



**HYFLUX LTD**

Registration number : 200002722Z

**Unaudited Financial Statements For The Third Quarter and Nine Months Ended 30 September 2012**

1 (a)(i) **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 THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2012**

	<u>Group</u>					
	<u>Quarter ended 30 September</u>			<u>Nine months ended 30 September</u>		
	2012	2011	Change	2012	2011	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Revenue</b>	<b>155,048</b>	87,719	77	<b>484,385</b>	285,614	70
Other income	<b>1,292</b>	2,091	(38)	<b>4,605</b>	6,126	(25)
Changes in inventories of finished goods and work-in-progress	<b>3,884</b>	(493)	NM	<b>2,241</b>	78	NM
Raw materials and consumables used and subcontractors' cost	<b>(94,975)</b>	(49,166)	93	<b>(304,286)</b>	(148,416)	NM
Staff costs	<b>(22,787)</b>	(17,491)	30	<b>(60,133)</b>	(43,429)	38
Depreciation and amortisation	<b>(6,512)</b>	(5,128)	27	<b>(17,468)</b>	(15,075)	16
Other expenses (net)	<b>(14,322)</b>	1,374	NM	<b>(42,885)</b>	(27,853)	54
Finance costs	<b>(6,956)</b>	(6,073)	15	<b>(20,617)</b>	(17,327)	19
Share of profits of associates, net of income tax	<b>2,106</b>	337	NM	<b>3,043</b>	151	NM
<b>Profit before income tax</b>	<b>16,778</b>	13,170	27	<b>48,885</b>	39,869	23
Tax (expense)/credit	<b>(1,619)</b>	903	NM	<b>(5,968)</b>	(3,475)	72
<b>Profit for the period</b>	<b>15,159</b>	14,073	8	<b>42,917</b>	36,394	18
<b>Profit attributable to:</b>						
Owners of the Company	<b>14,518</b>	12,613	15	<b>39,714</b>	33,867	17
Non-controlling interests	<b>641</b>	1,460	(56)	<b>3,203</b>	2,527	27
<b>Profit for the period</b>	<b>15,159</b>	14,073	8	<b>42,917</b>	36,394	18

NM: Not meaningful

**1 (a)(ii) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2012**

	<b>Group</b>					
	<b>Quarter ended 30 September</b>			<b>Nine months ended 30 September</b>		
	<b>2012</b>	<b>2011</b>	<b>Change</b>	<b>2012</b>	<b>2011</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Profit for the period</b>	<b>15,159</b>	14,073	8	<b>42,917</b>	36,394	18
<b>Other comprehensive income for the period</b>						
Foreign currency translation differences for foreign operations	<b>(22,247)</b>	24,609	NM	<b>(29,796)</b>	13,359	NM
Share of hedging reserve of associates	<b>263</b>	(554)	NM	<b>308</b>	(199)	NM
Effective portion of changes in fair value of cash flow hedges	<b>3,647</b>	(1,563)	NM	<b>3,232</b>	(1,563)	NM
Net change in fair value of cash flow hedges transferred to profit or loss	<b>54</b>	-	NM	<b>1,152</b>	-	NM
<b>Other comprehensive (loss)/income for the period, net of income tax</b>	<b>(18,283)</b>	22,492	NM	<b>(25,104)</b>	11,597	NM
<b>Total comprehensive (loss)/ income for the period</b>	<b>(3,124)</b>	36,565	NM	<b>17,813</b>	47,991	(63)
<b>Total comprehensive (loss)/ income attributable to:</b>						
Owners of the Company	<b>(2,994)</b>	34,390	NM	<b>15,728</b>	45,038	(65)
Non-controlling interests	<b>(130)</b>	2,175	NM	<b>2,085</b>	2,953	(29)
<b>Total comprehensive (loss)/income for the period</b>	<b>(3,124)</b>	36,565	NM	<b>17,813</b>	47,991	(63)

NM: Not meaningful

**NOTES TO CONSOLIDATED INCOME STATEMENT**

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

	<b>Group</b>					
	<b>Quarter ended 30 September</b>			<b>Nine months ended 30 September</b>		
	<b>2012</b>	<b>2011</b>	<b>Change</b>	<b>2012</b>	<b>2011</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Depreciation and amortisation	<b>(6,512)</b>	(5,128)	27	<b>(17,468)</b>	(15,075)	16
Fair value loss on derivative financial instruments	<b>(735)</b>	(3,309)	(78)	<b>(895)</b>	(3,653)	(75)
Finance costs	<b>(6,956)</b>	(6,073)	15	<b>(20,617)</b>	(17,327)	19
Gain on sale of property, plant and equipment	<b>32</b>	13,155	NM	<b>5,231</b>	13,161	(60)
Interest income	<b>715</b>	674	6	<b>2,316</b>	2,059	12
Intangible assets written off	-	(32)	NM	-	(32)	NM
Net foreign exchange gain/(loss)	<b>16</b>	5,134	NM	<b>(5,056)</b>	2,154	NM
Overprovision of prior years' tax	<b>19</b>	1,932	(99)	<b>42</b>	892	(95)
Property, plant and equipment written off	-	(847)	NM	-	(847)	NM
Write back/(allowance) of inventory obsolescence	<b>10</b>	(1)	NM	<b>31</b>	(1)	NM
Write back/(impairment) of trade and other receivables	<b>204</b>	(328)	NM	<b>154</b>	26	NM

NM: Not meaningful

1(b)(i) **Statement of financial position (for the Issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.**

**STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012**

	<u>Group</u>		<u>Company</u>	
	30 Sep 12 S\$'000	31 Dec 11 S\$'000	30 Sep 12 S\$'000	31 Dec 11 S\$'000
<b><u>NON-CURRENT ASSETS</u></b>				
Property, plant and equipment	207,731	188,571	-	-
Intangible assets	42,703	43,876	-	-
Intangible assets arising from service concession arrangements	242,222	154,937	-	-
Investments in subsidiaries	-	-	169,420	169,420
Investments in joint venture	-	-	3,125	3,125
Investments in associates	109,365	108,887	14,005	13,704
Financial receivables	672,281	418,320	-	-
Trade and other receivables	14,668	15,552	702,318	445,312
Deferred tax assets	4,282	2,829	-	-
	<b>1,293,252</b>	<b>932,972</b>	<b>888,868</b>	<b>631,561</b>
<b><u>CURRENT ASSETS</u></b>				
Gross amounts due for contract work	111,999	176,910	-	-
Inventories	32,888	24,195	-	-
Financial receivables	9,055	4,937	-	-
Trade and other receivables, including derivatives	205,840	231,093	730,144	729,141
Cash and cash equivalents	519,293	662,358	164,217	96,407
	<b>879,075</b>	<b>1,099,493</b>	<b>894,361</b>	<b>825,548</b>
<b><u>CURRENT LIABILITIES</u></b>				
Trade and other payables, including derivatives	275,810	227,840	334,534	135,567
Loans and borrowings	48,954	118,121	-	88,438
Tax payable	5,951	10,262	2,868	2,983
	<b>330,715</b>	<b>356,223</b>	<b>337,402</b>	<b>226,988</b>
<b>Net current assets</b>	<b>548,360</b>	<b>743,270</b>	<b>556,959</b>	<b>598,560</b>
<b><u>NON-CURRENT LIABILITIES</u></b>				
Loans and borrowings	942,983	712,301	801,742	573,811
Deferred tax liabilities	26,421	28,374	-	-
	<b>969,404</b>	<b>740,675</b>	<b>801,742</b>	<b>573,811</b>
<b>Net assets</b>	<b>872,208</b>	<b>935,567</b>	<b>644,085</b>	<b>656,310</b>
<b><u>EQUITY</u></b>				
Share capital	605,072	604,740	605,072	604,740
Reserve for own shares	(51,484)	(4,461)	(51,484)	(4,461)
Capital reserve	7,263	6,467	1,592	796
Foreign currency translation reserve	(25,043)	3,635	-	-
Hedging reserve	696	(3,996)	-	-
Employees' share option reserve	21,820	19,647	21,820	19,647
Retained earnings	297,863	294,559	67,085	35,588
<b>Total equity attributable to owners of the Company</b>	<b>856,187</b>	<b>920,591</b>	<b>644,085</b>	<b>656,310</b>
<b>Non-controlling interests</b>	<b>16,021</b>	<b>14,976</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>872,208</b>	<b>935,567</b>	<b>644,085</b>	<b>656,310</b>
<i>Group net borrowings (S\$)</i>	<b>472,644</b>	168,064	<b>n.a.</b>	n.a.
<i>Group net gearing (times)</i>	<b>0.55x</b>	0.18x	<b>n.a.</b>	n.a.

## NOTES TO STATEMENTS OF FINANCIAL POSITION

### 1(b)(ii) Group's borrowings and debt securities

#### i) Amount repayable in one year or less, or on demand

30 Sep 12		31 Dec 11	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
9,331	39,623	6,482	111,639

#### (ii) Amount repayable after one year

30 Sep 12		31 Dec 11	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
85,550	857,433	78,096	634,205

#### Details of any collateral

As at 30 September 2012 and 31 December 2011, secured bank loans of the Group were secured by land and building of a subsidiary and a joint venture's share mortgages of its shares of various subsidiaries.

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

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2012**

	<b>Group</b>			
	<b>Quarter ended 30 September</b>		<b>Nine months ended 30 September</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities</b>				
Profit before income tax	16,778	13,170	48,885	39,869
Adjustments for:				
Amortisation of transaction costs related to borrowings	125	-	472	-
Depreciation and amortisation	6,512	5,128	17,468	15,075
Employees' share option expense	568	433	2,173	929
Fair value loss on derivative financial instruments	735	3,309	895	3,653
Finance costs	6,956	6,073	20,617	17,327
Gain on sale of property, plant and equipment	(32)	(13,155)	(5,231)	(13,161)
Intangible assets written off	-	32	-	32
Interest income	(715)	(674)	(2,316)	(2,059)
Property, plant and equipment written off	-	847	-	847
Share of profits of associates, net of income tax	(2,106)	(337)	(3,043)	(151)
(Write back)/allowance of inventory obsolescence	(10)	1	(31)	1
(Write back)/impairment of trade and other receivables	(204)	328	(154)	(26)
	<b>28,607</b>	<b>15,155</b>	<b>79,735</b>	<b>62,336</b>
Change in inventories	(4,644)	1,930	(8,661)	200
Change in gross amounts due for contract work	12,581	(12,929)	65,347	63,941
Change in trade and other receivables	24,928	(14,459)	25,443	(52,814)
Change in trade and other payables	4,249	1,438	45,446	(46,403)
<b>Cash from/(used in) operating activities before service concession arrangement projects</b>	<b>65,721</b>	<b>(8,865)</b>	<b>207,310</b>	<b>27,260</b>
Change in financial receivables from service concession arrangements	(29,885)	(23,109)	(258,018)	(52,662)
Change in intangible assets arising from service concession arrangements	(91,870)	(22,913)	(99,141)	(23,187)
<b>Cash used in operating activities after service concession arrangement projects</b>	<b>(56,034)</b>	<b>(54,887)</b>	<b>(149,849)</b>	<b>(48,589)</b>
Income tax paid	(3,752)	(3,963)	(10,815)	(8,556)
<b>Net cash used in operating activities</b>	<b>(59,786)</b>	<b>(58,850)</b>	<b>(160,664)</b>	<b>(57,145)</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2012 (cont'd)**

	Quarter ended 30 September		Group Nine months ended 30 September	
	2012 S\$'000	2011 S\$'000	2012 S\$'000	2011 S\$'000
<b>Cash flows from investing activities</b>				
Acquisition of intangible assets	(749)	(829)	(2,843)	(2,937)
Acquisition of property, plant and equipment	(6,733)	(6,926)	(33,078)	(23,394)
Additional investment in an associate	-	-	-	(33,079)
Change in amounts due from related parties (non-trade)	594	188	790	(27)
Dividends received from associates	390	360	1,170	1,020
Interests received	385	576	1,333	1,773
Proceeds from sale of other investments	-	-	-	2,429
Proceeds from sale of property, plant and equipment	7,494	20,037	7,805	20,055
<b>Net cash from/(used in) investing activities</b>	<b>1,381</b>	<b>13,406</b>	<b>(24,823)</b>	<b>(34,160)</b>
<b>Cash flows from financing activities</b>				
Decrease in deposits pledged	-	-	-	204
Dividends paid	(5,776)	(5,767)	(35,614)	(35,875)
Interests paid	(15,143)	(8,812)	(32,074)	(18,834)
Net proceeds from perpetual preference shares	-	-	-	392,569
Proceeds from borrowings	323,260	491,206	518,129	600,779
Proceeds from exercise of share options	45	480	332	4,386
Purchases of treasury shares	(7,481)	-	(47,023)	-
Repayment of borrowings	(342,829)	(125,098)	(359,091)	(324,950)
<b>Net cash (used in)/from financing activities</b>	<b>(47,924)</b>	<b>352,009</b>	<b>44,659</b>	<b>618,279</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(106,329)</b>	<b>306,565</b>	<b>(140,828)</b>	<b>526,974</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>601,690</b>	<b>436,487</b>	<b>641,415</b>	<b>222,082</b>
Effect of exchange rate changes	(13,222)	7,808	(18,448)	1,804
<b>Cash and cash equivalents at end of the period [Note 1(c)(i)]</b>	<b>482,139</b>	<b>750,860</b>	<b>482,139</b>	<b>750,860</b>

**1(c)(i) Cash and cash equivalents included in consolidated statement of cash flows comprise of the following:**

	Group Nine months ended 30 September	
	2012 S\$'000	2011 S\$'000
<b>Cash and cash equivalents per statement of financial position</b>	<b>519,293</b>	<b>767,792</b>
Less: Bank overdraft	(37,154)	(16,932)
<b>Cash and cash equivalents per statement of cash flows</b>	<b>482,139</b>	<b>750,860</b>

**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 owners of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>At 1.1.2012</b>	604,740	(4,461)	6,467	3,635	(3,996)	19,647	294,559	920,591	14,976	935,567
<b>Total comprehensive income for the period</b>										
Profit for the period	-	-	-	-	-	-	39,714	39,714	3,203	42,917
<b>Other comprehensive income</b>										
Foreign currency translation differences for foreign operations	-	-	-	(28,678)	-	-	-	(28,678)	(1,118)	(29,796)
Share of hedging reserve of associates	-	-	-	-	308	-	-	308	-	308
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	3,232	-	-	3,232	-	3,232
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	1,152	-	-	1,152	-	1,152
Total comprehensive (loss)/income for the period	-	-	-	(28,678)	4,692	-	39,714	15,728	2,085	17,813
<b>Transactions with owners, recognised directly in equity</b>										
<b>Contributions by and distributions to owners</b>										
Dividends paid/payable	-	-	-	-	-	-	(35,614)	(35,614)	(1,040)	(36,654)
Issue of shares for cash under Employees' Share Option Schemes	332	-	-	-	-	-	-	332	-	332
Own shares acquired	-	(47,023)	-	-	-	-	-	(47,023)	-	(47,023)
Value of employee services received for issue of share options	-	-	-	-	-	2,173	-	2,173	-	2,173
Transfer to capital reserve	-	-	796	-	-	-	(796)	-	-	-
Total transactions with owners	332	(47,023)	796	-	-	2,173	(36,410)	(80,132)	(1,040)	(81,172)
<b>At 30.09.2012</b>	<b>605,072</b>	<b>(51,484)</b>	<b>7,263</b>	<b>(25,043)</b>	<b>696</b>	<b>21,820</b>	<b>297,863</b>	<b>856,187</b>	<b>16,021</b>	<b>872,208</b>

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 owners of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>At 1.1.2011</b>	207,474	(1,292)	4,752	(14,637)	(3,560)	18,609	291,155	502,501	12,006	514,507
<b>Total comprehensive income for the period</b>										
Profit for the period	-	-	-	-	-	-	33,867	33,867	2,527	36,394
<b>Other comprehensive income</b>										
Foreign currency translation differences for foreign operations	-	-	-	12,933	-	-	-	12,933	426	13,359
Share of hedging reserve of associates	-	-	-	-	(199)	-	-	(199)	-	(199)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	(1,563)	-	-	(1,563)	-	(1,563)
Total comprehensive income/(loss) for the period	-	-	-	12,933	(1,762)	-	33,867	45,038	2,953	47,991
<b>Transactions with owners, recognised directly in equity</b>										
<b>Contributions by and distributions to owners</b>										
Dividends declared	-	-	-	-	-	-	(35,875)	(35,875)	-	(35,875)
Issue of shares for cash under Employees' Share Option Scheme	4,386	-	-	-	-	-	-	4,386	-	4,386
Issue of Class A Cumulative Perpetual Preference Shares	392,569	-	-	-	-	-	-	392,569	-	392,569
Value of employee services received for issue of share options	-	-	-	-	-	929	-	929	-	929
Transfer to capital reserve	-	-	531	-	-	-	(531)	-	-	-
Total transactions with owners	396,955	-	531	-	-	929	(36,406)	362,009	-	362,009
<b>At 30.09.2011</b>	<b>604,429</b>	<b>(1,292)</b>	<b>5,283</b>	<b>(1,704)</b>	<b>(5,322)</b>	<b>19,538</b>	<b>288,616</b>	<b>909,548</b>	<b>14,959</b>	<b>924,507</b>



## 1 (d)(i) STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

	Share capital S\$'000	Reserve for own shares S\$'000	Capital reserve S\$'000	Employees' share option reserve S\$'000	Retained earnings S\$'000	Total equity attributable to owners of the Company S\$'000
<b>At 1.1.2012</b>	604,740	(4,461)	796	19,647	35,588	656,310
Profit for the period representing total comprehensive income for the period	-	-	-	-	67,907	67,907
<b>Transactions with owners, recognised directly in equity</b>						
<b>Contributions by and distributions to owners</b>						
Dividends declared	-	-	-	-	(35,614)	(35,614)
Issue of shares for cash under Employees' Share Option Schemes	332	-	-	-	-	332
Own shares acquired	-	(47,023)	-	-	-	(47,023)
Value of employee services received for issue of share options	-	-	-	2,173	-	2,173
Transfer to capital reserve	-	-	796	-	(796)	-
Total transactions with owners	332	(47,023)	796	2,173	(36,410)	(80,132)
<b>At 30.09.2012</b>	<b>605,072</b>	<b>(51,484)</b>	<b>1,592</b>	<b>21,820</b>	<b>67,085</b>	<b>644,085</b>
<b>At 1.1.2011</b>	207,474	(1,292)	-	18,609	34,065	258,856
Profit for the period representing total comprehensive income for the period	-	-	-	-	6,958	6,958
<b>Transactions with owners, recognised directly in equity</b>						
<b>Contributions by and distributions to owners</b>						
Dividends declared	-	-	-	-	(35,875)	(35,875)
Issue of shares for cash under Employees' Share Option Scheme	4,386	-	-	-	-	4,386
Issue of Class A Cumulative Perpetual Preference Shares	392,569	-	-	-	-	392,569
Value of employee services received for issue of share options	-	-	-	929	-	929
Transfer to capital reserve	-	-	531	-	(531)	-
Total transactions with owners	396,955	-	531	929	(36,406)	362,009
<b>At 30.09.2011</b>	<b>604,429</b>	<b>(1,292)</b>	<b>531</b>	<b>19,538</b>	<b>4,617</b>	<b>627,823</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.

**Changes in the Company's share capital**

The movements in the Company's issued and fully paid-up share capital during the third quarter ended 30 September 2012 were as follows:

Issued share capital

	<b>No. of shares</b>	<b>Amount S\$'000</b>
<b>Ordinary shares</b>		
At 1 July 2012	830,233,364	168,455
Issue of shares under the Employees' Share Option Schemes ("the Schemes")	39,000	45
Less: Purchase of treasury shares	<u>(5,200,000)</u>	<u>(7,481)</u>
At 30 September 2012	<u>825,072,364</u>	<u>161,019</u>
<b>Preference shares</b>		
At 1 July 2012 and 30 September 2012	<u>4,000,000</u>	<u>392,569</u>
<b>Issued share capital at 30 September 2012</b>		<u><u>553,588</u></u>

As at 30 September 2012, the number of ordinary shares in issue were 825,072,364 (30 September 2011: 861,026,364), excluding 37,146,000 (30 September 2011: 500,000) held by the Company as treasury shares.

The total number of issued 6% Cumulative Non-convertible Non-voting Perpetual Class A Preference Shares (CPS) as at 30 September 2012 were 4,000,000 (30 September 2011: 4,000,000).

Outstanding share options under the Schemes

	<b>No. of options</b>
At 1 January 2012	41,713,681
Options granted	7,255,000
Exercised/Forfeited	<u>(2,470,688)</u>
At 30 September 2012	<u>46,497,993</u>

As at 30 September 2012, the number of outstanding share options under the Schemes were 46,497,993 (30 September 2011: 34,806,119).

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 ordinary shares held as treasury shares as at 30 September 2012 were 37,146,000 (31 December 2011: 3,211,000).

The total number of issued ordinary shares excluding treasury shares as at 30 September 2012 were 825,072,364 (31 December 2011: 858,678,864).

There was no change in the Company's issued CPS during the nine months ended 30 September 2012. The total number of issued CPS as at 30 September 2012 were 4,000,000 (31 December 2011: 4,000,000).

**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 30 September 2012.

**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 has reviewed the application of the new/revised FRS and Interpretations of FRS that are effective for the financial year beginning on 1 January 2012. None of these are expected to have a significant impact on the financial statements.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	Quarter ended 30 September			Nine months ended 30 September		
	2012	2011	Change %	2012	2011	Change %
Earnings per ordinary share of the Group based on net profit attributable to owners of the Company:-						
Based on the weighted average number of ordinary shares in issue	1.01 cts	0.77 cts	31.2	2.59 cts	2.77 cts	(6.5)
- Weighted average number of shares	840,155,031	860,454,697	(2.4)	839,378,420	860,339,475	(2.4)
On a fully diluted basis of ordinary shares	1.01 cts	0.76 cts	32.9	2.56 cts	2.75 cts	(6.9)
- Adjusted weighted average number of shares	<u>842,299,675</u>	<u>865,395,600</u>	(2.7)	<u>848,130,687</u>	<u>867,715,824</u>	(2.3)

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>	
	30 Sep 12 Cents	31 Dec 11 Cents	30 Sep 12 Cents	31 Dec 11 Cents
Based on 825,072,364 (31 December 2011: 858,678,864) ordinary shares in issue	55.3	60.6	29.6	29.8

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)(i) Revenue and earnings**

The Group achieved revenue of \$155.0 million and profit attributable to owners of the Company (PATMI) of \$14.5 million for the third quarter ended 30 September 2012 (3Q2012). Both revenue and PATMI saw an increase of 77% and 15% from \$87.7 million and \$12.6 million, respectively for the third quarter ended 30 September 2011 (3Q2011). For the nine months ended 30 September 2012 (9M2012), the Group recorded total revenue of \$484.4 million from \$285.6 million and PATMI of \$39.7 million from \$33.9 million. PATMI saw an increase of 17% from nine months ended 30 September 2011 (9M2011). These were primarily contributed by higher activities particularly from projects in Asia ex-China.

Basic and fully diluted earnings per share (adjusted for dividends on CPS) for 3Q2012 increased by 31.2% and 32.9% respectively to 1.01 cents as compared to 3Q2011. For 9M2012, it decreased by 6.5% and 6.9% respectively to 2.59 and 2.56 cents as compared to 9M2011.

**Sector Review**

Revenue from the municipal sector continued to be the main contributor to the Group's growth as evidenced by an increase from \$72.5 million in 3Q2011 to \$148.7 million in 3Q2012 and from \$239.8 million in 9M2011 to \$452.5 million in 9M2012, respectively. For 3Q2012, municipal sector formed 96% (3Q2011: 83%) of the Group's total revenue. This is in line with our 9M2012 sector profile of 93% and 84% in 9M2011.

The Group's municipal projects are from Singapore, MENA and China.

The Group's industrial sector contributed 4% representing \$5.9 million in 3Q2012 as compared to \$14.4 million or 16% in 3Q2011. Our 9M2012 sector profile portrayed similar profile of 6% (\$28.2 million) from 15% (\$41.7 million) in 9M2011.

### Geographical Review

Similar to first half of the year, our Asia ex-China market continues to be the major contributor. The Asia ex-China market contributed \$123.9 million revenue in 3Q2012 from that of \$39.5 million in 3Q2011. This represented 80% of the Group's total revenue in 3Q2012, a significant increase from 45% in 3Q2011. For 9M2012, Asia ex-China contributed 74% to the Group's total revenue from 28% for 9M2011. This market segment saw a substantial growth to \$360.7 million for 9M2012 as compared to \$80.1 million for 9M2011.

On the other hand, the Group saw marginal contributions from the MENA market from \$26.1 million in 3Q2011 to \$4.7 million in 3Q2012, which translated into 30% in 3Q2011 to 3% in 3Q2012 of the Group's total revenue. For 9M2012, \$23.9 million representing 5% of total revenue was recorded from MENA as compared to \$112.8 million or 39% in 9M2011.

The Group's China market contributed \$26.4 million or 17% to the total revenue for 3Q2012 as compared to \$22.1 million or 25% in 3Q2011. For 9M2012, 21% or \$99.8 million revenue were from China, an increase from 33% or \$92.7 million in 9M2011.

### **8(a)(ii) Costs and expenses**

With the Group's revenue growth, increased raw materials, consumables used and subcontractors' costs were incurred for 3Q2012 and 9M2012. These direct costs increased from \$49.2 million in 3Q2011 to \$95.0 million in 3Q2012 and from \$148.4 million in 9M2011 to \$304.3 million in 9M2012.

Similarly, more staff costs were incurred in meeting the Group's revenue growth. Total staff costs increased by 30% from \$17.5 million in 3Q2011 to \$22.8 million in 3Q2012; and 38% from \$43.4 million in 9M2011 to \$60.1 million in 9M2012.

Finance costs increased by 15% in 3Q2012 and by 19% in 9M2012, from \$6.1 million in 3Q2011 to \$7.0 million in 3Q2012, and \$17.3 million in 9M2011 to \$20.6 million in 9M2012, respectively, due to higher bank borrowings.

Depreciation and amortisation increased for both periods from \$5.1 million in 3Q2011 to \$6.5 million in 3Q2012 and \$15.1 million in 9M2011 to \$17.5 million in 9M2012.

Other expenses for 3Q2012 amounted to \$14.3 million as compared to a net gain of \$1.4 million for 3Q2011, and cumulatively from \$27.9 million for 9M2011 to \$42.9 million for 9M2012. These were attributed to operating lease expense incurred during the period as well as gain on sales of machinery and equipment in 3Q2011.

The effective tax rate for 3Q2012 hovering at 11.0% (13.0% for 9M2012) mainly due to the tax exemptions and incentives enjoyed by certain entities of the Group.

## **8(b) Statements of Financial Position Analysis**

### **8(b)(i) The Group**

The Group's shareholders' equity decreased to \$856.2 million as at 30 September 2012 from \$920.6 million as at 31 December 2011. The decrease was mainly attributable to the purchase of 33,935,000 treasury shares of \$47.0 million, dividends payments of \$35.6 million and movements of \$28.7 million on translation of foreign operations resulting from strengthening of Singapore Dollars against US Dollars and Chinese Renminbi during the financial period. The decrease was offset by net profit for the period.

Current assets decreased to \$879.1 million as at 30 September 2012 from \$1,099.5 million as at 31 December 2011, which was mainly due to decreases in cash and cash equivalents as well as gross amounts due for contract work.

Non-current assets increased to \$1,293.3 million as at 30 September 2012 from \$933.0 million as at 31 December 2011, which was mainly due to increases in intangible assets arising from service concession arrangements of \$87.3 million and financial receivables of \$254.0 million arising from the Group's activities in Asia ex- China.

Current liabilities decreased to \$330.7 million as at 30 September 2012 from \$356.2 million as at 31 December 2011, which was attributed to repayments of fixed rate unsecured notes ("Notes") of \$88.5 million issued under the Group's Multicurrency Debt Issuance Programme. This was offset by increase in trade payables.

Non-current liabilities increased to \$969.4 million as at 30 September 2012 from \$740.7 million as at 31 December 2011 due to increase in loans and borrowings. Included in the loans and borrowings as at 30 September 2012 was \$553.1 million of Notes that mature between 2014 and 2019.

The Group's net gearing ratio remained low at 0.55 times as at 30 September 2012.

### **8(b)(ii) The Company**

The Company's shareholders' equity amounted to \$644.1 million as at 30 September 2012 as compared to \$656.3 million as at 31 December 2011. Major movements comprised purchases of 33,935,000 treasury shares of \$47.0 million, dividends payments of \$35.6 million as well as dividends from subsidiaries.

## **8(c) Statement of Cash flows**

The Group's cash position decreased to \$519.3 million as at 30 September 2012 from \$662.4 million as at 31 December 2011.

For 3Q2012 and 9M2012, net cash of \$59.8 million and \$160.7 million respectively were used in the Group's operating activities, mainly towards service concession arrangement projects. Excluding cash used in these projects, net cash generated in the Group's operating activities was \$65.7 million and \$207.3 million in 3Q2012 and 9M2012 respectively, mainly contributed by collections from projects executed.

Cash used in the Group's investing activities in 3Q2012 and 9M2012 were incurred for the construction of the Group's new headquarters and manufacturing facility at Tuas Hub.

Cash generated from the Group's financing activities in 3Q2012 and 9M2012 was mainly from borrowings to fund the Group's projects. Excluding cash flow from borrowings, cash were used for payments of dividends and purchases of treasury shares.

**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**

The uncertainties on the global economic front will continue to have an impact on the pipeline of water infrastructure projects in our Group's key markets, such as Asia including China and MENA. While the environment remains challenging, we will continue to focus on driving technology and innovation to provide cost-effective solutions to the markets.

**11. Dividend**

***(a) Current financial period reported on***

Any dividend recommended for the current financial period reported on?

Yes.

In September 2012, the Company declared a tax-exempt (one-tier) dividends to holders of CPS, calculated on the basis of 183 days from (and including) 25 April 2012 to (but excluding) 25 October 2012 (being the relevant dividend period). The said preference dividend of \$12,032,897 was paid on 25 October 2012.

***(b) Corresponding period of the immediately preceding financial year***

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes.

In October 2011, the Company declared a tax-exempt (one-tier) dividends to holders of CPS, calculated on the basis of 183 days from (and including) 25 April 2011 to (but excluding) 25 October 2011 (being the relevant dividend period). The said preference dividend of \$12,032,898 was paid on 25 October 2011.

***(c) Date payable***

Not applicable.

***(d) Books closure date***

Not applicable.

**12. If no dividend has been declared/recommended, a statement to that effect**

Not applicable.

**13. If the group has obtained a general mandate from shareholders for Interested Person Transactions (“IPT”), the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect**

No IPT mandate has been obtained from shareholders.

**14. 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 30 September 2012 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

Lim Poh Fong  
Company Secretary  
1 November 2012