              | (1,629)      | (100)      | -              | (3,418)       | (100)       |
| Other operating expenses  |     | (50)           | (17)         | 194        | (248)          | (44)          | 464         |
| Finance cost  |     | (3)            | (37)         | (92)       | (4)            | (161)         | (98)        |
| Share of results of associates                                  | (b) | (236)          | -            | NM         | 368            | -             | NM          |
| <b>Profit before taxation</b>                                   | (c) | <b>9,275</b>   | <b>1,343</b> | <b>591</b> | <b>13,516</b>  | <b>2,935</b>  | <b>361</b>  |
| Income tax expenses   |     | (773)          | (244)        | 217        | (1,558)        | (782)         | 99          |
| <b>Net profit attributable to equity holders of the Company</b> | (a) | <b>8,502</b>   | <b>1,099</b> | <b>674</b> | <b>11,958</b>  | <b>2,153</b>  | <b>455</b>  |

NM – Not meaningful

**Explanatory notes:**

(a) On 30 April 2008, the Group acquired the entire issued and paid-up capital of Sea Deep Shipyard Pte. Ltd. and its subsidiary ("Sea Deep") and accordingly consolidated the results of Sea Deep from 30 April 2008. With the completion of this acquisition, the Group is now principally involved in the offshore marine oil and gas sector.

The Group's comparative figures for 2007 comprised revenue and related costs and expenses from the manufacturing and distribution of trailer axles and related components by York Transport (Asia) Equipment Pte Ltd and its subsidiaries ("York Transport"). The result of York Transport was consolidated up till 5 October 2007 when the Group disposed its 51% interest.

(b) This relates to the Group's remaining 49% share in the result of York Transport.

(c) Profit before taxation is stated after charging / (crediting):

|  | Group          |         |        |                |         |        |
|--|----------------|---------|--------|----------------|---------|--------|
|  | 3 months ended |         |        | 9 months ended |         |        |
|  | 30/9/08        | 30/9/07 | Change | 30/9/08        | 30/9/07 | Change |
|  | S\$'000        | S\$'000 | %      | S\$'000        | S\$'000 | %      |
| Depreciation   | 299            | 163     | 83     | 510            | 499     | 2      |
| Foreign exchange gain                                | (1,173)        | (74)    | 1,485  | (1,050)        | (336)   | 213    |
| Gain on disposal of property,<br>plant and equipment | -              | (74)    | (100)  | -              | (91)    | (100)  |
| Royalty income                                       | -              | (45)    | (100)  | -              | (171)   | (100)  |
| Interest income                                      | (7)            | -       | NM     | (107)          | -       | NM     |
| Dividend income                                      | (5,310)        | -       | NM     | (5,310)        | -       | NM     |

**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       |               |
|--|---------------|---------------|---------------|---------------|
|  | 30/9/2008     | 31/12/2007    | 30/9/2008     | 31/12/2007    |
|  | S\$'000       | S\$'000       | S\$'000       | S\$'000       |
| <b><u>Non-current assets</u></b>               |               |               |               |               |
| Property, plant and equipment                  | 8,644         | 5             | 3             | 5             |
| Investment in subsidiaries (a)                 | -             | -             | 23,600        | 3,600         |
| Investment in associates (b)                   | 11,475        | 11,712        | 9,616         | 9,616         |
| Other investment (c)                           | 5,066         | 5,066         | -             | -             |
| Goodwill on consolidation (a)                  | 8,289         | -             | -             | -             |
|  | <u>33,474</u> | <u>16,783</u> | <u>33,219</u> | <u>13,221</u> |
| <b><u>Current assets</u></b>                   |               |               |               |               |
| Inventories                                    | 4,148         | -             | -             | -             |
| Trade receivables                              | 41,253        | -             | -             | -             |
| Other receivables                              | 1,179         | 32            | 42            | 32            |
| Cash and cash equivalents (d)                  | 12,561        | 27,206        | 13            | 15,203        |
|  | <u>59,141</u> | <u>27,238</u> | <u>55</u>     | <u>15,235</u> |
| <b><u>Current liabilities</u></b>              |               |               |               |               |
| Obligations under finance leases               | 39            | -             | -             | -             |
| Progress billing in excess of work in progress | 11,872        | -             | -             | -             |
| Trade payables                                 | 12,583        | -             | -             | -             |
| Other liabilities (e)                          | 4,998         | 197           | 184           | 151           |
| Amounts due to subsidiary                      | -             | -             | 6,250         | -             |
| Amounts due to a related company               | 5,403         | -             | -             | -             |
| Amount due to vendors (f)                      | 1,000         | 2,000         | 1,000         | 2,000         |
| Tax payable                                    | 2,698         | 196           | -             | -             |
|  | <u>38,593</u> | <u>2,393</u>  | <u>7,434</u>  | <u>2,151</u>  |
| Net current assets / (liabilities)             | 20,548        | 24,845        | (7,379)       | 13,084        |
| <b><u>Non-current liabilities</u></b>          |               |               |               |               |
| Obligations under finance leases               | (216)         | -             | -             | -             |
| Deferred tax liabilities                       | (215)         | -             | -             | -             |
|  | <u>(431)</u>  | <u>-</u>      | <u>-</u>      | <u>-</u>      |
| <b>Net assets</b>                              | <u>53,591</u> | <u>41,628</u> | <u>25,840</u> | <u>26,305</u> |

|   | Group         |               | Company       |               |
|---|---------------|---------------|---------------|---------------|
|   | 30/9/2008     | 31/12/2007    | 30/9/2008     | 31/12/2007    |
|   | S\$'000       | S\$'000       | S\$'000       | S\$'000       |
| <b>Equity attributable to equity holders of the Company</b> |               |               |               |               |
| Share capital   | 18,115        | 18,110        | 18,115        | 18,110        |
| Reserves  | 35,476        | 23,518        | 7,725         | 8,195         |
| <b>Total equity</b>   | <b>53,591</b> | <b>41,628</b> | <b>25,840</b> | <b>26,305</b> |

**Explanatory notes:**

- (a) The increase in investment in subsidiaries and goodwill on consolidation are in relation to the acquisition of Sea Deep during Q2' 2008.
- (b) This relates to the 49% stake in York Transport.
- (c) The amount relates to the 15% equity stake in PPL Shipyard Pte Ltd ("PPL Shipyard"), held through PPL Holdings Pte Ltd.
- (d) The Group's cash and cash equivalents included pledged deposits of S\$6,326,000 as at 30 September 2008 (31 December 2007: S\$Nil). These deposits are pledged to the banks as collateral for banking facilities and the issuance of bank guarantees.
- (e) Other liabilities include accruals for operating expenses.
- (f) This relates to the last installment payment of \$1,000,000 due in November 2008 for the acquisition of PPL Holdings Pte Ltd.

**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 30/9/2008 |           | As at 31/12/2007 |           |
|-----------------|-----------|------------------|-----------|
| Secured         | Unsecured | Secured          | Unsecured |
| S\$'000         | S\$'000   | S\$'000          | S\$'000   |
| 39              | -         | -                | -         |

**Amount repayable after one year**

| As at 30/9/2008 |           | As at 31/12/2007 |           |
|-----------------|-----------|------------------|-----------|
| Secured         | Unsecured | Secured          | Unsecured |
| S\$'000         | S\$'000   | S\$'000          | S\$'000   |
| 216             | -         | -                | -         |

**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     |                    | 9 months ended     |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | 30/9/08<br>S\$'000 | 30/9/07<br>S\$'000 | 30/9/08<br>S\$'000 | 30/9/07<br>S\$'000 |
| <b>Cash flows from operating activities:</b>                        |                    |                    |                    |                    |
| Profit before tax   | 9,275              | 1,343              | 13,516             | 2,935              |
| Adjustments for:  |                    |                    |                    |                    |
| Depreciation  | 299                | 163                | 510                | 499                |
| Dividend income   | (5,310)            | -                  | (5,310)            | -                  |
| Interest income   | (7)                | -                  | (107)              | -                  |
| Interest expenses   | 3                  | 37                 | 4                  | 161                |
| Gain on disposal of property, plant and equipment                   | -                  | (74)               | -                  | (91)               |
| Negative goodwill arising on acquisition                            | -                  | -                  | -                  | (38)               |
| Share of results of associates                                      | 236                | -                  | (368)              | -                  |
| <b>Operating profit before working capital changes</b>              | <b>4,496</b>       | <b>1,469</b>       | <b>8,245</b>       | <b>3,466</b>       |
| Increase in trade receivables                                       | (14,053)           | (217)              | (15,413)           | (4,037)            |
| (Increase) / decrease in other receivables                          | (204)              | (1,154)            | 381                | (1,705)            |
| Decrease / (increase) in inventories                                | 1,210              | (1,192)            | 1,976              | 228                |
| (Increase) / decrease in pledged deposits                           | (2,047)            | -                  | 765                | -                  |
| Decrease in progress billing in excess of work in progress          | (253)              | -                  | (2,716)            | -                  |
| Increase in trade payables  | 2,611              | 2,449              | 3,803              | 5,030              |
| Increase / (decrease) in other liabilities                          | 1,268              | (5)                | 1,164              | 512                |
| <b>Net cash flows (used in) / from operations</b>                   | <b>(6,972)</b>     | <b>1,350</b>       | <b>(1,795)</b>     | <b>3,494</b>       |
| Interest received   | 7                  | -                  | 107                | -                  |
| Interest paid   | (3)                | (37)               | (4)                | (161)              |
| Income tax paid   | (2,578)            | (184)              | (2,578)            | (561)              |
| <b>Net cash flows (used in) / from operating activities</b>         | <b>(9,546)</b>     | <b>1,129</b>       | <b>(4,270)</b>     | <b>2,772</b>       |
| <b>Cash flows from investing activities:</b>                        |                    |                    |                    |                    |
| Dividend received   | 5,310              | -                  | 5,915              | -                  |
| Proceeds from disposal of property, plant and equipment             | -                  | 131                | -                  | 175                |
| Purchase of property, plant and equipment                           | (1,321)            | (6)                | (2,682)            | (267)              |
| Repayment to vendors  | -                  | -                  | (1,000)            | -                  |
| Net cash (outflow) / inflow on acquisition of subsidiaries [Note B] | -                  | -                  | (18,925)           | 158                |
| <b>Net cash flows from / (used in) investing activities</b>         | <b>3,989</b>       | <b>125</b>         | <b>(16,692)</b>    | <b>66</b>          |
| <b>Cash flows from financing activities:</b>                        |                    |                    |                    |                    |
| Net proceeds from conversion of warrants                            | 1                  | 60                 | 5                  | 95                 |
| Repayment of loans and borrowings                                   | -                  | 6                  | -                  | (989)              |
| Repayment of finance leases   | (10)               | (85)               | (14)               | (150)              |
| <b>Net cash flows used in financing activities</b>                  | <b>(9)</b>         | <b>(19)</b>        | <b>(9)</b>         | <b>(1,044)</b>     |
| <b>Net (decrease) / increase in cash and cash equivalents</b>       | <b>(5,566)</b>     | <b>1,235</b>       | <b>(20,971)</b>    | <b>1,794</b>       |
| Cash and cash equivalents at beginning of period                    | 11,801             | 2,024              | 27,206             | 1,569              |
| Effect of exchange rate changes on cash and cash equivalents        | -                  | 48                 | -                  | (56)               |
| <b>Cash and cash equivalents at end of period [Note A]</b>          | <b>6,235</b>       | <b>3,307</b>       | <b>6,235</b>       | <b>3,307</b>       |

**Notes to Cash Flow Statement:**

**(A) Cash and cash equivalent**

|   | <b>30/9/08</b> | <b>30/9/07</b> |
|---|----------------|----------------|
|   | <b>S\$'000</b> | <b>S\$'000</b> |
| <b>Cash and cash equivalents at end of period comprised of:</b> |                |                |
| Cash at banks and in hand                                       | 313            | 3,307          |
| Short-term deposits   | 12,248         | -              |
|   | <u>12,561</u>  | <u>3,307</u>   |
| Less: Pledged deposits **                                       | (6,326)        | -              |
|   | <u>6,235</u>   | <u>3,307</u>   |

\*\* - These are deposits pledged to the banks as collateral for banking facilities and the issuance of bank guarantees.

**(B) Acquisition of subsidiaries**

On 30 April 2008, the Group acquired 100% of the issued and paid-up share capital of Sea Deep Shipyard Pte. Ltd. and its subsidiary for S\$20,000,000.

The aggregate effect of the acquisition of subsidiaries is as follows:-

|   | <b>S\$'000</b> |
|---|----------------|
| Property, plant and equipment                     | 6,467          |
| Current assets                                    | 41,658         |
| Current liabilities                               | (35,969)       |
| Non-current liabilities                           | (445)          |
| Net assets acquired                               | <u>11,711</u>  |
| Goodwill on consolidation                         | 8,289          |
| Total purchase consideration paid                 | <u>20,000</u>  |
| Less: cash and cash equivalents of subsidiaries   | <u>(1,075)</u> |
| Net cash outflow from acquisition of subsidiaries | <u>18,925</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**

| <b>Group</b>                                       | <b>Share capital</b> | <b>Capital reserve</b> | <b>Foreign currency translation reserve</b> | <b>Accumulated profits</b> | <b>Total reserves</b> | <b>Total equity</b> |
|--|----------------------|------------------------|---|----------------------------|-----------------------|---------------------|
|  | <b>S\$'000</b>       | <b>S\$'000</b>         | <b>S\$'000</b>                              | <b>S\$'000</b>             | <b>S\$'000</b>        | <b>S\$'000</b>      |
| <b>Balance at 1/1/2007</b>                         | 18,006               | 1,928                  | 993   | 1,194                      | 4,115                 | 22,121              |
| Net effect of exchange differences                 | -                    | -                      | 25  | -                          | 25                    | 25                  |
| Profit for the period                              | -                    | -                      | -   | 332                        | 332                   | 332                 |
| <b>Balance at 31/3/2007</b>                        | 18,006               | 1,928                  | 1,018                                       | 1,526                      | 4,472                 | 22,478              |
| Net effect of exchange differences                 | -                    | -                      | 30  | -                          | 30                    | 30                  |
| Issuance of new shares from conversion of warrants | 35                   | -                      | -   | -                          | -                     | 35                  |
| Profit for the period                              | -                    | -                      | -   | 722                        | 722                   | 722                 |
| <b>Balance at 30/6/2007</b>                        | 18,041               | 1,928                  | 1,048                                       | 2,248                      | 5,224                 | 23,265              |
| Net effect of exchange differences                 | -                    | -                      | 62  | -                          | 62                    | 62                  |
| Issuance of new shares from conversion of warrants | 60                   | -                      | -   | -                          | -                     | 60                  |
| Profit for the period                              | -                    | -                      | -   | 1,099                      | 1,099                 | 1,099               |
| <b>Balance at 30/9/2007</b>                        | <b>18,101</b>        | <b>1,928</b>           | <b>1,110</b>                                | <b>3,347</b>               | <b>6,385</b>          | <b>24,486</b>       |
| <b>Balance at 1/1/2008</b>                         | 18,110               | 2,344                  | -   | 21,174                     | 23,518                | 41,628              |
| Issuance of new shares from conversion of warrants | 3                    | -                      | -   | -                          | -                     | 3                   |
| Profit for the period                              | -                    | -                      | -   | 69                         | 69                    | 69                  |
| <b>Balance at 31/3/2008</b>                        | 18,113               | 2,344                  | -   | 21,243                     | 23,587                | 41,700              |
| Issuance of new shares from conversion of warrants | 1                    | -                      | -   | -                          | -                     | 1                   |
| Profit for the period                              | -                    | -                      | -   | 3,387                      | 3,387                 | 3,387               |
| <b>Balance at 30/6/2008</b>                        | 18,114               | 2,344                  | -   | 24,630                     | 26,974                | 45,088              |
| Issuance of new shares from conversion of warrants | 1                    | -                      | -   | -                          | -                     | 1                   |
| Profit for the period                              | -                    | -                      | -   | 8,502                      | 8,502                 | 8,502               |
| <b>Balance at 30/9/2008</b>                        | <b>18,115</b>        | <b>2,344</b>           | <b>-</b>                                    | <b>33,132</b>              | <b>35,476</b>         | <b>53,591</b>       |

| Company  | Share capital | Capital reserve | Accumulated profits | Total reserves | Total equity  |
|--|---------------|-----------------|---------------------|----------------|---------------|
|  | S\$'000       | S\$'000         | S\$'000             | S\$'000        | S\$'000       |
| <b>Balance at 1/1/2007</b>                         | 18,006        | 2,344           | 256                 | 2,600          | 20,606        |
| Loss for the period                                | -             | -               | (199)               | (199)          | (199)         |
| <b>Balance at 31/3/2007</b>                        | 18,006        | 2,344           | 57                  | 2,401          | 20,407        |
| Issuance of new shares from conversion of warrants | 35            | -               | -                   | -              | 35            |
| Loss for the period                                | -             | -               | (319)               | (319)          | (319)         |
| <b>Balance at 30/6/2007</b>                        | 18,041        | 2,344           | (262)               | 2,082          | 20,123        |
| Issuance of new shares from conversion of warrants | 60            | -               | -                   | -              | 60            |
| Loss for the period                                | -             | -               | (255)               | (255)          | (255)         |
| <b>Balance at 30/9/2007</b>                        | <b>18,101</b> | <b>2,344</b>    | <b>(517)</b>        | <b>1,827</b>   | <b>19,928</b> |
| <b>Balance at 1/1/2008</b>                         | 18,110        | 2,344           | 5,851               | 8,195          | 26,305        |
| Issuance of new shares from conversion of warrants | 3             | -               | -                   | -              | 3             |
| Profit for the period                              | -             | -               | 392                 | 392            | 392           |
| <b>Balance at 31/3/2008</b>                        | 18,113        | 2,344           | 6,243               | 8,587          | 26,700        |
| Issuance of new shares from conversion of warrants | 1             | -               | -                   | -              | 1             |
| Loss for the period                                | -             | -               | (591)               | (591)          | (591)         |
| <b>Balance at 30/6/2008</b>                        | 18,114        | 2,344           | 5,652               | 7,996          | 26,110        |
| Issuance of new shares from conversion of warrants | 1             | -               | -                   | -              | 1             |
| Loss for the period                                | -             | -               | (271)               | (271)          | (271)         |
| <b>Balance at 30/9/2008</b>                        | <b>18,115</b> | <b>2,344</b>    | <b>5,381</b>        | <b>7,725</b>   | <b>25,840</b> |

**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 first nine months in 2008, a total of 204,388 warrants were exercised at \$0.025 each by warrant holders to subscribe for 204,388 new ordinary shares of the Company. As at 30 September 2008, 24,121,243 warrants remained outstanding (31 December 2007 - 24,325,631 warrants).

**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 September 2008, the Company's issued share capital was S\$18,115,259 (31 December 2007 – S\$18,110,149) comprising 631,378,576 ordinary shares (31 December 2007 – 631,174,188 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 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 2007.

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          |           | Group          |           |
|--|----------------|-----------|----------------|-----------|
|  | 3 months ended |           | 9 months ended |           |
|  | 30/9/2008      | 30/9/2007 | 30/9/2008      | 30/9/2007 |
| (i) Basic earnings per share (in cents)    | 1.35           | 0.17      | 1.89           | 0.34      |
| (ii) Diluted earnings per share (in cents) | 1.30           | 0.17      | 1.82           | 0.33      |

(i) Basic earnings per ordinary share for the financial period ended 30 September 2008 was calculated based on the weighted average number of ordinary shares in issue of 631,305,903 (30 September 2007 – 628,178,359).

(ii) Earnings per share for the financial period ended 30 September 2008 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 24,121,243 warrants (30 September 2007 – 24,631,026).



**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   |            |
|--|-----------|------------|-----------|------------|
|  | 30/9/2008 | 31/12/2007 | 30/9/2008 | 31/12/2007 |
| Net Asset Value per ordinary share based on issued share capital at the end of the period (in cents) | 8.5       | 6.6        | 4.1       | 4.2        |

Net asset value per ordinary share as at 30 September 2008 and 31 December 2007 was calculated based on the number of shares in issue of 631,378,576 and 631,174,188 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**

| <u>Revenue by business segment</u>          | 3 months ended |               | 9 months ended |               |
|---|----------------|---------------|----------------|---------------|
|   | 30/9/2008      | 30/9/2007     | 30/9/2008      | 30/9/2007     |
|   | S\$'000        | S\$'000       | S\$'000        | S\$'000       |
| Equipment & services for Oil & Gas industry | 26,273         | -             | 42,886         | -             |
| Trailer axles #                             | -              | 18,662        | -              | 50,733        |
|   | <u>26,273</u>  | <u>18,662</u> | <u>42,886</u>  | <u>50,733</u> |

# - The trailer axles business is conducted through York Transport. On 5 October 2007, the Group disposed its 51% interest in York Transport and accordingly, it ceased to be a wholly-owned subsidiary of the Group. Since then, the Group equity accounts for its remaining 49% share in the results of York Transport.

Group revenue decreased by S\$7.8 million, or 15%, to S\$42.9 million for the 9 months ended 30 September 2008 ("9M2008") when compared to the corresponding period last year ("9M2007"). The decrease was due to the disposal of its 51% interest in the trailer axles business, York Transport, on 5 October 2007. The Group has effectively re-positioned itself as a manufacturer and provider of specialised equipment and services for the offshore marine oil and gas sector through the acquisition of Sea Deep on 30 April 2008. Accordingly, only 5 months of Sea Deep's post-acquisition results were consolidated into the reported Group results for 9M2008.

**Profitability**

For 9M2008, Sea Deep reported a revenue of S\$79.8 million, a gross profit of S\$16.1 million and a net profit of S\$9.7 million. Of the net profit of S\$9.7 million, post-acquisition profit of S\$7.3 million was consolidated into the Group's results for 9M2008.

Group profitability for 9M2008 was further boosted by the following:

- Receipt of US\$3.75 million (S\$5.3 million) one tier tax-exempt interim dividend from PPL Shipyard Pte Ltd ("PPL") in September 2008, for the Group's 15% interest in the company; and
- Foreign exchange gain of S\$1.1 million resulting mainly from the strengthening of the US\$ against the S\$ during the current quarter ended 30 September 2008.

For the 3 months ended 30 September 2008, the Group's 49% share in the results of York Transport was a loss of S\$236,000. This was mainly due to lower margin and foreign exchange losses for that period. However, the share in the results of York Transport remained positive at S\$368,000 for 9M2008.

The Group's effective tax rate for 9M2008 was significantly lower than the Singapore statutory tax rate of 18% due to the receipt of dividend which is tax exempt.

On the back of strong contribution from Sea Deep and dividend income, the Group reported a net profit after tax of about S\$12.0 million for 9M2008, an increase of S\$9.8 million from the corresponding period last year.

The Group has also been upgraded to the mainboard of SGX-ST on 6 October 2008.

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

The Group maintains a strong financial position as at 30 September 2008. Group's total shareholders' fund rose 29% to S\$53.6 million as at 30 September 2008 from S\$41.6 million as at 31 December 2007. As of 30 September 2008, the Group has available cash and cash equivalents of S\$6.2 million.

For the 9 months ended 30 September 2008, the Group generated negative operating cash flows of S\$4.3 million. This was mainly due to the increase in trade receivables of S\$15.4 million, of which approximately S\$11.0 million has been collected in October 2008.

#### **9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

In its half year 2008 financial results announcement, it was stated that barring unforeseen circumstances, the directors were optimistic that the Group would achieve better operating results for financial year 2008. There is no material variance from this 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**

The global economic conditions have deteriorated in the last few months. With the current uncertainties in the global financial markets, the outlook for the offshore marine oil and gas sector is expected to be challenging. Nonetheless, this is not expected to have a significant impact on the overall performance of the Group for the financial year 2008 as Sea Deep has a net order book of approximately US\$59 million as at 30 September 2008, the bulk of which is expected to be recognised as revenue within the next 12 to 18 months.

As for the trailer axle business, the Group expects the operating environment to remain challenging and competitive.

**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.

**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**

Refer to paragraphs 8 and 10 above.

**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*)

|                   | <b>Latest Full Year<br/>(S\$'000)</b> | <b>Previous Full Year<br/>(S\$'000)</b> |
|-------------------|---------------------------------------|---|
| <b>Ordinary</b>   | 0                                     | 0                                       |
| <b>Preference</b> | 0                                     | 0                                       |
| <b>Total</b>      | 0                                     | 0                                       |

**17. 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 third quarter and nine months ended 30 September 2008 to be false or misleading.

**BY ORDER OF THE BOARD**

Aw Seok Chin  
Company Secretary  
5 November 2008