Hyflux®

NEWS RELEASE

HYFLUX POSTS RECORD NET PROFIT OF S$75 MILLION

- **Yet another record profit year**
- **Declares dividend of 5.0 Singapore cents per share, an increase of 46%**
- **Order book grows 20% to S$1.8 billion**

Singapore, 24 February 2010 – Mainboard-listed Hyflux Ltd ("Hyflux" or "The Group") today reported a 27% increase in profit attributable to shareholders of S$75.0 million for the 12 months ended 31 December 2009.

The net profit for FY2009 was a record for the Group and was achieved on the back of FY2009 group revenue of S$524.8 million.

In FY2008, Hyflux registered net profit of S$59.0 million and revenue of S$554.2 million, also a record year for the Group.

Commenting on the Group's performance in the last financial year, Group CEO Ms Olivia Lum said: "Despite a very challenging year in the global economic front, Hyflux has turned in a good set of financial results. This is a statement on the strength of our business model which has given rise to continuous improvement in profitability, cash flows and financial flexibility.

"Our business model coupled with teamwork, financial discipline, cost management and strong project execution were instrumental in driving performance."

In line with the record results, the Group is recommending a first and final dividend of 5.0 Singapore cents per ordinary share (FY2008: 3.43 Singapore cents per share), an increase of approximately 46%.

Financial Review

In FY2009, the Group recorded lower revenue mainly due to the lower Engineering, Procurement and Construction ("EPC") revenue from fewer EPC projects being carried out in China. This was a reflection of the slowdown in economic activities in China resulting from the global financial crisis.

Municipal sales made up 90% of Group revenue while the industrial sector contributed the remaining proportion.

As expected, the Middle East-North Africa ("MENA") market was the major contributor to Group revenue, accounting for 63% or S$330.5 million. The China market represented 35% or S$181.3 million.

Led by better cost management during the period, raw materials and subcontractors' costs were reduced by 20% to S$309.4 million.

Finance costs also declined to S$9.3 million from S$10.2 million as a result of lower interest rates on bank borrowings.

As more employees were recruited in preparation for the execution of the world's largest seawater desalination plant in Magtaa, Algeria and for the Operations and Maintenance ("O&M") of the Group's newly completed plants, staff costs grew by 13% to S$59.4 million.

Other expenses escalated by 86% to S$57.9 million due to several factors, such as higher project tender fees, bank charges, selling expenses and foreign exchange differences.

The Group's cash position rose strongly to S$166.7 million as at 31 December 2009 from S$90.7 million as at 31 December 2008 and gearing remained healthy at 0.59 times.

The basic and fully diluted earnings per share for FY2009 jumped 27% to a record 14.26 Singapore cents and 14.01 Singapore cents respectively compared to FY2008.

Outlook for FY2010

The Group's core revenue streams from EPC and O&M activities will benefit from the strong pipeline of projects that it has on hand. As at 31 December 2009, the Group has garnered a combined order book of S$1.8 billion, a 20% growth from S$1.5 billion in the previous financial year-end.

The Group's O&M order book stands at S$1.1 billion from S$335 million last year, with the expected completion of the Tlemcem desalination project in Algeria in the first half of 2010. The EPC order book remains healthy at S$748 million. Recently the Group announced a S$95 million design and supply contract for a desalination facility for the Salalah Independent Water and Power Project in Oman and a S$35.8 million design and construct contract for Singapore's largest membrane bioreactor plant.

On the prospects ahead for the Group, Ms Lum said: "I am excited about our future. We are in a solid position having built a strong technology and manufacturing base as well as having the right people onboard. We will continue to work with our network of partners to raise growth and productivity.

"Our tie-ups with Japan Bank for International Cooperation and JGC Corporation are strategic platforms that will provide us the financial leverage to take advantage of growth opportunities in our key markets in China, India, South East Asia and MENA region and to expand our market share in the water industry."

To support its growth worldwide, the Group has announced that it would be embarking on its expansion in Singapore with the development of a new Hyflux Innovation Centre to house its global headquarters as well as its design, research and development and commercialization centre and the Hyflux Production Hub, a new membrane manufacturing facility.

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About Hyflux

Hyflux is one of the world's leading technology-driven environmental companies, with operations and projects in Southeast Asia, China, India, the Middle East and North Africa.

Hyflux's spirit of innovation and entrepreneurship drives its technological advancements in membranes, commercialisation of applications, project management, and operations and maintenance.

Hyflux is committed to providing cost-effective, reliable and sustainable solutions to its customers worldwide, from seawater desalination, water recycling, wastewater and potable water treatment, to renewable resources management in the fields of oil recycling and specialty materials. The company is building the world's largest membrane-based seawater desalination plant in Magtaa, Algeria. It has completed building China's largest membrane-based seawater desalination plant in Tianjin Dagang.

For more information, please visit www.hyflux.com

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