



HYFLUX LTD
Registration number : 200002722Z

Unaudited Financial Statements For The First Quarter Ended 31 March 2010

1(a) An income statement (for the Group) together with a comparative statement for the corresponding period for the immediately preceding financial year.

**CONSOLIDATED INCOME STATEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2010**

	<u>Group</u>		Change %
	<u>First quarter ended 31 Mar</u>		
	2010 S\$'000	2009 S\$'000	
Revenue	101,340	88,204	15
Other income	1,250	1,537	(19)
Changes in inventories of finished goods and work-in-progress	(569)	988	NM
Raw materials and consumables used and subcontractors' cost	(59,275)	(59,911)	(1)
Staff costs	(13,073)	(12,991)	1
Depreciation and amortisation	(3,353)	(2,427)	38
Other expenses	(15,208)	(4,735)	221
Finance costs	(3,464)	(2,979)	16
Share of loss of associates, net of income tax	(685)	(852)	(20)
Profit before income tax [Note 1(a)(ii)]	6,963	6,834	2
Income tax expense	(1,095)	(1,756)	(38)
Profit for the period	5,868	5,078	16
Profit attributable to:			
Owners of the Company	6,401	5,136	25
Minority interests	(533)	(58)	NM
	5,868	5,078	16

NM: Not meaningful

**1 (a)(i) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2010**

	<u>Group</u>		Change %
	<u>First quarter ended 31 Mar</u>		
	2010 S\$'000	2009 S\$'000	
Profit for the period	5,868	5,078	16
Other comprehensive income / (loss)			
Foreign currency translation differences for foreign operations	(1,557)	12,420	NM
Share of net fair value (loss)/gain on derivative financial instruments of associates	(83)	612	NM
Net change in fair value of cash flow hedges transferred to profit or loss	431	-	NM
Effective portion of changes in fair value of cash flow hedges	71	(8,780)	NM
Share of statutory reserve of associates	216	-	NM
Other comprehensive (loss) / income for the period, net of income tax	<u>(922)</u>	<u>4,252</u>	NM
Total comprehensive income for the period	<u>4,946</u>	<u>9,330</u>	(47)
Attributable to:			
Owners of the Company	5,459	8,944	(39)
Minority interests	(513)	386	NM
Total comprehensive income for the period	<u>4,946</u>	<u>9,330</u>	(47)

NM: Not meaningful

Notes to consolidated income statement

1(a)(ii) Profit before income tax of the Group is arrived at after (charging)/crediting the following: -

	<u>Group</u>		Change %
	<u>First quarter ended 31 Mar</u>		
	2010 S\$'000	2009 S\$'000	
Fair value gain on derivative financial instruments	121	-	NM
Finance income	662	752	(12)
Write back/(Impairment) of trade and other receivables (net)	156	(45)	NM
Net foreign exchange (loss)/gain	(697)	5,438	NM
Loss on sale of property, plant and equipment	(394)	(10)	NM
Allowance for inventory obsolescence	-	(6)	NM

NM: Not meaningful

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.

BALANCE SHEETS AS AT 31 MARCH 2010

	<u>Group</u>		<u>Company</u>	
	31 Mar 10 S\$'000	31 Dec 09 S\$'000	31 Mar 10 S\$'000	31 Dec 09 S\$'000
<u>Non-current assets</u>				
Property, plant and equipment	138,778	134,926	-	-
Intangible assets	92,763	89,615	1,803	1,810
Investment property	2,083	2,116	-	-
Investments in subsidiaries	-	-	130,920	130,920
Investments in joint ventures	-	-	3,125	3,125
Investments in associates	106,841	102,654	13,043	12,955
Other investments	99	99	-	-
Financial and lease receivables	155,854	155,947	-	-
Trade and other receivables	25,689	35,312	18,325	18,296
Deferred tax assets	2,640	2,761	-	-
Total non-current assets	524,747	523,430	167,216	167,106
<u>Current assets</u>				
Amounts due for contract work	189,688	119,994	-	-
Inventories	30,032	32,497	-	-
Financial and lease receivables	6,726	7,818	-	-
Trade and other receivables, including derivatives	212,196	222,089	601,980	524,628
Cash and cash equivalents	198,828	166,735	53,581	62,860
Total current assets	637,470	549,133	655,561	587,488
<u>Current liabilities</u>				
Trade and other payables, including derivatives	283,893	265,772	252,945	244,742
Loans and borrowings	44,110	45,305	44,110	44,137
Tax payable	6,182	6,794	-	-
Total current liabilities	334,185	317,871	297,055	288,879
Net current assets	303,285	231,262	358,506	298,609
<u>Non-current liabilities</u>				
Loans and borrowings	403,088	355,018	340,178	297,233
Deferred tax liabilities	6,229	6,272	-	-
Total non-current liabilities	409,317	361,290	340,178	297,233
Net assets	418,715	393,402	185,544	168,482
<u>Equity</u>				
Share capital	127,256	105,114	127,256	105,114
Reserve for own shares	(1,292)	(1,292)	(1,292)	(1,292)
Capital reserve	9,660	8,627	-	-
Foreign currency translation reserve	2,966	4,543	-	-
Hedging reserve	(6,297)	(6,716)	-	-
Employees' share option reserve	16,780	16,780	16,780	16,780
Retained earnings	243,772	238,188	42,800	47,880
Total equity attributable to equity holders of the Company	392,845	365,244	185,544	168,482
Minority interests	25,870	28,158	-	-
Total equity	418,715	393,402	185,544	168,482
<i>Group net borrowings (S\$)</i>	248,370	233,588	NA	NA
<i>Group net gearing (times)</i>	0.59x	0.59x	NA	NA

Notes to balance sheets

1(b)(ii) Aggregate amount of the Group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

31 Mar 10		31 Dec 09	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	44,110	1,168	44,137

Amount repayable after one year

31 Mar 10		31 Dec 09	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	403,088	27	354,991

Details of any collateral

As at 31 Dec 2009, a subsidiary's bank loan was secured by a lien over its inventories and receivables and certain cash balances of the subsidiary.

1(c) A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2010**

	<u>Group</u>	
	<u>First quarter ended 31 Mar</u>	
	2010	2009
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before income tax	6,963	6,834
Adjustments for:		
Employees' share option expense	-	1,107
Fair value gain on derivative financial instruments	(121)	-
Loss on sale of property, plant and equipment	394	10
Share of loss of associates, net of income tax	685	852
Depreciation and amortisation	3,353	2,427
Finance costs	3,464	2,979
Finance income	(662)	(752)
(Write back)/Impairment of trade and other receivables (net)	(156)	45
Allowance for inventory obsolescence	-	6
	<u>13,920</u>	<u>13,508</u>
Change in inventories	2,465	(1,587)
Change in amounts due for contract work	(69,695)	30,155
Change in trade and other receivables	2,067	(42,289)
Change in financial and lease receivables	(1,495)	(22,839)
Change in trade and other payables	20,832	(25,922)
Cash used in operating activities	<u>(31,906)</u>	<u>(48,974)</u>
Income tax paid	(1,750)	(974)
Net cash used in operating activities	<u>(33,656)</u>	<u>(49,948)</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(6,966)	(4,519)
Acquisition of intangible assets	(2,929)	(5,683)
Acquisition of minority interests	(1,917)	-
Proceeds from sale of property, plant and equipment	314	71
Acquisition of associates	-	(19,306)
Change in amounts due from related parties (non-trade)	3,580	(4,375)
Dividends received from associates	5,691	-
Interest received	574	752
Net cash used in investing activities	<u>(1,653)</u>	<u>(33,060)</u>

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2010 (cont'd)**

	Group	
	First quarter ended 31 Mar	
	2010	2009
	S\$'000	S\$'000
Cash flows from financing activities		
Proceeds from exercise of share options and warrants	22,142	4
Proceeds from borrowings	83,258	90,532
Repayment of borrowings	(35,758)	(23,910)
Repayment of finance lease liabilities	(73)	(29)
Interest paid	(1,486)	(2,652)
	<hr/>	<hr/>
Cash flows from financing activities	68,083	63,945
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	32,774	(19,063)
Cash and cash equivalents at beginning of the period	166,735	91,480
Effect of exchange rate changes	(681)	2,418
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	198,828	74,835
	<hr/>	<hr/>

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.

STATEMENT OF CHANGES IN EQUITY OF THE GROUP

	Share capital	Reserve for own shares	Capital reserve	Foreign currency translation reserve	Hedging reserve	Employees' share option reserve	Retained earnings	Total equity attributable to equity holders of the Company	Minority interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1.1.2010	105,114	(1,292)	8,627	4,543	(6,716)	16,780	238,188	365,244	28,158	393,402
Total comprehensive income for the period										
Profit or loss	-	-	-	-	-	-	6,401	6,401	(533)	5,868
Other comprehensive income										
Foreign currency translation differences for foreign operations	-	-	-	(1,577)	-	-	-	(1,577)	20	(1,557)
Share of net fair value gain on derivative financial instruments of associates	-	-	-	-	(83)	-	-	(83)	-	(83)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	71	-	-	71	-	71
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	431	-	-	431	-	431
Share of statutory reserve of associates	-	-	216	-	-	-	-	216	-	216
Total comprehensive income for the period	-	-	216	(1,577)	419	-	6,401	5,459	(513)	4,946
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Issue of shares for cash under Employees' Share Option Scheme and Warrant Subscription Agreements	22,142	-	-	-	-	-	-	22,142	-	22,142
Transfer to capital reserve	-	-	817	-	-	-	(817)	-	-	-
Acquisition of minority interests	-	-	-	-	-	-	-	-	(1,775)	(1,775)
Total transactions with owners	22,142	-	817	-	-	-	(817)	22,142	(1,775)	20,367
At 31.03.2010	127,256	(1,292)	9,660	2,966	(6,297)	16,780	243,772	392,845	25,870	418,715

STATEMENT OF CHANGES IN EQUITY OF THE GROUP (cont'd)

	Share capital	Reserve for own shares	Capital reserve	Foreign currency translation reserve	Hedging reserve	Employees' share option reserve	Retained earnings	Total equity attributable to equity holders of the Company	Minority interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1.1.2009	99,118	-	7,204	9,257	(13,496)	12,971	182,493	297,547	10,352	307,899
Total comprehensive income for the period										
Profit or loss	-	-	-	-	-	-	5,136	5,136	(58)	5,078
Other comprehensive income										
Foreign currency translation differences for foreign operations	-	-	-	11,976	-	-	-	11,976	444	12,420
Share of net fair value loss on derivative financial instruments of associates	-	-	-	-	612	-	-	612	-	612
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	(8,780)	-	-	(8,780)	-	(8,780)
Total comprehensive income for the period	-	-	-	11,976	(8,168)	-	5,136	8,944	386	9,330
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Issue of shares for cash under Employees' Share Option Scheme	4	-	-	-	-	-	-	4	-	4
Value of employee services received for issue of share option	-	-	-	-	-	1,107	-	1,107	-	1,107
Total transactions with owners	4	-	-	-	-	1,107	-	1,111	-	1,111
At 31.03.2009	99,122	-	7,204	21,233	(21,664)	14,078	187,629	307,602	10,738	318,340

STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

	Share capital	Reserve for own shares	Employees' share option reserve	Retained earnings	Total equity attributable to equity holders of the Company
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1.1.2010	105,114	(1,292)	16,780	47,880	168,482
Profit or loss	-	-	-	(5,080)	(5,080)
Total comprehensive income for the period	-	-	-	(5,080)	(5,080)
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Issue of shares for cash under Employees' Share Option Scheme and Warrant Subscription Agreements	22,142	-	-	-	22,142
Total transactions with owners	22,142	-	-	-	22,142
At 31.03.2010	127,256	(1,292)	16,780	42,800	185,544
At 1.1.2009	99,118	-	12,971	62,116	174,205
Profit or loss	-	-	-	(3,724)	(3,724)
Total comprehensive income for the period	-	-	-	(3,724)	(3,724)
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Issue of shares for cash under Employees' Share Option Scheme	4	-	-	-	4
Value of employee services received for issue of share option	-	-	1,107	-	1,107
Total transactions with owners	4	-	1,107	-	1,111
At 31.03.2009	99,122	-	14,078	58,392	171,592

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.

Changes in the Company's share capital

The movements in the Company's issued and fully paid-up share capital during first quarter ended 31 Mar 2010 were as follows:

Issued share capital

	No. of shares	Capital S\$'000
At 1 Jan 2010	528,365,360	103,822
Issue of share under the Employees' Share Option Scheme ("Scheme") and Warrant Subscription Agreement and Supplemental Warrant Subscription Agreement ("Agreements")	<u>9,545,187</u>	<u>22,142</u>
At 31 Mar 2010	<u>537,910,547</u>	<u>125,964</u>

As at 31 Mar 2010, the number of ordinary shares in issue was 537,910,547 (31 Mar 2009: 525,318,360), excluding 500,000 (31 Mar 2009: NIL) held by the Company as treasury shares.

Outstanding share options under the Scheme

	No. of options
At 1 Jan 2010	25,279,093
Options granted	2,630,000
Exercised/Forfeited	<u>(1,505,187)</u>
At 31 Mar 2010	<u>26,403,906</u>

Outstanding warrants under the Agreements

	No. of warrants
At 1 Jan 2010	40,216,863
Exercised/Forfeited	<u>(8,450,000)</u>
At 31 Mar 2010	<u>31,766,863</u>

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.

The total number of shares held as treasury shares as at 31 Mar 2010 was 500,000 (31 Dec 2009: 500,000).

The total number of issued shares excluding treasury shares as at 31 Mar 2010 was 537,910,547 (31 Dec 2009: 528,365,360).

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfer, disposal, cancellation and/or use of treasury shares for the financial period ended 31 Mar 2010.

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.

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.

Except as disclosed in paragraph 5 below, the Group and the Company have consistently applied the same accounting policies and methods of computation as in the most recently audited annual 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.

The Group and the Company adopted the new/revised FRS and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2010. Changes to the Group's and the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the new or amended FRS which are relevant to the Group and the Company:

FRS 27 (Amended)	Consolidated and Separate Financial Statements
FRS 103 (Revised)	Business Combinations
Amendments to FRS 39	Financial Instruments: Recognition and Measurement – Eligible Hedged Items
INT FRS 117	Distributions of Non-cash Assets to Owners
Improvements to FRSs 2009	

The adoption of the above FRS did not result in any substantial change to the Group's and the Company's accounting policies or any significant impact on the financial statements.

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**

Earnings per ordinary share:

	<u>Group</u>	
	<u>First quarter ended 31 Mar</u>	
	2010	2009
	Cents	Cents
Based on weighted average of 532,011,089 (31 Mar 2009: 525,297,693) ordinary shares in issue; and	1.20	0.98
On a fully diluted basis of 554,998,131 (31 Mar 2009: 525,318,360) ordinary shares	1.15	0.98

7. **Net asset value (for the Issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.**

Net assets value per ordinary share:

	<u>Group</u>		<u>Company</u>	
	31 Mar 10	31 Dec 09	31 Mar 10	31 Dec 09
	Cents	Cents	Cents	Cents
Based on 537,910,547 (31 Dec 2009: 528,365,360) ordinary shares in issue	73.0	69.1	34.5	31.9

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

8(a) Income Statement Analysis

The Group achieved revenue of \$101.3 million and profit attributable to shareholders of the Company of \$6.4 million for the first quarter ended 31 Mar 2010.

8(a)(i) Revenue

The Group's revenue for the first quarter ended 31 Mar 2010 increased by 15% to \$101.3 million as compared to \$88.2 million for the first quarter ended 31 Mar 2009.

Sector Review

Revenue from the municipal sector, which contributed 87% to the Group's revenue, increased by 17% from \$75.4 million for the first quarter ended 31 Mar 2009 to \$88.2 million for first quarter ended 31 Mar 2010. Municipal sector revenue from Middle East and North Africa ("MENA") and China stood at \$77.5 million and \$5.0 million respectively, for the first quarter ended 31 Mar 2010.

Revenue from industrial sector decreased by 4% from \$12.4 million for the first quarter ended 31 Mar 2009 to \$11.9 million for the first quarter ended 31 Mar 2010 as industrial activities in China remain slow.

Geographical review

MENA accounted for 78% of the total revenue, while China contributed approximately 15% of the total revenue for the first quarter ended 31 Mar 2010.

8(a)(ii) Costs and expenses

Raw materials and consumables used and subcontractors' costs decreased marginally by 1% from \$59.9 million for the first quarter ended 31 Mar 2009 to \$59.3 million for the first quarter ended 31 Mar 2010.

Finance costs increased from \$3.0 million for the first quarter ended 31 Mar 2009 to \$3.5 million for the first quarter ended 31 Mar 2010 due to higher loans and borrowings.

Other expenses increased from \$4.7 million for the first quarter ended 31 Mar 2009 to \$15.2 million for first quarter ended 31 Mar 2010 due to higher professional fees, utilities charges and net foreign exchange impact.

8(a)(iii) Earnings

Basic and fully diluted earnings per share for the first quarter ended 31 Mar 2010 increased by 22% and 17% respectively to 1.20 cents and 1.15 cents respectively compared to the first quarter ended 31 Mar 2009.

8(b) Balance Sheets Analysis

8(b)(i) Group

The Group's shareholders' equity increased to \$392.8 million as at 31 Mar 2010 from \$365.2 million as at 31 Dec 2009. The increase was mainly attributable to the changes in share capital arising from the issue of shares under the "Scheme" and "Agreements" for the first quarter ended 31 Mar 2010. Higher net profit registered in the first quarter ended 31 Mar 2010 further boosted the Group's equity base.

Current assets increased to \$637.5 million as at 31 Mar 2010 from \$549.1 million as at 31 Dec 2009 mainly due to higher amount due for contract work along with higher levels of cash and cash equivalents.

Non-current assets increased to \$524.7 million as at 31 Mar 2010 from \$523.4 million as at 31 Dec 2009, mainly due to higher level of capital spending. Property, plant and equipment and intangible assets increased by \$3.9 million and \$3.1 million respectively. The increase was offset by the lower trade and other receivables for non-trade amount due from associates.

Current liabilities increased to \$334.2 million as at 31 Mar 2010 from \$317.9 million as at 31 Dec 2009, mainly due to the increase in trade-related payables during the financial period.

Non-current liabilities increased to \$409.3 million as at 31 Mar 2010 from \$361.3 million as at 31 Dec 2009, resulted mainly from the increase in loans and borrowings during the financial period to support the Group's operation activities. Included in the loans and borrowings as at 31 Mar 2010 was \$222.6 million of fixed rate unsecured notes ("Notes") issued under the Group's Multicurrency Debt Issuance Programme. These Notes will mature in 2012 and 2015.

The Group's net gearing ratio as at 31 Mar 2010 remained at a stable level of 0.6 times.

8(b)(ii) Company

Shareholders' equity for the Company increased to \$185.5 million as at 31 Mar 2010 from \$168.5 million as at 31 Dec 2009. The increase was mainly attributable to the changes in share capital arising from the issue of shares under the "Scheme" and "Agreements" for the first quarter ended 31 Mar 2010.

8(c) Statement of Cash flows

The Group's cash position increased to \$198.8 million as at 31 Mar 2010 from \$166.7 million as at 31 Dec 2009.

For the financial period ended 31 Mar 2010, net cash of \$33.7 million was used in the Group's operating activities, mainly towards working capital requirements. Cash used in investing activities for the financial period was largely for capital expenditure of property, plant and equipment and intangible assets which was offset by dividend received from associates. In addition, the Group acquired an additional 12% interest in a subsidiary from its minority shareholders during the financial period ended 31 Mar 2010. Cash from financing activities for the financial period ended 31 Mar 2010 arose from proceeds from borrowings to support the Group's operation.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

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

Moving forward, the municipal sector will continue to be the main driver of the Group's revenue. Both the MENA region and China will remain as key markets for the Group in the municipal sector where Hyflux has established a strong track record in desalination and in wastewater treatment and recycling.

In the area of wastewater treatment and recycling, there is an increasing demand for plants with smaller footprints along with advanced membrane technologies, such as Membrane Bioreactor ("MBR") systems that are able to treat and produce consistent, high-quality effluent fit for re-use applications. The Group's recent win to design and construct Singapore's largest MBR plant will establish its track record in the development of MBRs and places it in an advantageous position to capture opportunities for such advanced wastewater treatment and recycling projects in China, India and the MENA region. The Group will put emphasis on the development of this new market segment.

The global demand for desalination and water recycling solutions will take on a new urgency as developed and developing countries alike seek to resolve acute water shortages. Hyflux with its membrane and process technologies and cost competitive solutions remains relevant to these markets.

While the global economic situation has improved, inherent risks remain that could thwart business recovery. A significant increase in the prices of commodities and in oil prices will have an impact on business costs, while credit tightening will have implications on credit spreads.

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/recommendeded, a statement to that effect

No dividend has been declared/recommendeded for the first quarter ended 31 Mar 2010.

13. Confirmation Pursuant to Rule 705(5) of the Listing Manual

The directors of the Company confirm that to the best of their knowledge, nothing has come to the attention of the board of directors which may render the financial results for the quarter ended 31 Mar 10 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Lim Poh Fong
Company Secretary
5 May 2010