



**BAKER TECHNOLOGY LIMITED**

Company Registration No.: 198100637D

**Quarterly Financial Statement And Dividend Announcement for the Period Ended 30 September 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			9 months ended		
	30/9/11 S\$'000	30/9/10* S\$'000	Change %	30/9/11 S\$'000	30/9/10* S\$'000	Change %
Revenue	18,496	13,783	34	48,409	26,805	81
Cost of goods sold	(12,933)	(9,271)	39	(32,920)	(13,355)	146
<b>Gross profit</b>	<b>5,563</b>	<b>4,512</b>	<b>23</b>	<b>15,489</b>	<b>13,450</b>	<b>15</b>
Administrative expenses	(3,102)	(1,775)	75	(8,548)	(5,567)	54
Other operating income / (expenses), net	2,993	(2,285)	NM	(479)	(2,055)	(77)
Finance cost	-	(1)	(100)	(21)	(6)	250
Share of results of associates (a)	(164)	31	NM	436	262	66
Share of results from investment in PPLS (b)	-	-	-	-	15,823	(100)
<b>Profit before taxation (c)</b>	<b>5,290</b>	<b>482</b>	<b>998</b>	<b>6,877</b>	<b>21,907</b>	<b>(69)</b>
Income tax expenses (d)	(997)	(400)	149	(2,077)	(1,570)	32
<b>Net profit attributable to equity holders of the Company</b>	<b>4,293</b>	<b>82</b>	<b>5135</b>	<b>4,800</b>	<b>20,337</b>	<b>(76)</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			9 months ended		
	30/9/11 S\$'000	30/9/10 S\$'000	Change %	30/9/11 S\$'000	30/9/10 S\$'000	Change %
<b>Net profit attributable to equity holders of the Company</b>	<b>4,293</b>	<b>82</b>	<b>5135</b>	<b>4,800</b>	<b>20,337</b>	<b>(76)</b>
Other comprehensive income:						
Net gain / (loss) on fair value changes of available-for-sale investment	(3,600)	-	NM	(5,600)	-	NM
<b>Total comprehensive income attributable to equity holders of the Company</b>	<b>693</b>	<b>82</b>	<b>745</b>	<b>(800)</b>	<b>20,337</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 a tax-exempt interim dividend of S\$15,823,000 from PPLS in 2Q2010.
- (c) Profit before taxation is stated after charging / (crediting):

	<b>Group</b>					
	<b>3 months ended</b>			<b>9 months ended</b>		
	<b>30/9/11</b>	<b>30/9/10</b>	<b>Change</b>	<b>30/9/11</b>	<b>30/9/10</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	438	499	(12)	1,317	1,344	(2)
Foreign exchange (gain) / loss	(3,006)	2,369	NM	598	2,169	(72)
Interest income	(50)	(55)	(9)	(137)	(142)	(4)

- (d) The taxation charge for the current quarter and period ended 30 September 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>30/9/2011</b>	<b>31/12/2010</b>	<b>30/9/2011</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	4,234	5,262	19	23
Intangible assets	7,551	7,551	-	-
Investment in subsidiaries	-	-	20,000	20,000
Investment in associates (a)	11,041	10,707	9,616	9,616
Available-for-sale investment (b)	19,751	-	19,751	-
	<b>42,577</b>	<b>23,520</b>	<b>49,386</b>	<b>29,639</b>
<b><u>Current assets</u></b>				
Inventories	7,924	8,566	-	-
Work-in-progress (c)	19,716	1,480	-	-
Trade and other receivables (d)	10,057	8,148	60	29
Amounts due from subsidiaries	-	-	450	2,900
Pledged deposits (e)	6,500	7,455	-	-
Cash and short-term deposits	176,267	214,130	137,614	181,676
	<b>220,464</b>	<b>239,779</b>	<b>138,124</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)	19,916	3,842	-	-
Trade and other payables (d)	11,368	10,875	735	484
Deferred gain on disposal of subsidiary (f)	58,237	58,237	141,941	141,941
Tax payable	2,502	2,955	3	7
	<b>92,023</b>	<b>75,932</b>	<b>142,679</b>	<b>142,432</b>
Net current assets/(liabilities)	128,441	163,847	(4,555)	42,173

	<b>Group</b>		<b>Company</b>	
	<b>30/9/2011</b>	<b>31/12/2010</b>	<b>30/9/2011</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 liabilities</u></b>				
Obligations under finance leases	-	(76)	-	-
Deferred tax liabilities	(159)	(159)	-	-
<b>Net assets</b>	<b>170,859</b>	<b>187,132</b>	<b>44,831</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	134,806	156,603	8,778	41,283
<b>Total equity</b>	<b>170,859</b>	<b>187,132</b>	<b>44,831</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. The investment has been marked to market.
- (c) The increase was due to higher production activities and progressive billings in the current period.
- (d) The increase in receivables and payables was in line with the increase in production activities in the current period.
- (e) These are deposits pledged to the banks as collateral for banking facilities and the issuance of bank guarantees.
- (f) 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**

<b>As at 30/9/2011</b>		<b>As at 31/12/2010</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
-	-	23	-

**Amount repayable after one year**

<b>As at 30/9/2011</b>		<b>As at 31/12/2010</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
-	-	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		9 months ended	
	30/9/11 S\$'000	30/9/10 S\$'000	30/9/11 S\$'000	30/9/10 S\$'000
<b>Cash flows from operating activities:</b>				
Profit before tax	5,290	482	6,877	21,907
Adjustments for:				
Depreciation	438	449	1,317	1,344
Loss on disposal of property, plant and equipment	85	-	85	-
Interest income	(50)	(55)	(137)	(142)
Interest expenses	-	1	21	6
Share of results from investment in PPL	-	-	-	(15,823)
Share of results of associates	164	(31)	(436)	(262)
<b>Operating profit before working capital changes</b>	<b>5,927</b>	<b>846</b>	<b>7,727</b>	<b>7,030</b>
(Increase) / decrease in trade and other receivables	(3,236)	(2,431)	(1,909)	(1,924)
Decrease in inventories	228	425	642	1,220
(Increase) / decrease in pledged deposits	(350)	313	955	(2,481)
Increase / (decrease) in net progress billings in excess of work-in-progress	10,085	1690	(2,162)	(5,000)
(Decrease) / increase in trade payables and other liabilities	(1,450)	962	493	(5,247)
<b>Net cash flows from / (used in) operations</b>	<b>11,204</b>	<b>1,805</b>	<b>5,746</b>	<b>(6,402)</b>
Interest received	50	55	137	142
Interest paid	-	(1)	(21)	(6)
Income tax paid	(1,109)	(2,217)	(2,530)	(6,684)
<b>Net cash flows from / (used in) operating activities</b>	<b>10,145</b>	<b>(358)</b>	<b>3,332</b>	<b>(12,950)</b>
<b>Cash flows from investing activities:</b>				
Dividend received	-	-	102	15,823
Purchase of available-for-sale investment	(5,089)	-	(25,351)	-
Purchase of property, plant and equipment	(327)	(2)	(374)	(34)
<b>Net cash flows (used in) / from investing activities</b>	<b>(5,416)</b>	<b>(2)</b>	<b>(25,623)</b>	<b>15,789</b>
<b>Cash flows from financing activities:</b>				
Net proceeds from conversion of warrants	-	4	5,524	8,801
Dividends paid on ordinary shares	-	-	(20,997)	(15,356)
Repayment of obligations under finance leases	-	(5)	(99)	(40)
<b>Net cash flows used in financing activities</b>	<b>-</b>	<b>(1)</b>	<b>(15,572)</b>	<b>(6,595)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>4,729</b>	<b>(361)</b>	<b>(37,863)</b>	<b>(3,756)</b>
Cash and cash equivalents at beginning of period	171,538	73,033	214,130	76,428
<b>Cash and cash equivalents at end of period [Note A]</b>	<b>176,267</b>	<b>72,672</b>	<b>176,267</b>	<b>72,672</b>

**Notes to Cash Flow Statement:**

**(A) Cash and cash equivalent**

	30/9/11	30/9/10
	S\$'000	S\$'000
<b>Cash and cash equivalents at end of period / year comprised of:</b>		
Cash at banks and in hand	30,149	55,509
Short-term deposits	146,118	17,163
	<u>176,267</u>	<u>72,672</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 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	154,259	-	156,603	187,132
Profit for the period	-	-	507	-	507	507
Issuance of new shares from conversion of warrants*	8	-	-	-	-	8
Issuance of new shares from conversion of warrants**	5,516	-	-	-	-	5,516
Other comprehensive income for the period	-	-	-	(2,000)	(2,000)	(2,000)
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>
Profit for the period	-	-	4,293	-	4,293	4,293
Other comprehensive income for the period	-	-	-	(3,600)	(3,600)	(3,600)
<b>Balance at 30/9/2011</b>	<b>36,053</b>	<b>2,344</b>	<b>138,062</b>	<b>(5,600)</b>	<b>134,806</b>	<b>170,859</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*	7	-	-	-	-	7
Issuance of new shares from conversion of warrants**	8,790	-	-	-	-	8,790
Total comprehensive income for the period	-	-	20,255	-	20,255	20,255
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>
Issuance of new shares from conversion of warrants*	1	-	-	-	-	1
Issuance of new shares from conversion of warrants**	3	-	-	-	-	3
Total comprehensive income for the period	-	-	82	-	82	82
<b>Balance at 30/9/2010</b>	<b>30,527</b>	<b>2,344</b>	<b>147,195</b>	<b>-</b>	<b>149,539</b>	<b>180,066</b>

Company	Share capital S\$'000	Capital reserve S\$'000	Accumulated profits S\$'000	Other reserves 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	-	-	(5,256)	-	(5,256)	(5,256)
Issuance of new shares from conversion of warrants*	8	-	-	-	-	8
Issuance of new shares from conversion of warrants**	5,516	-	-	-	-	5,516
Other comprehensive income for the period	-	-	-	(2,000)	(2,000)	(2,000)
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>
Loss for the period	-	-	(652)	-	(652)	(652)
Other comprehensive income for the period	-	-	-	(3,600)	(3,600)	(3,600)
<b>Balance at 30/9/2011</b>	<b>36,053</b>	<b>2,344</b>	<b>12,034</b>	<b>(5,600)</b>	<b>8,778</b>	<b>44,831</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*	7	-	-	-	-	7
Issuance of new shares from conversion of warrants**	8,790	-	-	-	-	8,790
Total comprehensive income for the period	-	-	2,922	-	2,922	2,922
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>
Issuance of new shares from conversion of warrants*	1	-	-	-	-	1
Issuance of new shares from conversion of warrants**	3	-	-	-	-	3
Total comprehensive income for the period	-	-	(942)	-	(942)	(942)
<b>Balance at 30/9/2010</b>	<b>30,527</b>	<b>2,344</b>	<b>34,400</b>	<b>-</b>	<b>36,744</b>	<b>67,271</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 September 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 September 2011 and 31 December 2010, the Company has the following warrants that remain outstanding:

	Expiry Date	Exercise Price	No. of warrants	
			30 Sep 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 September 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		9 months ended	
	30/9/2011	30/9/2010	30/9/2011	30/9/2010
(i) Basic earnings per share (in cents)	0.62	0.01	0.69	3.03
(ii) Diluted earnings per share (in cents)	0.44	-	0.49	2.09

- (i) Basic earnings per ordinary share for the financial period ended 30 September 2011 was calculated based on the weighted average number of ordinary shares in issue of 692,045,766 (30 September 2010 – 670,473,313).
- (ii) Earnings per share for the financial period ended 30 September 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 September 2010 – 300,312,934 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	
	30/9/2011	31/12/2010	30/9/2011	31/12/2010
Net Asset Value per ordinary share based on issued share capital at the end of the period (in cents)	24.4	27.4	6.4	10.5

Net asset value per ordinary share as at 30 September 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**

3Q2011 vs 3Q2010

Group revenue increased by 34% from S\$13.8 million in 3Q2010 to S\$18.5 million in 3Q2011. The increase was mainly attributable to higher level of progressive recognition of revenue, especially from new orders secured in late 2010 and early 2011.



### 9M2011 vs 9M2010

Group revenue for 9M2011 was S\$48.4 million, an increase of 81% from the corresponding period in 2010. 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 September 2011, the Group's net order book stands at US\$102 million, an increase of US\$45 million from June 2011. These orders are expected to be completed within the next 12 to 18 months.

### **Profitability**

#### 3Q2011 vs 3Q2010

For the current quarter ended 30 September 2011, the Group's net profit increased from S\$82,000 in 3Q2010 to S\$4.3 million. The significant increase in the Group's profitability was mainly due to:

- higher progressive revenue being recognised;
- write-back of unutilised warranty provision of S\$1.4 million (3Q2010: S\$0.3 million); and
- foreign exchange gain of S\$3.0 million in the current quarter as compared to a foreign exchange loss of S\$2.4 million in the corresponding quarter in 2010. The gain mainly resulted from the strengthening of the US\$ against the S\$, especially during the month of September 2011.

However, the increase in the Group's profitability was partially offset by higher administrative expenses due to higher professional and legal fees.

#### 9M2011 vs 9M2010

Despite an increase of 81% in revenue for the nine months ended 30 September 2011, the Group's net profit reduced from S\$20.3 million for 9M2010 to S\$4.8 million for 9M2011. The reduction was mainly due to:

- a lower gross profit margin in the current period as there were fewer projects which were either completed or near completion, as higher margins were typically recognised towards the closing stages of construction;
- the absence of a share of results from investment in PPLS, of which the Group recorded S\$15.8 million in 9M2010, as a result of its disposal of PPL Holdings Pte Ltd in October 2010; and
- higher administrative expenses due to higher professional and legal fees.

The Group's share of results from its 49% stake in York for 9M2011 was S\$436,000, an increase of S\$174,000 from S\$262,000 in 9M2010 as a result of higher revenue, especially in India. However, York was in a loss position for the current quarter due to foreign exchange losses resulting from the weakening of the Indian Rupees against the US\$.

## Financial position & cash flow

Group shareholders' fund decreased from S\$187.1 million at 31 December 2010 to S\$170.9 million at 30 September 2011, mainly attributable to the payment of dividends to its shareholders in May 2011 and a write-down on its available-for-sale investment to shareholders equity due to changes in fair value. However, the reduction was partially offset by retained profits and proceeds from conversion of warrants for the period.

For the nine months ended 30 September 2011, the Group's net cash outflows were S\$37.9 million, mainly due to the acquisition of an available-for-sale investment (S\$25.6 million) and payment of dividend (S\$25.4 million). However, the Group's cash and short-term deposits remain healthy at S\$176.3 million as at 30 September 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**

The current outlook is uncertain given the slowdown in the global economy and the volatility in the financial markets. However the healthy net order book of US\$102 million will underpin the Group's financial performance for the next 12 months. The Group remains confident of the oil and gas sector's long term fundamentals.

**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 third quarter and nine months ended 30 September 2011 to be false or misleading.

**BY ORDER OF THE BOARD**

Nga Ko Nie  
Company Secretary  
2 November 2011