



BAKER TECHNOLOGY LIMITED
Company Registration No.: 198100637D

Media Release

Baker Tech reports net profit of S\$20.3 million for 9M 2010

S\$ million Y/E Dec	3Q 2010	3Q 2009	YoY % Chg	9M 2010	9M 2009	YoY % Chg
Revenue	13.8	28.8	(52)	26.8	63.7	(58)
Cost of goods sold	(9.3)	(9.0)	3	(13.4)	(26.3)	(49)
Gross Profit	4.5	19.8	(77)	13.5	37.4	(64)
Share of Associates	0.03	0.03	-	0.3	(0.5)	NM
Profit before tax	0.5	21.6	(98)	21.9	35.8	(39)
Net Profit	0.08	18.7	(99)	20.3	30.2	(33)
Basic EPS* (cents)				3.03	4.76	(36)
Diluted EPS+ (cents)				2.09	4.74	(56)

* based on a weighted average number of 670,473,313 ordinary shares for the financial period ended 30 September 2010 (30 September 2009—634,201,369)

+ based on the number of ordinary shares in issue during the financial period ended 30 September 2010 adjusted for dilutive effect of 300,312,934 warrants (30 September 2009—2,788,298 warrants).

2 November 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 net profit of S\$20.3 million on group revenue of S\$26.8 million for the nine months ended 30 September 2010 (9M 2010). For the quarter ended 30 September 2010 (3Q 2010), the group achieved a group revenue of S\$13.8 million and a net profit of S\$82,000 due mainly to the slowdown in the global oil and gas sector.

3Q 2010 Performance

Revenue fell 52% to S\$13.8 million as compared to a year ago. Order intake had slowed down significantly in 2009 as many oil and gas projects were delayed due to the global economic crisis. However, the Group began to feel the impact of the slowdown in the global oil and gas industry only after 3Q 2009 as it was still completing the backlog of orders secured in earlier years. Order intake has started to resume early this year and 3Q 2010 revenue had in fact, doubled from the S\$6.8 million reported in 2Q 2010.

Gross profit was down 77% from S\$19.8 million to S\$4.5 million due to lower gross margins as most of the current projects are still in the early stages of completion.

Administrative expenses decreased from S\$2.0 million to S\$1.8 million in 3Q2010 due to lower payroll expenses, which was however partially offset by higher professional and legal fees. Contribution from its 49%-owned associate, York Transport Equipment Asia ("York") held steady at \$31,000 for 3Q2010 as compared to a year ago.

The Group suffered a foreign exchange loss of S\$2.4 million as the US dollar weakened against the Singapore dollar, resulting in a lower net profit of S\$82,000 in 3Q2010. For the period under comparison, the US dollar had weakened approximately 6%.

9M2010 Performance

Revenue decreased 58% to S\$26.8 million for 9M2010, reflecting the lingering effects of the slowdown in the global oil and gas industry. Consequently, gross profit fell 64% to \$13.5 million. Gross profit margin was about 50% for 9M2010, due to the recognition of profits on several projects which were either completed or near completion during the first half of the year, as well as a write-back of unutilised warranty provision of approximately \$1.7 million in 9M2010.

Contribution from the Group's 49% stake in York reversed from a share of losses of S\$512,000 for 9M2009 to a share of profits of S\$262,000 for the corresponding period this year. This is due to an improvement in trailer axle industry and a strong demand for its products in the Indian market in recent quarters.

Net profit for 9M 2010 declined from S\$30.2 million to S\$20.3 million.

Strong Financials

Net cash used in operating activities for 9M2010 was S\$0.4 million, down from S\$3.5 million in the previous quarter due to higher project progress billings and increase in business activities. The Group's available cash and cash equivalents remain healthy at S\$72.7 million as at 30 September 2010, up from \$67.8 million a year ago. This is mainly attributable to the net proceeds from conversion of warrants and dividend income from PPL Shipyard, after deducting dividends paid out to shareholders earlier in the financial year. The Group has no bank borrowings.

Consequently, shareholders' fund increased from S\$99.5 million as at 31 December 2009 to S\$113.3 million at 30 September 2010. Net asset value per share as at 30 September 2010 stood at 16.6 cents, up from 15.2 cents.

Order book

As at end September 2010, the Group's net order book stood at US\$20 million, marking a recovery from the low of US\$7 million as at end December 2009. These orders are expected to be completed within the next 12 months.

Outlook

According to its International Energy Outlook 2010 (July 2010), the Energy Information Administration (EIA), a U.S. forecasting agency, expected total global energy demand to grow by 49 percent from 2007 to 2035, with developing countries like China and India driving the bulk of the increase. EIA added that although renewables are the fastest-growing source of world energy supply, fossil fuels are still set to meet more than three-fourths of total energy needs in 2035.

“The long term fundamentals of the marine and offshore oil and gas industry are still very promising especially after the Macondo oil spill at the Gulf of Mexico earlier this year. The oil and gas industry is moving with greater urgency towards higher safety standards and this spells opportunities for Baker Tech; our specialised equipment are widely recognized as best-in-class and conforms to the highest industry standards.

We expect FY2010 to be a profitable year, with positive contributions from our core operating business and investments.”

- Chairman, Mr. Lim Ho Seng (林穆升)

Update on the disposal of PPL Holdings

PPLH is an investment holding company which holds an aggregate 15% shareholding stake in PPL Shipyard Pte Ltd, a company principally engaged in the business of design and construction of offshore drilling rigs from shallow water to deep water.

The Group has obtained shareholders' approval on 23rd October 2010 for the disposal of its wholly-owned subsidiary, PPL Holdings Pte Ltd ("PPLH") to QD Asia Pacific Ltd for a revised cash consideration of US\$116.25 million based on the terms of the Amended Agreement as set out in the Notice of EGM dated 8th October 2010. The disposal was completed on 26th October 2010.

The Group continues to have the sole conduct and management of the ongoing legal suit between PPLH and E-interface and Sembcorp Marine Limited.

- END -

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

Baker Tech also has a 49% interest in York Transport Equipment (Asia) Pte Ltd, a manufacturer and distributor of trailer axles and related components.

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

Media/IR Contact:

Juliet Ang, NRA Capital

Tel: 6236 6895/9839 9016 Email: juliet.ang@nracapital.com

Hu Junli, NRA Capital

Tel: 6236 6894/9826 5516 Email: junli.hu@nracapital.com