



BAKER TECHNOLOGY LIMITED

Company Registration No.: 198100637D

Quarterly Financial Statement And Dividend Announcement for the Period Ended 30 September 2009

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		
	30/9/09 S\$'000	30/9/08 S\$'000	Change %	30/9/09 S\$'000	30/9/08 S\$'000	Change %
Revenue	28,777	26,273	10	63,688	42,886	49
Cost of goods sold	(9,015)	(21,613)	(58)	(26,338)	(32,791)	(20)
Gross profit	19,762	4,660	324	37,350	10,095	270
Other operating income	5,169	6,520	(21)	5,601	6,651	(16)
Administrative expenses	(1,997)	(1,616)	24	(4,893)	(3,346)	46
Other operating expenses	(1,407)	(50)	2,714	(1,734)	(248)	599
Finance cost	(2)	(3)	(33)	(8)	(4)	100
Share of results of associates (a)	31	(236)	NM	(512)	368	NM
Profit before taxation (b)	21,556	9,275	132	35,804	13,516	165
Income tax expenses	(2,890)	(773)	274	(5,639)	(1,558)	262
Net profit attributable to equity holders of the Company	18,666	8,502	120	30,165	11,958	152

NM – Not meaningful

A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediate preceding financial year

	Group					
	3 months ended			9 months ended		
	30/9/09 S\$'000	30/9/08 S\$'000	Change %	30/9/09 S\$'000	30/9/08 S\$'000	Change %
Net profit attributable to equity holders of the Company	18,666	8,502	120	30,165	11,958	152
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income attributable to equity holders of the Company	18,666	8,502	120	30,165	11,958	152

Explanatory notes:

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

	Group					
	3 months ended			9 months ended		
	30/9/09 S\$'000	30/9/08 S\$'000	Change %	30/9/09 S\$'000	30/9/08 S\$'000	Change %
Depreciation	499	299	67	1,370	510	169
Foreign exchange loss/(gain)	1,690	(1,173)	NM	1,391	(1,050)	NM
Loss on disposal of property, plant and equipment	-	-	-	16	-	NM
Interest income	(41)	(7)	486	(116)	(107)	8
Dividend income	(5,400)	(5,310)	2	(5,400)	(5,310)	2
Amortisation of intangible assets	-	-	-	317	-	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	
	30/9/2009 S\$'000	31/12/2008 S\$'000	30/9/2009 S\$'000	31/12/2008 S\$'000
<u>Non-current assets</u>				
Property, plant and equipment	7,377	8,647	4	6
Intangible assets	7,551	7,868	-	-
Investment in subsidiaries	-	-	23,600	23,600
Investment in associates	(a) 10,057	10,569	9,616	9,616
Other investment	(b) 5,066	5,066	-	-
	30,051	32,150	33,220	33,222
<u>Current assets</u>				
Inventories	(c) 11,090	4,513	-	-
Work-in-progress	2,014	8,571	-	-
Trade receivables	(d) 14,282	36,304	-	-
Other receivables	132	887	39	14
Amounts due from subsidiaries	-	-	1,200	1,872
Cash and cash equivalents	73,271	37,644	403	25
	100,789	87,919	1,642	1,911
<u>Current liabilities</u>				
Obligations under finance leases	27	39	-	-
Progress billing in excess of work in progress	(e) 22,416	40,292	-	-
Trade payables and other liabilities	14,257	14,725	282	237
Amounts due to subsidiary	-	-	10,927	7,409
Tax payable	6,025	4,357	6	8
	42,725	59,413	11,215	7,654
Net current assets / (liabilities)	58,064	28,506	(9,573)	(5,743)
<u>Non-current liabilities</u>				
Obligations under finance leases	(125)	(206)	-	-
Net assets	87,990	60,450	23,647	27,479

	Group		Company	
	30/9/2009	31/12/2008	30/9/2009	31/12/2008
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Equity attributable to equity holders of the Company</u>				
Share capital	18,649	18,115	18,649	18,115
Reserves	69,341	42,335	4,998	9,364
Total equity	87,990	60,450	23,647	27,479

Explanatory notes:

- (a) This relates to the 49% stake in York Transport.
- (b) The amount relates to the 15% equity stake in PPL Shipyard Pte Ltd ("PPL"), held through PPL Holdings Pte Ltd and its subsidiary.
- (c) The increase was due to building of inventory for future orders.
- (d) The reduction was due to collection of receivables.
- (e) The reduction was in line with higher completion of projects in the current quarter.

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year

Amount repayable in one year or less, or on demand

As at 30/9/2009		As at 31/12/2008	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
27	-	39	-

Amount repayable after one year

As at 30/9/2009		As at 31/12/2008	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
125	-	206	-

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	
	30/9/09 S\$'000	30/9/08 S\$'000	30/9/09 S\$'000	30/9/08 S\$'000
Cash flows from operating activities:				
Profit before tax	21,556	9,275	35,804	13,516
Adjustments for:				
Depreciation	499	299	1,370	510
Amortisation of intangible assets	-	-	317	-
Dividend income	(5,400)	(5,310)	(5,400)	(5,310)
Interest income	(41)	(7)	(116)	(107)
Interest expenses	2	3	8	4
Loss on disposal of property, plant and equipment	-	-	16	-
Share of results of associates	(31)	236	512	(368)
Operating profit before working capital changes	16,585	4,496	32,511	8,245
(Increase) / decrease in trade receivables	(1,893)	(14,053)	22,022	(15,413)
Decrease / (increase) in other receivables	140	(204)	755	381
Decrease / (increase) in inventories	83	1,210	(6,577)	1,976
Decrease / (increase) in pledged deposits	2,480	(2,047)	1,023	765
Decrease in progress billing in excess of work in progress	(20,112)	(253)	(11,319)	(2,716)
Increase / (decrease) in trade payables and other liabilities	2,757	3,879	(468)	4,967
Net cash flows from / (used in) operations	40	(6,972)	37,947	(1,795)
Interest received	41	7	116	107
Interest paid	(2)	(3)	(8)	(4)
Income tax paid	(1,226)	(2,578)	(3,971)	(2,578)
Net cash flows (used in) / from operating activities	(1,147)	(9,546)	34,084	(4,270)
Cash flows from investing activities:				
Dividend received	5,400	5,310	5,400	5,915
Proceeds from disposal of property, plant and equipment	-	-	49	-
Purchase of property, plant and equipment	(5)	(1,321)	(165)	(2,682)
Repayment to vendors	-	-	-	(1,000)
Net cash (outflow) / inflow on acquisition of subsidiaries	-	-	-	(18,925)
Net cash flows from / (used in) investing activities	5,395	3,989	5,284	(16,692)
Cash flows from financing activities:				
Net proceeds from conversion of warrants	518	1	534	5
Dividends on ordinary shares	-	-	(3,159)	-
Repayment of finance leases	(7)	(10)	(93)	(14)
Net cash flows from / (used in) financing activities	511	(9)	(2,718)	(9)
Net increase / (decrease) in cash and cash equivalents	4,759	(5,566)	36,650	(20,971)
Cash and cash equivalents at beginning of period	63,000	11,801	31,109	27,206
Cash and cash equivalents at end of period [Note A]	67,759	6,235	67,759	6,235

Notes to Cash Flow Statement:

(A) Cash and cash equivalent

	30/9/09 S\$'000	30/9/08 S\$'000
Cash and cash equivalents at end of period comprised of:		
Cash at banks and in hand	15,489	313
Short-term deposits	57,782	12,248
	73,271	12,561
Less: Pledged deposits **	(5,512)	(6,326)
	67,759	6,235

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

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization 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	Total reserves S\$'000	Total equity S\$'000
Balance at 1/1/2009	18,115	2,344	39,991	42,335	60,450
Issuance of new shares from conversion of warrants	16	-	-	-	16
Total comprehensive income for the period	-	-	11,499	11,499	11,499
Dividends on ordinary shares	-	-	(3,159)	(3,159)	(3,159)
Balance at 30/6/2009	18,131	2,344	48,331	50,675	68,806
Issuance of new shares from conversion of warrants	518	-	-	-	518
Total comprehensive income for the period	-	-	18,666	18,666	18,666
Balance at 30/9/2009	18,649	2,344	66,997	69,341	87,990
Balance at 1/1/2008	18,110	2,344	21,174	23,518	41,628
Issuance of new shares from conversion of warrants	4	-	-	-	4
Total comprehensive income for the period	-	-	3,456	3,456	3,456
Balance at 30/6/2008	18,114	2,344	24,630	26,974	45,088
Issuance of new shares from conversion of warrants	1	-	-	-	1
Total comprehensive income for the period	-	-	8,502	8,502	8,502
Balance at 30/9/2008	18,115	2,344	33,132	35,476	53,591

Company	Share capital	Capital reserve	Accumulated profits	Total reserves	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1/1/2009	18,115	2,344	7,020	9,364	27,479
Issuance of new shares from conversion of warrants	16	-	-	-	16
Total comprehensive income for the period	-	-	(802)	(802)	(802)
Dividends on ordinary shares	-	-	(3,159)	(3,159)	(3,159)
Balance at 30/6/2009	18,131	2,344	3,059	5,403	23,534
Issuance of new shares from conversion of warrants	518	-	-	-	518
Total comprehensive income for the period	-	-	(405)	(405)	(405)
Balance at 30/9/2009	18,649	2,344	2,654	4,998	23,647
Balance at 1/1/2008	18,110	2,344	5,851	8,195	26,305
Issuance of new shares from conversion of warrants	4	-	-	-	4
Total comprehensive income for the period	-	-	(199)	(199)	(199)
Balance at 30/6/2008	18,114	2,344	5,652	7,996	26,110
Issuance of new shares from conversion of warrants	1	-	-	-	1
Total comprehensive income for the period	-	-	(271)	(271)	(271)
Balance at 30/9/2008	18,115	2,344	5,381	7,725	25,840

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 2009, a total of 21,332,945 warrants were exercised at \$0.025 each by warrant holders to subscribe for 21,332,945 new ordinary shares of the Company. As at 30 September 2009, 2,788,298 warrants remained outstanding (31 December 2008 - 24,121,243 warrants).

On 20 August 2009, the Company announced that it has undertaken a renounceable non-underwritten rights issue (the "Warrants Issue") of up to 327,749,909 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\$0.32 for each new share during the exercise period. The Warrant Issue will be made on the basis of one warrant for every two existing ordinary shares in the capital of the Company held by entitled shareholders as at book closure date of 20 October 2009. The Warrant Issue will close on 6 November 2009.

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 2009, the Company's issued share capital was S\$18,648,583 (31 December 2008 – S\$18,115,259) comprising 652,711,521 ordinary shares (31 December 2008 – 631,378,576 ordinary shares).

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on

Not applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by its auditors, Messrs Ernst & Young.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The same accounting policies and methods of computation have been applied in the financial statements as in the most recently audited financial statements except for those as disclosed under paragraph 5 below.

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

The Group adopted the new or revised Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2009.

The adoption of the new or revised FRS and INT FRS did not result in any material effect on the financial statements, except for the disclosure of a statement of comprehensive income in accordance with the FRS 1 (revised) Presentation of Financial Statements.

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	
	30/9/2009	30/9/2008	30/9/2009	30/9/2008
(i) Basic earnings per share (in cents)	2.86	1.35	4.76	1.89
(ii) Diluted earnings per share (in cents)	2.85	1.30	4.74	1.82

- (i) Basic earnings per ordinary share for the financial period ended 30 September 2009 was calculated based on the weighted average number of ordinary shares in issue of 634,201,369 (30 September 2008 – 631,305,903).
- (ii) Earnings per share for the financial period ended 30 September 2009 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 2,788,298 warrants (30 September 2008 – 24,121,243).

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	
	30/9/2009	31/12/2008	30/9/2009	31/12/2008
Net Asset Value per ordinary share based on issued share capital at the end of the period (in cents)	13.5	9.6	3.6	4.4

Net asset value per ordinary share as at 30 September 2009 and 31 December 2008 was calculated based on the number of shares in issue of 652,711,521 and 631,378,576 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

	3Q2009	3Q2008	9M2009	9M2008
	S\$'000	S\$'000	S\$'000	S\$'000
Equipment & services for offshore marine Oil & Gas Industry	28,777	26,273	63,688	42,886

The Group, through its wholly owned subsidiary, Sea Deep Shipyard Pte. Ltd. ("Sea Deep"), is a manufacturer and provider of specialised marine offshore equipment and services for the oil and gas industry.

For 3Q2009, about 30% of the Group's reported revenue of S\$28.8 million was in relation to certain higher contract value projects for the fabrication of specialised steel structures. These fabrication projects were either completed or near completion during the quarter ended 30 September 2009.

Group revenue was S\$63.7 million for 9M2009, an increase of S\$20.8 million from that reported in 9M2008 as the acquisition of Sea Deep was only completed on 30 April 2008 and accordingly, only 5 months of Sea Deep's results were included in 9M 2008.

Profitability

Gross profit for 3Q2009 was S\$19.8 million, an increase of S\$15.1 million from that reported in 3Q2008. The increase was largely due to higher contribution from those fabrication projects as higher margin was recognised for projects towards the closing stages of completion. In addition, project margin for such fabrication of specialised steel structures are typically higher.

The Group's profitability in 3Q2009 was further boosted by the receipt of S\$5.4 million one tier tax-exempt interim dividends from PPL. However, this was partially offset by a foreign exchange loss of S\$1.7 million resulting from the weakening of US\$ against S\$. On the whole, the Group's performance in 3Q2009 has remained sterling with net profit at S\$18.7 million.

Share of results from the 49%-owned associate, York Transport, was a profit of S\$31,000 in 3Q2009 and an overall loss of S\$512,000 in 9M2009.

The increase in income tax expense for 3Q2009 and 9M2009, as compared to the corresponding periods in 2008, was in line with the Group's higher profitability in the current financial year. The Group's effective tax rate for 9M2009 was significantly lower than the Singapore statutory tax rate of 17% due to the receipt of tax-exempt interim dividends.

With the strong performance in 3Q2009, the Group's net profit for 9M2009 was S\$30.2 million as compared to S\$12.0 million for the corresponding period in 2008. Earnings per share stood at 4.76 cents (or 4.74 cents on a fully diluted basis).

Financial position & cash flow

Group shareholders' fund increased from S\$60.5 million at 31 December 2008 to S\$88.0 million at 30 September 2009. This increase was mainly attributable to retained profits for the period. Consequently, net assets per share was 13.5 cents, up 3.9 cents from 9.6 cents at 31 December 2008.

Group net available cash and cash equivalent of S\$67.8 million at 30 September 2009 was an increase of S\$4.8 million from S\$63.0 million at 31 December 2008.

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

The Group's net order book was US\$19 million as at 30 September 2009, down from US\$38 million as at 30 June 2009. These orders will be completed within the next 12 months.

Though order intake has slowed down as a result of the current global economic and financial crisis, the Group remains confident of the offshore marine oil and gas industry's long term fundamentals as oil prices are back to the US\$60 to US\$70 per barrel range and the Group has been receiving more sales enquiries in recent months. With a healthy balance sheet and cash flow, the Group will be able to weather the uncertainties ahead. The Group expects to remain profitable in the fourth quarter of FY2009.

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 third quarter and nine months ended 30 September 2009 to be false or misleading.

BY ORDER OF THE BOARD

Aw Seok Chin
Company Secretary
3 November 2009