



**BAKER TECHNOLOGY LIMITED**

Company Registration No.: 198100637D

**Full Year Financial Statement And Dividend Announcement for the Period Ended 31 December 2007**

**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		
		FY 2007	FY 2006	Change
		S\$'000	S\$'000	%
	Revenue	50,733	62,567	(19%)
	Cost of goods sold	(39,279)	(48,742)	(19%)
	<b>Gross profit</b>	<b>11,454</b>	<b>13,825</b>	<b>(17%)</b>
	Other operating income	626	435	44%
	Administrative expenses	(5,682)	(7,082)	(20%)
	Selling and distribution expenses	(3,418)	(5,042)	(32%)
	Other operating expenses	(100)	(110)	(9%)
	Finance costs	(161)	(509)	(68%)
	Share of results of associates	203	-	NM
	Exceptional items	17,918	-	NM
	<b>Profit before taxation</b>	<b>20,840</b>	<b>1,517</b>	<b>NM</b>
	Taxation	(860)	(580)	48%
	<b>Net profit attributable to equity holders of the Company</b>	<b>19,980</b>	<b>937</b>	<b>NM</b>

NM : not meaningful

**Explanatory notes:**

(a) The Group's principal business activity is that of the manufacturing and distribution of trailer axles and related components conducted through York Transport (Asia) Equipment Pte Ltd and its subsidiaries ("York Transport"). On 5 October 2007, the Group disposed approximately 51% interest in York Transport and accordingly, it ceased to be a wholly-owned subsidiary of the Group. The results of York Transport was consolidated in the above income statement prior to the date of disposal and thereafter shown as share of results of associates.

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

	Group		
	FY 2007	FY 2006	Change
	S\$'000	S\$'000	%
Depreciation	499	566	(12%)
Foreign exchange gain	(281)	(153)	84%
Royalty income	(171)	(237)	(28%)
Interest income	(119)	(2)	NM
Exceptional items:			
Gain on disposal of subsidiaries	(4,596)	-	NM
Negative goodwill arising on acquisition recognised under FRS 103	(13,322)	-	NM

(c) The taxation charge for the Group for the current year was primarily in relation to profitable York Transport subsidiaries prior to their disposal on 5 October 2007.

**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	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
	S\$'000	S\$'000	S\$'000	S\$'000
<b><u>Non-current assets</u></b>				
Property, plant and equipment	5	5,488	5	1
Investment in subsidiaries	-	-	3,600	8,000
Investment in associates (a)	11,712	-	9,616	-
Other investment (b)	5,066	-	-	-
Intangible assets	-	93	-	-
	16,783	5,581	13,221	8,001
<b><u>Current assets</u></b>				
Inventories	-	16,752	-	-
Trade receivables	-	12,253	-	-
Other receivables	32	649	32	19
Amount due from subsidiaries	-	-	-	12,711
Cash and cash equivalents	27,206	1,569	15,203	21
	27,238	31,223	15,235	12,751
<b><u>Current liabilities</u></b>				
Interest-bearing loans and borrowings	-	3,253	-	-
Trade payables	-	6,543	-	-
Other liabilities	197	3,072	151	146
Amount due to vendors (c)	2,000	-	2,000	-
Tax payables	196	573	-	-
	2,393	13,441	2,151	146
<b>Net current assets</b>	24,845	17,782	13,084	12,606

**Non-current liabilities**

Interest-bearing loans and

borrowings	-	(1,174)	-	-
Deferred tax liabilities	-	(68)	-	-
<b>Net assets</b>	<b>41,628</b>	<b>22,121</b>	<b>26,305</b>	<b>20,606</b>

**Equity attributable to equity holders of company**

Share capital	18,110	18,006	18,110	18,006
Reserves	23,518	4,115	8,195	2,600
<b>Shareholders' equity</b>	<b>41,628</b>	<b>22,121</b>	<b>26,305</b>	<b>20,606</b>

**Explanatory notes:**

- (a) - This relates to the 49% stake in York group of companies, previously wholly owned subsidiaries of the Company.
- (b) - The amount relates to the 15% equity stake in PPL Shipyard Pte Ltd ("PPLS") through the acquisition of 100% of PPL Holdings Pte Ltd in May 2007. This minority stake was originally recorded at cost of \$3.1 million. In accordance with FRS 103, the Company determined the fair value of this investment to be \$16.4 million, and recorded a negative goodwill of \$13.3 million, which was credited to the income statement. Subsequent to the acquisition, PPLS paid interim dividends of \$11.3 million, which was deemed to be declared from pre-acquisition profits, and accordingly has been recorded as a reduction in the carrying value of investment. Consequently, the carrying value of PPLS has been restated to \$5.1 million.
- (c) - These relate to the instalment payments of \$1,000,000 each due in May 2008 and November 2008 in relation to 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 31/12/2007		As at 31/12/2006	
Secured	Unsecured	Secured	Unsecured
-	-	\$3,253,000	-

**Amount repayable after one year**

As at 31/12/2007		As at 31/12/2006	
Secured	Unsecured	Secured	Unsecured
-	-	\$1,174,000	-

## 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	
	FY 2007	FY 2006
	S\$'000	S\$'000
<b><u>Cash flows from operating activities</u></b>		
Profit before taxation	20,840	1,517
<b>Adjustment for:</b>		
Depreciation	499	566
Interest income	(119)	(2)
Interest expense	161	509
Expense of share-based payments	-	22
Gain on disposal of subsidiaries	(4,596)	-
(Gain) / loss on disposal of property, plant and equipment	(91)	5
Share of results of associates	(203)	-
Negative goodwill arising on acquisition	(13,360)	-
<b>Operating profit before working capital changes</b>	<b>3,131</b>	<b>2,617</b>
(Increase) / decrease in trade receivables	(4,037)	100
(Increase) / decrease in other receivables	(1,728)	65
Decrease in inventories	228	1,189
Increase / (decrease) in trade payables	5,031	(5,628)
Increase in other liabilities	655	409
<b>Cash generated / (used in) from operations</b>	<b>3,280</b>	<b>(1,248)</b>
Interest income	109	2
Interest paid	(161)	(509)
Income tax paid	(643)	(607)
<b>Net cash generated from / (used in) operating activities</b>	<b>2,585</b>	<b>(2,362)</b>
<b><u>Cash flows from investing activities</u></b>		
Proceeds from disposal of property, plant and equipment	175	381
Purchase of property, plant and equipment	(271)	(882)
Dividend received	11,322	-
Net cash outflow on acquisition of subsidiaries	(842)	-
Net cash inflow on disposal of subsidiaries	13,874	-
<b>Net cash generated from / (used in) investing activities</b>	<b>24,258</b>	<b>(501)</b>

**Cash flows from financing activities**

Net proceeds from Rights Issue	-	13,966
Proceeds from conversion of Warrants	104	-
Repayment of bank loans, bills payables and secured overdrafts	(989)	(8,811)
Repayments of finance leases	(150)	(91)
Repayment of loan from holding company	-	(578)
<b>Net cash (used in) / generated from financing activities</b>	<b>(1,035)</b>	<b>4,486</b>
Net increase in cash and cash equivalents	25,808	1,623
Cash and cash equivalents at beginning of financial year	1,569	80
Effect of exchange rate changes on balances held in foreign currency	(171)	(134)
<b>Cash and cash equivalents at end of financial year</b>	<b>27,206</b>	<b>1,569</b>

**Cash and cash equivalents comprise of:**

Cash at bank and on hand	27,206	1,569
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**Acquisition of subsidiaries**

In May 2007, the Company acquired 100% of the issued share capital of PPL Holdings Pte Ltd for \$3,600,000.

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

	<b>S\$'000</b>
Available-for-sale investment	3,066
Current assets	778
Current liabilities	(206)
Net identifiable assets purchased	3,638
Negative goodwill	(38)
Total purchase consideration	3,600
Less: Consideration unpaid as at 31 December 2007	(2,000)
Less: Cash and cash equivalents in subsidiaries acquired	(758)
Net cash outflow from acquisition of subsidiaries	842

**Disposal of subsidiaries**

In October 2007, the Company disposed 51% of York Transport Equipment (Asia) Pte Ltd and its subsidiaries for \$16,575,000.

The aggregate effect of the disposal of subsidiaries is as follows:

	<b>S\$'000</b>
Property, plant and equipment	5,336
Intangible assets	100
Current assets	37,890
Current liabilities	(18,172)
Non-current liabilities	(1,089)
Net identifiable assets disposed	24,065
Less: Capital and translation reserves	(577)
Less: Transfer of cost and post acquisition reserves to investment in associated companies	(11,509)
Add: Gain on disposal of subsidiaries	4,596
Total sale proceed	16,575
Add: Cash and cash equivalents in subsidiaries disposed	(2,701)
Net cash inflow from disposal of subsidiaries	13,874

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

	Share capital	Capital reserve	Reserves			Total Equity
			Employee share option reserve	Translation reserve	Accumulated profits / (losses)	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Group</b>						
<b>Balance as at 1/1/2006</b>	16,048	1,928	24	1,174	(11,797)	7,377
Foreign currency translation	-	-	-	(181)	-	(181)
Expense of share-based payments due to cancellation of options	-	-	22	-	-	22
Transfer of reserve	-	-	(46)	-	46	-
Issuance of Rights Shares	14,250	-	-	-	-	14,250
Share issue expenses	(284)	-	-	-	-	(284)
Capital reduction	(12,008)	-	-	-	12,008	-
Net profit for the year	-	-	-	-	937	937
<b>Balance as at 31/12/2006</b>	<b>18,006</b>	<b>1,928</b>	<b>-</b>	<b>993</b>	<b>1,194</b>	<b>22,121</b>
Issuance of new shares from conversion of Warrants	104	-	-	-	-	104
Due to disposal of subsidiaries	-	416	-	(993)	-	(577)
Net profit for the year	-	-	-	-	19,980	19,980
<b>Balance as at 31/12/2007</b>	<b>18,110</b>	<b>2,344</b>	<b>-</b>	<b>-</b>	<b>21,174</b>	<b>41,628</b>
<b>Company</b>						
<b>Balance as at 1/1/2006</b>	16,048	2,344	24	-	(12,008)	6,408
Expense of share-based payments due to cancellation of options	-	-	22	-	-	22
Transfer of reserve	-	-	(46)	-	46	-
Issuance of Rights Shares	14,250	-	-	-	-	14,250
Share issue expenses	(284)	-	-	-	-	(284)
Capital reduction	(12,008)	-	-	-	12,008	-
Net profit for the year	-	-	-	-	210	210
<b>Balance as at 31/12/2006</b>	<b>18,006</b>	<b>2,344</b>	<b>-</b>	<b>-</b>	<b>256</b>	<b>20,606</b>
Issuance of new shares from conversion of Warrants	104	-	-	-	-	104
Net profit for the year	-	-	-	-	5,595	5,595
<b>Balance as at 31/12/2007</b>	<b>18,110</b>	<b>2,344</b>	<b>-</b>	<b>-</b>	<b>5,851</b>	<b>26,305</b>

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 year, a total of 4,174,188 Warrants were exercised at \$0.025 each. As at 31 December 2007, 24,325,631 Warrants remain outstanding.

**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 31 December 2007, the Company's issued share capital was S\$18,110,149 comprising 631,174,188 ordinary shares (31 December 2006 – 627,000,000 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 2006.

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**

	<b>Group</b>	
	<b>FY 2007</b>	<b>FY 2006</b>
(i) Basic earnings per share	3.18 cents	0.26 cents
(ii) Diluted earnings per share	3.06 cents	0.24 cents
(i) Basic earnings per ordinary shares for the financial year ended 31 December 2007 was calculated based on the weighted average number of ordinary shares in issue of 628,910,254 (31 December 2006 - 365,750,000).		
(ii) Earnings per share for the financial year ended 31 December 2007 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 24,325,631 Warrants (31 December 2006 – 28,499,819).		

**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	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Net Asset Value per Ordinary Share based on issued share capital at the end of the year	6.6 cents	3.5 cents	4.2 cents	3.3 cents

Net asset value per ordinary share as at 31 December 2007 and 2006 was calculated based on the number of shares in issue of 631,174,188 and 627,000,000 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**

	FY 2007 S\$'000	FY 2006 S\$'000	+ / (-) S\$'000	+ / (-) %
Singapore / Asia	38,032	45,823	(7,791)	(17%)
Middle East / Africa / Europe	12,701	16,744	(4,043)	(24%)
	<u>50,733</u> =====	<u>62,567</u> =====	<u>(11,834)</u> =====	(19%)

The Group's reported revenue was derived wholly from the manufacturing and distribution of trailer axles and related components conducted through York Transport. On 5 October 2007, the Group announced the completion of the sale of approximately 51% of the issued and paid-up capital of York Transport to TRF Singapore Pte. Ltd., a member of the TATA group of companies in India, for \$16.6 million. As a result, York Transport ceased to be a wholly-owned subsidiary of the Group and its results thereafter is only equity accounted for by the Group.

The reduction in Group revenue by 19% from \$62.6 million in FY2006 to \$50.7 million in FY2007 was attributed to the disposal of York Transport in October 2007.

**Gross Profit**

Gross profit decreased correspondingly by 17% to \$11.5 million as compared to \$13.8 million in FY2006.

**Profit Attributable to Shareholders**

In FY2007, the Group recorded exceptional gains of \$17.9 million from:

- Gain on disposal of subsidiaries (York Transport) of \$4.6 million; and
- Negative goodwill arising on acquisition of \$13.3 million.



Total operating expenses and finance cost was approximately \$9.4 million for FY2007, a reduction of about \$3.3 million from the corresponding period in 2006. This reduction was mainly due to the disposal of York Transport in October 2007.

On the back of the exceptional gains, the Group reported a net profit after tax of \$20.0 million, as compared to \$0.9 million in 2006.

**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**

On 1 February 2008, the Group announced that it had entered into a conditional share purchase agreement with Saberon Investments Pte Ltd to acquire the issued and paid-up capital of Sea Deep Shipyard Pte. Ltd. and its subsidiary (the "SDSPL Group") for S\$20.0million. The purchase consideration was arrived at after arm's length negotiations on a "willing seller-willing buyer" basis, after taking into consideration the unaudited net profit after tax of the SDSPL Group for FY2007 of S\$11.8 million and the business prospects of the SDSPL Group. The SDSPL Group is principally engaged in the manufacturing of steel components and service and maintenance for the oil and gas industry.

The offshore marine industry is expected to stay strong in the next few years on the back of strong demand. The proposed acquisition will allow the Group to gain direct exposure to the component and equipment supply sector of the offshore marine industry, the prospects of which are expected to remain favourable over the next few years. Specifically, the performance of the SDSPL Group in FY2008 is expected to improve over FY2007 on the basis of confirmed customer orders.

**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**

**(i) By Business Activities**

Up till 5 October 2007, the Group's principal business activity consists wholly of the manufacturing and distribution of trailer axles and related components, and therefore, no segmental reporting of business activity is appropriate.

**(ii) By Geographical Locations**

	Segment Revenue			Segment Results		
	FY 2007	FY 2006	Change	FY 2007	FY 2006	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Asia Pacific	38,032	45,823	(17%)	4,024	2,325	73%
Middle East/Africa/Europe	12,701	16,744	(24%)	(155)	418	NM
	<u>50,733</u>	<u>62,567</u>	(19%)	<u>3,869</u>	<u>2,743</u>	41%
Unallocated items				(989)	(717)	38%
Operating profit				<u>2,880</u>	<u>2,026</u>	42%
Exceptional items				17,918	-	NM
Finance costs				(161)	(509)	(68%)
Share of results of associates				203	-	NM
Profit before taxation				<u>20,840</u>	<u>1,517</u>	NM
Taxation				(860)	(580)	48%
Net profit				<u>19,980</u>	<u>937</u>	NM

	Asia Pacific		Middle East/ Africa/ Europe		Consolidated	
	2007	2006	2007	2006	2007	2006
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment assets	-	32,852	-	3,912	-	36,764
Unallocated					44,021	40
					<u>44,021</u>	<u>36,804</u>
Segment liabilities	-	13,510	-	1,028	-	14,538
Unallocated					2,393	145
					<u>2,393</u>	<u>14,683</u>
Capital expenditures	271	2,063	-	-	271	2,063
Depreciation	499	566	-	-	499	566

**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**

	GROUP		
	2007 S\$'000	2006 S\$'000	Change %
Sales reported for first half year	32,071	29,841	7%
Sales reported for second half year	18,662	32,726	(43%)
<b>Total sales</b>	<u>50,733</u>	<u>62,567</u>	(19%)
Profit / (loss) after tax reported for first half year	1,054	(143)	NM
Profit / (loss) after tax reported for second half year	18,926	1,080	NM
<b>Total profit after tax</b>	<u>19,980</u>	<u>937</u>	NM

**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

**BY ORDER OF THE BOARD**

Aw Seok Chin  
Company Secretary  
18 February 2008