



BAKER TECHNOLOGY LIMITED

Company Registration No.: 198100637D

Quarterly Financial Statement And Dividend Announcement for the Period Ended 30 June 2008

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			6 months ended		
		30/6/08	30/6/07	Change	30/6/08	30/6/07	Change
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	(a)	16,613	17,822	(7)	16,613	32,071	(48)
Cost of goods sold		(10,427)	(13,795)	(24)	(10,427)	(25,177)	(59)
Gross profit	(a)	6,186	4,027	54	6,186	6,894	(10)
Other operating income		30	125	(76)	120	388	(69)
Administrative expenses		(2,266)	(1,992)	14	(2,481)	(3,750)	(34)
Selling & distribution expenses		-	(1,071)	(100)	-	(1,789)	(100)
Other operating expenses		(187)	(18)	939	(187)	(27)	593
Finance cost		(1)	(63)	(98)	(1)	(124)	(99)
Share of results of associates	(b)	401	-	NM	604	-	NM
Profit before taxation	(c)	4,163	1,008	313	4,241	1,592	166
Income tax expenses		(776)	(286)	171	(785)	(538)	46
Net profit attributable to equity holders of the Company	(a)	3,387	722	369	3,456	1,054	228

NM – Not meaningful

Explanatory notes:

(a) On 30 April 2008, the Group acquired the entire issued and paid-up capital of Sea Deep Shipyard Pte. Ltd. and its subsidiary ("Sea Deep") and accordingly consolidated the results of Sea Deep from 30 April 2008. With the completion of this acquisition, the Group is now principally involved in the offshore marine oil and gas sector.

The Group's comparative figures for 2007 comprised revenue and related costs and expenses from the manufacturing and distribution of trailer axles and related components by York Transport (Asia) Equipment Pte Ltd and its subsidiaries ("York Transport"). The result of York Transport was consolidated up till 5 October 2007 when the Group disposed its 51% interest.

(b) This relates to the Group's remaining 49% share in the result of York Transport.

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

	Group					
	3 months ended			6 months ended		
	30/6/08	30/6/07	Change	30/6/08	30/6/07	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation	210	184	14	211	336	(37)
Foreign exchange loss / (gain)	135	(62)	NM	123	(262)	NM
Gain on disposal of property, plant and equipment	-	(17)	(100)	-	(17)	(100)
Royalty income	-	(63)	(100)	-	(126)	(100)
Interest income	(22)	-	NM	(100)	-	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	
	30/6/2008	31/12/2007	30/6/2008	31/12/2007
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Non-current assets</u>				
Property, plant and equipment	7,622	5	4	5
Investment in subsidiaries (a)	-	-	23,600	3,600
Investment in associates (b)	11,710	11,712	9,616	9,616
Other investment (c)	5,066	5,066	-	-
Goodwill on consolidation (a)	8,289	-	-	-
	32,687	16,783	33,220	13,221
<u>Current assets</u>				
Inventories	5,358	-	-	-
Trade receivables	27,200	-	-	-
Other receivables	975	32	25	32
Retention money bond	4,279	-	-	-
Cash and cash equivalents	11,801	27,206	188	15,203
	49,613	27,238	213	15,235
<u>Current liabilities</u>				
Obligations under finance leases	39	-	-	-
Progress billing in excess of work in progress	12,124	-	-	-
Trade payables	9,972	-	-	-
Other liabilities	3,730	197	123	151
Amounts due to subsidiary	-	-	6,200	-
Amounts due to a related company	5,403	-	-	-
Amount due to vendors (d)	1,000	2,000	1,000	2,000
Tax payable	4,503	196	-	-
	36,771	2,393	7,323	2,151
Net current assets / (liabilities)	12,842	24,845	(7,110)	13,084
<u>Non-current liabilities</u>				
Obligations under finance leases	(226)	-	-	-
Deferred tax liabilities	(215)	-	-	-
Net assets	45,088	41,628	26,110	26,305

	Group		Company	
	30/6/2008	31/12/2007	30/6/2008	31/12/2007
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Equity attributable to equity holders of the Company</u>				
Share capital	18,114	18,110	18,114	18,110
Reserves	26,974	23,518	7,996	8,195
Total equity	45,088	41,628	26,110	26,305

Explanatory notes:

- (a) The increase in investment in subsidiaries and goodwill on consolidation are in relation to the acquisition of Sea Deep during Q2' 2008.
- (b) This relates to the 49% stake in York Transport.
- (c) The amount relates to the 15% equity stake in PPL Shipyard Pte Ltd ("PPL Shipyard"), held through PPL Holdings Pte Ltd.
- (d) This relates to the last instalment payment of \$1,000,000 due in November 2008 for the acquisition of PPL Holdings Pte Ltd.

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 30/6/2008		As at 31/12/2007	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
39	-	-	-

Amount repayable after one year

As at 30/6/2008		As at 31/12/2007	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
226	-	-	-

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		6 months ended	
	30/6/08 S\$'000	30/6/07 S\$'000	30/6/08 S\$'000	30/6/07 S\$'000
Cash flows from operating activities:				
Profit before tax	4,163	1,008	4,241	1,592
Adjustments for:				
Depreciation	210	184	211	336
Interest income	(22)	-	(100)	-
Interest expenses	1	63	1	124
Gain on disposal of property, plant and equipment	-	(17)	-	(17)
Negative goodwill arising on acquisition	-	(38)	-	(38)
Share of results of associates	(400)	-	(604)	-
Operating profit before working capital changes	3,952	1,200	3,749	1,997
Increase in trade receivables	(1,360)	(4,566)	(1,360)	(3,820)
Decrease / (increase) in other receivables	719	410	585	(551)
Decrease in inventories	766	136	766	1,420
Decrease in retention money bonds	2,812	-	2,812	-
Decrease in progress billing in excess of work in progress	(2,464)	-	(2,464)	-
Increase in trade payables	1,192	1,943	1,192	2,581
(Decrease) / increase in other liabilities	(96)	725	(104)	517
Net cash flows from / (used in) operations	5,521	(152)	5,176	2,144
Interest received	22	-	100	-
Interest paid	(1)	(63)	(1)	(124)
Income tax paid	-	(386)	-	(377)
Net cash flows from / (used in) operating activities	5,542	(601)	5,275	1,643
Cash flows from investing activities:				
Dividend received from associated company	-	-	606	-
Proceeds from disposal of property, plant and equipment	-	44	-	44
Purchase of property, plant and equipment	(1,361)	(56)	(1,361)	(261)
Repayment to vendors	(1,000)	-	(1,000)	-
Net cash (outflow) / inflow on acquisition of subsidiaries	(18,925)	158	(18,925)	158
Net cash flows (used in) / from investing activities	(21,286)	146	(20,680)	(59)
Cash flows from financing activities:				
Net proceeds from conversion of warrants	1	35	4	35
Repayment of loans and borrowings	-	(268)	-	(996)
Repayment of finance leases	(4)	(28)	(4)	(64)
Net cash flows used in financing activities	(3)	(261)	-	(1,025)
Net (decrease) / increase in cash and cash equivalents	(15,747)	(716)	(15,405)	559
Cash and cash equivalents at beginning of period	27,548	2,895	27,206	1,569
Effect of exchange rate changes on cash and cash equivalents	-	(155)	-	(104)
Cash and cash equivalents at end of period	11,801	2,024	11,801	2,024
Cash and cash equivalents at end of period comprised of:				
Cash at banks and in hand	6,060	2,024	6,060	2,024
Short-term deposits	5,741	-	5,741	-
	11,801	2,024	11,801	2,024

Acquisition of subsidiaries

On 30 April 2008, the Group acquired 100% of the issued and paid-up share capital of Sea Deep Shipyard Pte. Ltd. and its subsidiary for S\$20,000,000.

The aggregate effect of the acquisition of subsidiaries is as follows:-

	S\$'000
Property, plant and equipment	6,467
Current assets	41,658
Current liabilities	(35,969)
Non-current liabilities	(445)
Net assets acquired	<u>11,711</u>
Goodwill on consolidation	<u>8,289</u>
Total purchase consideration paid	20,000
Less: cash and cash equivalents of subsidiaries	<u>(1,075)</u>
Net cash outflow from acquisition of subsidiaries	<u>18,925</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 capitalisation 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	Foreign currency translation reserve	Accumulated profits	Total reserves	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1/1/2007	18,006	1,928	993	1,194	4,115	22,121
Net effect of exchange differences	-	-	25	-	25	25
Profit for the period	-	-	-	332	332	332
Balance at 31/3/2007	<u>18,006</u>	<u>1,928</u>	<u>1,018</u>	<u>1,526</u>	<u>4,472</u>	<u>22,478</u>
Net effect of exchange differences	-	-	30	-	30	30
Issuance of new shares from conversion of warrants	35	-	-	-	-	35
Profit for the period	-	-	-	722	722	722
Balance at 30/6/2007	<u>18,041</u>	<u>1,928</u>	<u>1,048</u>	<u>2,248</u>	<u>5,224</u>	<u>23,265</u>
Balance at 1/1/2008	18,110	2,344	-	21,174	23,518	41,628
Issuance of new shares from conversion of warrants	3	-	-	-	-	3
Profit for the period	-	-	-	69	69	69
Balance at 31/3/2008	<u>18,113</u>	<u>2,344</u>	<u>-</u>	<u>21,243</u>	<u>23,587</u>	<u>41,700</u>
Issuance of new shares from conversion of warrants	1	-	-	-	-	1
Profit for the period	-	-	-	3,387	3,387	3,387
Balance at 30/6/2008	<u>18,114</u>	<u>2,344</u>	<u>-</u>	<u>24,630</u>	<u>26,974</u>	<u>45,088</u>

Company	Share capital	Capital reserve	Accumulated profits	Total reserves	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1/1/2007	18,006	2,344	256	2,600	20,606
Loss for the period	-	-	(199)	(199)	(199)
Balance at 31/3/2007	18,006	2,344	57	2,401	20,407
Issuance of new shares from conversion of warrants	35	-	-	-	35
Loss for the period	-	-	(319)	(319)	(319)
Balance at 30/6/2007	18,041	2,344	(262)	2,082	20,123
Balance at 1/1/2008	18,110	2,344	5,851	8,195	26,305
Issuance of new shares from conversion of warrants	3	-	-	-	3
Profit for the period	-	-	392	392	392
Balance at 31/3/2008	18,113	2,344	6,243	8,587	26,700
Issuance of new shares from conversion of warrants	1	-	-	-	1
Loss for the period	-	-	(591)	(591)	(591)
Balance at 30/6/2008	18,114	2,344	5,652	7,996	26,110

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 1st half of 2008, a total of 154,388 warrants were exercised at \$0.025 each by warrant holders to subscribe for 154,388 new ordinary shares of the Company. As at 30 June 2008, 24,171,243 warrants remained outstanding (31 December 2007 - 24,325,631 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 June 2008, the Company's issued share capital was S\$18,114,009 (31 December 2007 – S\$18,110,149) comprising 631,328,576 ordinary shares (31 December 2007 – 631,174,188 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 accounting policies and methods of computation applied in the financial statements for the current financial period are consistent with those of the audited financial statements for the year ended 31 December 2007.

The new or revised Financial Reporting Standards ("FRS") and Interpretations to FRS that are applicable for the current financial year has no material effect on the 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		6 months ended	
	30/6/2008	30/6/2007	30/6/2008	30/6/2007
(i) Basic earnings per share (in cents)	0.54	0.12	0.55	0.17
(ii) Diluted earnings per share (in cents)	0.52	0.11	0.53	0.16

(i) Basic earnings per ordinary shares for the financial period ended 30 June 2008 was calculated based on the weighted average number of ordinary shares in issue of 631,281,396 (30 June 2007 - 627,354,460).

(ii) Earnings per share for the financial period ended 30 June 2008 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 24,171,243 warrants (30 June 2007 – 27,100,069).

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	
	30/6/2008	31/12/2007	30/6/2008	31/12/2007
Net Asset Value per ordinary share based on issued share capital at the end of the period (in cents)	7.1	6.6	4.1	4.2

Net asset value per ordinary share as at 30 June 2008 and 31 December 2007 was calculated based on the number of shares in issue of 631,328,576 and 631,174,188 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

<u>Revenue by business segment</u>	6 months ended	
	30/6/2008	30/6/2007
	S\$'000	S\$'000
Equipment & services for Oil & Gas industry	16,613	-
Trailer axles #	-	32,071
	<u>16,613</u>	<u>32,071</u>

- The trailer axles business is conducted through York Transport. On 5 October 2007, the Group disposed its 51% interest in York Transport and accordingly, it ceased to be a wholly-owned subsidiary of the Group. Since then, the Group equity accounts for its remaining 49% share in the results of York Transport.

Group revenue decreased by 48% from S\$32.1 million for the 6 months ended 30 June 2007 to S\$16.6 million for the same corresponding period in 2008 due to the transition in the Group's core business. The Group's acquisition of the entire issued and paid-up share capital of Sea Deep was only completed on 30 April 2008 and accordingly, only 2 months of Sea Deep's results were consolidated in the reported revenue for 2008.

With the completion of this recent acquisition, the Group has effectively changed its core business from that of a trailer axles manufacturer to a manufacturer and provider of specialised equipment and services for the oil and gas industry.

For the first 6 months ended 30 June 2008, Sea Deep reported a revenue of S\$53.6 million, a gross profit of S\$13.5 million and a net profit of S\$6.0 million. Of the net profit of S\$6.0 million, S\$3.6 million was consolidated into the Group's results for the second quarter and half year ended 30 June 2008.

Gross Profit

Despite a 48% reduction in revenue, gross profit reduced by only 10% to S\$6.2 million for the 6 months ended 30 June 2008. This was due to different margins between the business segments.

Profit Attributable to Shareholders

On the back of strong contribution from Sea Deep for the current quarter and share of results from York Transport of S\$604,000, the Group reported a net profit after tax of S\$3.5 million for the half year ended June 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 offshore marine industry, specifically the oil and gas sector, is expected to remain robust with global demand for energy on the rise and the rapid increase in oil exploration and production activities. The increased offshore activity will benefit the Group as Sea Deep and PPL Shipyard will continue to enjoy strong demand for its products and services. As at 30 June 2008, Sea Deep has secured contracts with an aggregate value of approximately US\$67 million, the bulk of which is expected to be recognised as revenue within the next 12 to 18 months.

As for the trailer axle business, the Group expects the operating environment to remain challenging and competitive.

Barring any unforeseen circumstances, the Directors are optimistic that the Group will achieve better operating results for financial year 2008.

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.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

Not applicable.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Refer to paragraphs 8 and 10 above.

15. A breakdown of sales

Not applicable.

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Total Annual Dividend (Refer to Para 16 of Appendix 7.2 for the required details)

	Latest Full Year (S\$'000)	Previous Full Year (S\$'000)
Ordinary	0	0
Preference	0	0
Total	0	0

17. 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 second quarter and half year ended 30 June 2008 to be false or misleading.

BY ORDER OF THE BOARD

Aw Seok Chin
Company Secretary
5 August 2008