



NEWS RELEASE

HYFLUX POSTS S\$12.6 MILLION NET PROFIT FOR THIRD QUARTER

- **Revenue comes in at S\$87.7 million, with Asia contributing 70%**
- **Lower profit due to higher staff and finance costs for gearing up Tuaspring Desalination Plant project in Singapore**
- **Strong cash position at S\$768m will allow the Group to capture future opportunities**

Singapore, 3 November 2011 – Mainboard-listed fully-integrated water solutions company, Hyflux Ltd (Hyflux or the Group), turned in revenue and profit attributable to shareholders of S\$87.7 million and S\$12.6 million respectively for the three months ended 30 September 2011.

The revenue for the third quarter of FY2011 showed a 36% fall from the comparable period in FY2010. This reflects lower revenue contributions from the Middle East and North Africa (MENA) market given the tail-end of construction of the Group's two large-scale desalination projects in the region, while large projects in Singapore are still gearing up.

"This is part of a normal cycle and we are preparing to ramp up the Tuaspring Desalination Plant. We are confident that we should see enhanced contributions from the next financial year," said Ms Olivia Lum, Group President and CEO, Hyflux Ltd.

Asia continued to be the major contributor to Group revenue, turning in 70% or S\$61.6 million, due in part to revenue recognised for initial construction works on the Tuaspring Desalination Plant in Singapore.

Singapore/Others market segment saw revenue contribution rise to S\$39.5 million or 45% of total revenue in the third quarter of FY2011, compared to just 9% in the third quarter of FY2010.

China contributed 25% of total revenue or S\$22.1 million in the third quarter of FY2011. The proportion of revenue contribution from MENA of S\$26.1 million was 30% in the third quarter of FY2011, compared to 62% previously.

Gearing up for Tuaspring project has increased costs affecting Q3 profits

The net profit for the third quarter of FY2011 declined 34% from the comparable three-month period in FY2010. The lower profit was due to the lower revenue recorded for the period, and increases in staff costs and finance expenses.

The increased staff costs and higher borrowings were incurred with the ramping up of development of Tuaspring Desalination Plant.

On the other hand, there was a net income tax credit of S\$0.9 million from a write-back of over-provision of taxes in prior years.

Financial ratios and cash position remain strong, enabling the Group to capture future opportunities

The gross margin registered for the third quarter of FY2011 was stable at 43%.

At the end of 30 September 2011, the Group's cash and cash equivalents increased to S\$767.8 million from S\$307.6 million at 30 September 2010. The net gearing ratio was at 0.14 times at 30 September 2011.

Outlook for the year

Singapore and China will continue to be the key drivers for FY2011. Work is progressing well on the Tuaspring Desalination project in Singapore as well as on-going projects in China.

The global economic forecast continues to be uncertain in the midst of the sovereign debt crisis in the European Union and sluggish growth outlook for the United States. China, a key market for the Group, is also experiencing slower growth because of the weakening global economy

and the tightening of its monetary policies has also affected municipal infrastructure investments.

There are however opportunities in the global water industry, especially China and India where investments in sustainable sources of water are an integral part of government spending.

“We are in another period of uncertainty. As in previous downturns, what is important for businesses is to conserve cash and ensure a sound balance sheet as banks will start to tighten credit and the cost of funding will go up. Hyflux is in a comfortable position now as we have a strong cash position, very low gearing and a solid order book constituting mainly projects in Asia, in particular Singapore,” said Ms Lum.

-End-

About Hyflux

Hyflux is one of the world’s leading fully-integrated water solutions companies, with operations and projects in Southeast Asia, China, India, the Middle East and North Africa. Hyflux is committed to providing cost-effective and sustainable solutions in seawater desalination, water recycling, wastewater treatment, including membrane bioreactor (MBR) and potable water treatment. Hyflux’s track record includes Singapore’s first water recycling plant and first seawater reverse osmosis (SWRO) desalination plant and China’s largest SWRO desalination plant in Tianjin City. The Company is building the world’s largest SWRO desalination plant in Magtaa, Algeria. Hyflux has also been awarded Singapore’s second SWRO desalination plant which will be developed on a design, build, own and operate model. For more information, please visit www.hyflux.com

For media queries, please contact:

Seah Mei Kiang (Ms)

Corporate Communications, Hyflux Ltd

DID: (65) 6580 6814 / Email: meikiang_seah@hyflux.com

Marian Boon (Ms)

Corporate Communications, Hyflux Ltd

DID: (65) 6580 6840 / Email: marian_boon@hyflux.com