



BAKER TECHNOLOGY LIMITED

Company Registration No.: 198100637D

Quarterly Financial Statement And Dividend Announcement for the Period Ended 30 September 2012

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

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

	Group					
	3 months ended			9 months ended		
	30/9/12 S\$'000	30/9/11 S\$'000	Change %	30/9/12 S\$'000	30/9/11 S\$'000	Change %
Revenue	21,706	18,496	17	81,842	48,409	69
Cost of goods sold	(13,597)	(12,933)	5	(61,763)	(32,920)	88
Gross profit	8,109	5,563	46	20,079	15,489	30
Administrative expenses	(1,766)	(3,102)	(43)	(6,402)	(8,548)	(25)
Other operating income / (expenses), net	634	2,993	(79)	69,237	(479)	NM
Finance cost	(72)	-	NM	(72)	(21)	243
Share of results of associates (a)	-	(164)	NM	598	436	37
Profit before taxation (b)	6,905	5,290	31	83,440	6,877	1,113
Income tax expenses (c)	(1,200)	(997)	20	(2,800)	(2,077)	35
Net profit attributable to equity holders of the Company	5,705	4,293	33	80,640	4,800	1,580

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group					
	3 months ended			9 months ended		
	30/9/12 S\$'000	30/9/11 S\$'000	Change %	30/9/12 S\$'000	30/9/11 S\$'000	Change %
Net profit attributable to equity holders of the Company	5,705	4,293	33	80,640	4,800	1,580
Other comprehensive income:						
Net gain / (loss) on fair value changes of available-for-sale investment	3,700	(3,600)	NM	5,800	(5,600)	NM
Total comprehensive income attributable to equity holders of the Company	9,405	693	1,257	86,440	(800)	NM

NM – Not meaningful

Explanatory notes:

- (a) This relates to the Group's 49% share in the result of York Transport Equipment (Asia) Pte Ltd ("York"), prior to its disposal of York on 27 March 2012.

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

	Group					
	3 months ended			9 months ended		
	30/9/12 S\$'000	30/9/11 S\$'000	Change %	30/9/12 S\$'000	30/9/11 S\$'000	Change %
Depreciation	350	438	(20)	1,075	1,317	(18)
Foreign exchange loss / (gain)	279	(3,006)	NM	1,068	598	79
Interest income	(88)	(50)	76	(219)	(137)	60
Interest expense	72	-	100	72	-	100
Recognition of deferred gain on disposal of subsidiary	-	-	-	(58,237)	-	NM
Gain on disposal of associates	-	-	-	(10,894)	-	NM

- (c) The taxation charge for the nine months ended 30 September 2012 was significantly lower than the statutory income tax rate of Singapore as the recognition of deferred gain on disposal of subsidiary, PPL Holdings Pte Ltd ("PPLH"), of S\$58.2 million and the gain on disposal of associates (York) of S\$10.9 million are capital in nature and not subjected to any income tax. For the corresponding period in 2011, the taxation charge was significantly higher than the statutory income tax rate of Singapore as certain operating expenses incurred by the corporate head office could not be offset against taxable profits of the operating subsidiaries.

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

		Group		Company	
		30/9/2012	31/12/2011	30/9/2012	31/12/2011
		S\$'000	S\$'000	S\$'000	S\$'000
<u>Non-current assets</u>					
Property, plant and equipment		3,138	3,842	13	20
Intangible assets		7,551	7,551	-	-
Investment in subsidiaries		-	-	20,000	20,000
Investment in associates	(a)	-	10,358	-	9,616
Available-for-sale investment	(b)	30,149	20,118	30,149	20,118
		40,838	41,869	50,162	49,754
<u>Current assets</u>					
Inventories	(c)	16,365	6,357	-	-
Work-in-progress	(c)	43,491	31,561	-	-
Trade and other receivables	(d)	17,059	11,810	224	31
Amounts due from subsidiaries		-	-	6,850	600
Pledged deposits	(e)	11,129	6,500	-	-
Cash and short-term deposits		154,270	169,277	148,839	142,123
		242,314	225,505	155,913	142,754
<u>Current liabilities</u>					
Excess of progress billings over work-in-progress		965	7,118	-	-
Trade and other payables	(f)	14,063	27,133	1,644	1,565
Loans and borrowings	(g)	9,122	-	-	-
Deferred gain on disposal of subsidiary	(h)	-	58,237	-	141,941
Derivatives	(i)	67	-	-	-
Tax payable		3,342	3,096	5	9
		27,559	95,584	1,649	143,515
Net current assets / (liabilities)		214,755	129,921	154,264	(761)
Net assets		255,593	171,790	204,426	48,993

	Group		Company	
	30/9/2012	31/12/2011	30/9/2012	31/12/2011
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Equity attributable to equity holders of the Company</u>				
Share capital	40,419	36,053	40,419	36,053
Reserves	215,174	135,737	164,007	12,940
Total equity	255,593	171,790	204,426	48,993

Explanatory notes:

- (a) This relates to the Group's 49% stake in York. On 27 March 2012, the Group disposed of its entire stake in York.
- (b) This relates to the Group's minority stake in an Oslo-listed offshore drilling company, Discovery Offshore S.A. ("DO"). During the period ended 30 September 2012, the Company acquired approximately 1.98 million additional shares from the open market thereby increasing its stake in DO from approximately 17% to 20%. The Group continues to designate its investment in DO as an available-for-sale investment as it currently does not have any significant influence over DO's financial and operating policy decisions. This investment has been recorded at its fair value.
- (c) The increase was due to higher production activities in the current period.
- (d) The increase in receivables 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. The increase was due to additional banking facilities secured during the current period.
- (f) The reduction was due mainly to timing differences in payments to suppliers.
- (g) These are short-term bank borrowings drawn down by the Company's subsidiaries in the current period for working capital purposes.
- (h) The reduction was due to the recognition of the deferred gain on the Company's disposal of PPLH to QD Asia Pacific Ltd ("QD") back in October 2010 in the current quarter. The recognition of the gain on disposal was deferred previously due to the pending outcome of the legal dispute with Sembcorp Marine Ltd ("SCM").
- (i) These are the carrying amount of the financial liabilities in respect of the forward currency contracts, which the Group has entered into in the current quarter, for the purpose of hedging its foreign currency risk.

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 30/9/2012		As at 31/12/2011	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
9,122	-	-	-

Amount repayable after one year

As at 30/9/2012		As at 31/12/2011	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

Details of any collateral

Certain deposits have been pledged to the banks as collateral for these banking facilities.

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

Group	3 months ended		9 months ended	
	30/9/12 S\$'000	30/9/11 S\$'000	30/9/12 S\$'000	30/9/11 S\$'000
Cash flows from operating activities:				
Profit before tax	6,905	5,290	83,440	6,877
Adjustments for:				
Depreciation	350	438	1,075	1,317
Loss on disposal of property, plant and equipment	-	85	-	85
Interest income	(88)	(50)	(219)	(137)
Interest expenses	72	-	72	21
Recognition of deferred gain on disposal of subsidiary	-	-	(58,237)	-
Gain on disposal of associates	-	-	(10,894)	-
Share of results of associates	-	164	(598)	(436)
Operating profit before working capital changes	7,239	5,927	14,639	7,727
Decrease / (increase) in trade and other receivables	3,999	(3,236)	(5,249)	(1,909)
Decrease / (increase) / decrease in inventories	436	228	(10,008)	642
(Increase) / decrease in pledged deposits	(2,398)	(350)	(4,629)	955
Increase / (decrease) in work-in-progress	(3,362)	10,085	(18,083)	(2,162)
(Decrease) / increase in trade payables and other liabilities	(4,927)	(1,450)	(13,070)	493
Increase in derivatives	67	-	67	-
Net cash flows from / (used in) operations	1,054	11,204	(36,333)	5,746
Interest received	88	50	219	137
Interest paid	(72)	-	(72)	(21)
Income tax paid	(956)	(1,109)	(2,554)	(2,530)
Net cash flows from / (used in) operating activities	114	10,145	(38,740)	3,332
Cash flows from investing activities:				
Dividend received	-	-	-	102
Net proceeds from disposal of associates	-	-	21,850	-
Purchase of available-for-sale investment	(1,400)	(5,089)	(4,231)	(25,351)
Purchase of property, plant and equipment	(253)	(327)	(371)	(374)
Net cash flows (used in) / from investing activities	(1,653)	(5,416)	17,248	(25,623)
Cash flows from financing activities:				
Net proceeds from conversion of warrants	1,782	-	1,822	5,524
Net proceeds from warrant issues	-	-	2,544	-
Dividends paid on ordinary shares	-	-	(7,003)	(20,997)
(Repayments) / proceeds from loans and borrowings	(728)	-	9,122	-
Repayment of obligations under finance leases	-	-	-	(99)
Net cash flows from / (used in) financing activities	1,054	-	6,485	(15,572)
Net (decrease) / increase in cash and cash equivalents	(485)	4,729	(15,007)	(37,863)
Cash and cash equivalents at beginning of period	154,755	171,538	169,277	214,130
Cash and cash equivalents at end of period	154,270	176,267	154,270	176,267

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
Balance at 1/1/2012	36,053	2,344	140,893	(7,500)	135,737	171,790
Profit for the period	-	-	74,935	-	74,935	74,935
Other comprehensive income for the period	-	-	-	2,100	2,100	2,100
Issuance of warrants	2,801	-	-	-	-	2,801
Warrants issue expenses	(257)	-	-	-	-	(257)
Issuance of new shares from conversion of warrants **	40	-	-	-	-	40
Dividends on ordinary shares	-	-	(7,003)	-	(7,003)	(7,003)
Balance at 30/6/2012	38,637	2,344	208,825	(5,400)	205,769	244,406
Profit for the period	-	-	5,705	-	5,705	5,705
Other comprehensive income for the period	-	-	-	3,700	3,700	3,700
Issuance of new shares from conversion of warrants **	1,761	-	-	-	-	1,761
Issuance of new shares from conversion of warrants ***	21	-	-	-	-	21
Balance at 30/9/2012	40,419	2,344	214,530	(1,700)	215,174	255,593
Balance at 1/1/2011	30,529	2,344	154,259	-	156,603	187,132
Profit for the period	-	-	507	-	507	507
Other comprehensive income for the period	-	-	-	(2,000)	(2,000)	(2,000)
Issuance of new shares from conversion of warrants *	8	-	-	-	-	8
Issuance of new shares from conversion of warrants **	5,516	-	-	-	-	5,516
Dividends on ordinary shares	-	-	(20,997)	-	(20,997)	(20,997)
Balance at 30/6/2011	36,053	2,344	133,769	(2,000)	134,113	170,166
Profit for the period	-	-	4,293	-	4,293	4,293
Other comprehensive income for the period	-	-	-	(3,600)	(3,600)	(3,600)
Balance at 30/9/2011	36,053	2,344	138,062	(5,600)	134,806	170,859

* - W110613 (expired)

** - W121116

*** - W150605

Company	Share capital	Capital reserve	Accumulated profits	Other reserve	Total reserves	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1/1/2012	36,053	2,344	18,096	(7,500)	12,940	48,993
Profit for the period	-	-	152,125	-	152,125	152,125
Other comprehensive income for the period	-	-	-	2,100	2,100	2,100
Issuance of warrants	2,801	-	-	-	-	2,801
Warrants issue expenses	(257)	-	-	-	-	(257)
Issuance of new shares from conversion of warrants **	40	-	-	-	-	40
Dividends on ordinary shares	-	-	(7,003)	-	(7,003)	(7,003)
Balance at 30/6/2012	38,637	2,344	163,218	(5,400)	160,162	198,799
Profit for the period	-	-	145	-	145	145
Other comprehensive income for the period	-	-	-	3,700	3,700	3,700
Issuance of new shares from conversion of warrants **	1,761	-	-	-	-	1,761
Issuance of new shares from conversion of warrants ***	21	-	-	-	-	21
Balance at 30/9/2012	40,419	2,344	163,363	(1,700)	164,007	204,426
Balance at 1/1/2011	30,529	2,344	38,939	-	41,283	71,812
Loss for the period	-	-	(5,256)	-	(5,256)	(5,256)
Other comprehensive income for the period	-	-	-	(2,000)	(2,000)	(2,000)
Issuance of new shares from conversion of warrants *	8	-	-	-	-	8
Issuance of new shares from conversion of warrants **	5,516	-	-	-	-	5,516
Dividends on ordinary shares	-	-	(20,997)	-	(20,997)	(20,997)
Balance at 30/6/2011	36,053	2,344	12,686	(2,000)	13,030	49,083
Loss for the period	-	-	(652)	-	(652)	(652)
Other comprehensive income for the period	-	-	-	(3,600)	(3,600)	(3,600)
Balance at 30/9/2011	36,053	2,344	12,034	(5,600)	8,778	44,831

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 2012, 5,630,000 warrants (W121116) and 77,000 warrants (W150605) were exercised at S\$0.32 and S\$0.27 each by warrant holders, respectively, to subscribe for a total of 5,707,000 new ordinary shares in the Company.

As at 30 September 2012 and 2011, the Company has the following outstanding warrants:

	Expiry Date	Exercise Price	No. of warrants	
			30 Sep 2012	30 Sep 2011
W121116	16 November 2012	S\$0.32	277,032,881	282,662,881
W150605	5 June 2015	S\$0.27	280,040,952	-
			<u>557,073,833</u>	<u>282,662,881</u>

In June 2012, the Company issued 280,117,952 warrants at an issue price of S\$0.01 per warrant and each warrant carries the right to subscribe for 1 new ordinary share in the capital of the Company at an exercise price of S\$0.27 for each new share. The warrants are exercisable any time during a period of 3 years from the issue date of the 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 2012, the Company's issued share capital was S\$40,419,003 (31 December 2011 – S\$36,053,443) comprising 705,875,881 ordinary shares (31 December 2011 – 700,168,881 ordinary shares).

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

Not applicable.

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

The figures have not been audited or reviewed by the Company's auditors.

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	
	30/9/2012	30/9/2011	30/9/2012	30/9/2011
(i) Basic earnings per share (in cents)	0.81	0.62	11.51	0.69
(ii) Diluted earnings per share (in cents)	0.48	0.44	6.41	0.49

- (i) Basic earnings per ordinary share for the financial period ended 30 September 2012 was calculated based on the weighted average number of ordinary shares in issue of 700,385,317 (30 September 2011 – 692,045,766).
- (ii) Earnings per share for the financial period ended 30 September 2012 on a fully diluted basis was calculated based on the number of ordinary shares in issue during the period adjusted for the dilutive effect of 557,073,833 warrants (30 September 2011 – 282,662,881 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	
	30/9/2012	31/12/2011	30/9/2012	31/12/2011
Net Asset Value per ordinary share based on issued share capital at the end of the period (in cents)	36.2	24.5	29.0	7.0

Net asset value per ordinary share as at 30 September 2012 and 31 December 2011 was calculated based on the number of shares in issue of 705,875,881 and 700,168,881 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

3Q2012 vs 3Q2011

Group revenue for 3Q2012 was S\$21.7 million, an increase of 17% from the corresponding period in 2011. The increase was due mainly to higher progressive recognition of orders, especially those secured during 2011 and early 2012.

9M2012 vs 9M2011

Group revenue increased by 69% from S\$48.4 million in 9M2011 to S\$81.8 million in 9M2012, which was in line with the improvement in the intake of new orders during 2011 and early 2012.

As at the end of September 2012, the Group's net order book stands at US\$60 million. These orders are expected to be completed within the next 12 to 18 months.

Profitability

3Q2012 vs 3Q2011

For the quarter ended 30 September 2012, the Group's net profit increased by 33% from S\$4.3 million in 3Q2011 to S\$5.7 million. The increase in the Group's profitability was due mainly to:

- higher gross profit margins for existing projects; and
- lower administrative expenses of S\$1.3 million, due to lower legal fees incurred in relation to the legal suit with Sembcorp Marine Ltd.

However, the increase in the Group's profitability was partially offset by the absence of a foreign exchange gain of S\$3.0 million, which was recorded in 3Q2011.

9M2012 vs 9M2011

Despite an increase of 69% in revenue for the nine months ended 30 September 2012, the Group's gross profit increased by only 30% to S\$20.1 million for the same period. This was mainly attributable to a lower gross profit margin in the current period due to different product mix and competitive pricing.

However, the Group's profitability for 9M2012 was boosted by:

- gain on disposal of associates (York) of S\$10.9 million recorded in 1Q2012;
- recognition of deferred gain on disposal of subsidiary (PPLH) of S\$58.2 million in 2Q2012; and
- lower administrative expenses of S\$2.1 million, due to lower legal fees incurred in relation to the legal suit with Sembcorp Marine Ltd.

As a result, the Group's net profit increased significantly to S\$80.6 million in 9M2012.

Financial position and cash flows

Shareholders' fund increased significantly from S\$171.8 million at 31 December 2011 to S\$255.6 million at 30 September 2012. The increase was mainly attributable to the recognition of the deferred gain on disposal of subsidiary (PPLH) and gain from disposal of associates (York).

For the nine months ended 30 September 2012, the Group's net cash outflows from operating activities was S\$38.7 million, due mainly to higher working capital requirements as a result of higher work-in-progress, inventories and receivables, coupled with payments to suppliers. However, the Group's cash and short-term deposits remain healthy at S\$154.3 million as at 30 September 2012.

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

There is no material variance from the previous 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 outlook for the next 12 months remains uncertain given the continued volatility in the global economy and financial market. However, with a healthy balance sheet and strong cash position, the Group will be able to weather the uncertainties ahead. 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 for the period ended 30 September 2012 is declared or recommended.

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

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

14. Confirmation pursuant to Rule 705(5) of the Listing Manual

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 2012 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Nga Ko Nie
Company Secretary
6 November 2012