



BAKER TECHNOLOGY LIMITED
Company Registration No.: 198100637D

Media Release

Baker Tech more than tripled second quarter's earnings; 1H 2010 net profit up 76% to S\$20.3 million

S\$ million Y/E Dec	2Q 2010	2Q 2009	Chg %	1H 2010	1H 2009	Chg %
Revenue	6.8	16.4	(59)	13.0	34.9	(63)
Cost of goods sold	(2.3)	(4.8)	(53)	(4.1)	(17.3)	(76)
Gross Profit	4.5	11.7	(61)	8.9	17.6	(49)
Share of Associates	0.2	0.2	(4)	0.2	(0.5)	n.m.
Profit before tax	18.4	6.7	174	21.4	14.2	50
Net Profit	17.8	5.4	230	20.3	11.5	76
Basic EPS* (cents)	2.67	0.85		3.05	1.82	
Diluted EPS* (cents)	1.85	0.83		2.10	1.76	

* based on a weighted average number of 664,311,251 ordinary shares for the financial period ended 30 June 2010 (30 June 2009—631,586,170)

+ based on the number of ordinary shares in issue during the financial period ended 30 June 2010 adjusted for dilutive effect of 300,361,934 warrants (30 June 2009—23,493,743 warrants).

- ***1H 2010 revenue and gross profit were lower due to effects of slowdown in oil and gas industry in 2009***
- ***Net profit largely boosted by a S\$15.8 million dividend from PPL Shipyard***
- ***Net order book stood at US\$29 million, up from US\$7 million as at end 2009.***
- ***Robust balance sheet; cash and cash equivalents of S\$73 million and debt-free.***

3 August 2010 – Baker Technology Limited ('Baker Tech' or 'the Group') 巴克科技有限公司, a SGX-ST mainboard-listed manufacturer and provider of specialised marine offshore equipment and services for the oil and gas industry has reported a 76% rise in net profit of S\$20.3 million for the six months ended 30 June 2010 (1H 2010), buoyed by a strong second quarter's performance.

2Q 2010 Performance

For the three months ended 30 June 2010 (2Q 2010), revenue fell 59% to S\$6.8 million as compared to a year ago due to the slow new order intake last year, a result of the global credit crunch which delayed many oil and gas projects. Gross profit was down 61% to S\$4.5 million.

Group pre-tax profit increased from S\$6.7 million to S\$18.4 million, or up 174% from a year ago. This was mainly due to the receipt of a S\$15.8 million tax-exempt dividend from PPL Shipyard. Baker Tech's wholly-owned subsidiary PPL Holdings owns a direct and indirect stake of 15% in PPL Shipyard, a rig builder.

Consequently, net profit for 2Q 2010 surged 230% to S\$17.8 million.

1H 2010 Performance

Group revenue fell 63% to S\$13.0 million for the six months ended 30 June 2010. The revenue was mainly derived from projects that were carried forward from 2009 and were either completed or in the final stages of completion during the period under review.

1H 2010 gross profit fell 49% to S\$8.9 million. However, gross margins were higher due to higher margins being recognized for most of its projects which were either completed or near completion as well as a write-back of unutilised warranty provision of approximately S\$1.4 million.

Group pre-tax profit for 1H 2010 rose 50%, from S\$14.2 million to S\$21.4 million. This was mainly attributed to the receipt of a S\$15.8 million tax-exempt dividend from PPL Shipyard. There was also a marked improvement at its 49%-owned associate - York Transport Equipment Asia ("York"). Contributions from York reversed from a share of losses of S\$543,000 in 1H 2009 to a share of profits of S\$231,000 in 1H 2010. York, which manufactures trailer axles, is experiencing stronger demand for its products, especially from the Indian market.

Consequently, Group net profit for 1H 2010 was up 76% to S\$20.3 million as compared to S\$11.5 million a year ago.

Robust Financials

Net cash used in operating activities for 1H 2010 was S\$12.6 million as compared to net cash generated of S\$35.2 million in 1H 2009. This was mainly due to lower progress billings as well as payments of trade liabilities and income taxes during the period. The Group's net available cash and cash equivalents stood at S\$73 million as at end June 2010, up from S\$63 million a year ago. This was largely due to the receipt of the S\$15.8 million in dividend income from PPL Shipyard and S\$8.8 million in net proceeds from the conversion of warrants, and after deducting dividend payments to shareholders of S\$15.4 million. The Group has no bank borrowings.

Shareholders' funds increased from S\$99.5 million as at 31 December 2009 to S\$113.2 million as at 30 June 2010; Net Asset Value per share rose from 15.2 cents to 16.6 cents.

Outlook

"We are heartened by the pickup in new orders and the continuing rise in enquiries in recent months. Since the beginning of the year, the Group has already secured new equipment orders and this has improved our order book from US\$7 million as at end 2009 to US\$29 million currently. We expect the Group to be profitable in FY2010 from positive contributions from both our marine offshore and investment segments."

- Chairman, Mr. Lim Ho Seng (林穆升)

The Group's net order book showed progressive improvement over the last three quarters: as at 30 June 2010, the net order book stood at US\$29 million (March 2010: US\$20 million. December 2009: US\$7 million). These orders are expected to be completed within the next 12 months.

"We remain confident of the long term fundamentals of the marine offshore oil and gas industry as oil remains one of the most viable energy sources. A stabilizing global economy and expected strong economic growth in developing nations will increase demand for oil. At Baker Tech, we are actively seeking out opportunities to build a portfolio of quality and value-accretive businesses that tap on the growth potential and leverage on the group's extensive experience within this sector. "

- Chairman, Mr. Lim Ho Seng (林穆升)

In the recent “The Monthly Oil Market Report July 2010” published by OPEC, world oil demand is projected to grow 1.0 million barrels per day (mb/d) to 86.4 mb/d in 2011, led by demand from countries such as China, India, the Middle East and Latin America. The Chinese and Indian economies are expected to grow by 8.8% and 7.7% respectively, compared to the projected growth of 3.7% in the world economy in 2011.

Longer term, world energy demand will increase by 35% from 2005 to 2030, driven by growing population and economic growth (source: Exxon Mobil’s February 2010 “Outlook for Energy” study). And oil will remain the world’s largest energy source from now till 2030.

Update on the disposal of PPL Holdings

The Group has obtained shareholders approval for the proposed disposal of its wholly-owned subsidiary, PPL Holdings Pte Ltd (PPLH) to Yangzijiang Shipbuilding (Holdings) Ltd (YZJ) for US\$155 million, at an EGM held on 26th June 2010.

This approval will only be effective from the date that PPLH and its subsidiary, E-interface Holdings Limited (E-interface) obtain on or before the Long Stop Date (27th April 2011) a final non-appealable judgment or order of the Supreme Court of Singapore or such other action relating to or arising from the on-going litigation between PPLH and E-interface and Sembcorp Marine Ltd (“SCM”) to the effect that:

- a) PPLH and E-interface remain owners of 15% of the issued share capital of PPL Shipyard Pte Ltd; and
- b) The Shareholders’ Agreement dated 9th April 2001 entered into between PPLH and SCM, supplemented by a letter dated 5th July 2003, has not been terminated.

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About Baker Technology Limited

Listed on SGX-ST mainboard, Baker Technology Limited (Baker Tech) is a leading manufacturer and provider of specialised equipment and services for the oil & gas industry. Its core business is in the design, upgrading and conversion, onsite and offsite repair and construction of a wide range of equipment and components for use in the offshore environment. These include jacking systems, offshore pedestal cranes, rack chords structures, skidding systems, raw water tower structures and anchor winches. It also provides project management consultancy, engineering services, quality assurance, and construction supervision.

Baker Tech has a 49% interest in York Transport Equipment (Asia) Pte Ltd, a manufacturer and distributor of trailer axles and related components. It also holds a direct and indirect 15% interest in PPL Shipyard which is principally engaged in the design and construction of offshore drilling rigs for shallow to deep waters, through its wholly-owned subsidiary—PPL Holdings.

Baker Tech has market presence in China, the Middle East, Asia and USA.

For more information, please visit us at www.bakertech.com.sg

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