



HYFLUX LTD

Registration number : 200002722Z

Unaudited Financial Statements For The Third Quarter and Nine Months Ended 30 September 2013

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

**CONSOLIDATED INCOME STATEMENT
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2013**

	<u>Group</u>					
	<u>Quarter ended 30 September</u>			<u>Nine months ended 30 September</u>		
	2013	2012	Change	2013	2012	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
		Restated			Restated	
Revenue	187,745	148,896	26	450,673	467,792	(4)
Other income	1,488	1,444	3	7,856	4,746	66
Changes in inventories of finished goods and work-in-progress	3,724	4,057	(8)	4,932	1,816	NM
Raw materials and consumables used and subcontractors' cost	(75,098)	(90,649)	(17)	(231,506)	(295,768)	(22)
Staff costs	(18,723)	(22,362)	(16)	(53,553)	(58,721)	(9)
Depreciation, amortisation and impairment	(27,867)	(5,013)	NM	(35,539)	(13,079)	NM
Other expenses	(33,395)	(13,538)	NM	(58,222)	(39,934)	46
Finance costs	(6,983)	(5,128)	36	(19,221)	(15,343)	25
Share of losses of associates and joint ventures, net of income tax	(3,509)	(1,074)	NM	(7,665)	(2,927)	NM
Profit before income tax	27,382	16,633	65	57,755	48,582	19
Tax expense	(3,139)	(1,474)	NM	(8,307)	(5,665)	47
Profit for the period	24,243	15,159	60	49,448	42,917	15
Profit attributable to:						
Owners of the Company	25,278	14,518	74	51,012	39,714	28
Non-controlling interests	(1,035)	641	NM	(1,564)	3,203	NM
Profit for the period	24,243	15,159	60	49,448	42,917	15

NM: Not Meaningful



**1 (a)(ii) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2013**

	<u>Group</u>					
	<u>Quarter ended 30 September</u>			<u>Nine months ended 30 September</u>		
	2013 S\$'000	2012 S\$'000 Restated	Change %	2013 S\$'000	2012 S\$'000 Restated	Change %
Profit for the period	24,243	15,159	60	49,448	42,917	15
Other comprehensive income:						
<u>Items that may be reclassified subsequently to profit or loss</u>						
Foreign currency translation differences for foreign operations	(1,073)	(12,417)	(91)	12,816	(14,623)	NM
Effective portion of changes in fair value of cash flow hedges	994	3,647	(73)	2,250	3,232	(30)
Share of other comprehensive income of associates and joint ventures	(4,131)	(9,567)	(57)	11,169	(14,865)	NM
	<u>(4,210)</u>	<u>(18,337)</u>	(77)	<u>26,235</u>	<u>(26,256)</u>	NM
<u>Items that will not be reclassified to profit or loss</u>						
Effect of changes in control of consolidated entities	(1,142)	-	NM	(1,142)	-	NM
Net change in fair value of cash flow hedges transferred to profit or loss	(1,593)	54	NM	(4,869)	1,152	NM
	<u>(2,735)</u>	54	NM	<u>(6,011)</u>	1,152	NM
Other comprehensive (loss)/income for the period, net of income tax	<u>(6,945)</u>	<u>(18,283)</u>	(62)	<u>20,224</u>	<u>(25,104)</u>	NM
Total comprehensive income/(loss) for the period	<u>17,298</u>	<u>(3,124)</u>	NM	<u>69,672</u>	<u>17,813</u>	NM
Total comprehensive income attributable to:						
Owners of the Company	18,696	(2,994)	NM	70,828	15,728	NM
Non-controlling interests	(1,398)	(130)	NM	(1,156)	2,085	NM
Total comprehensive income/(loss) for the period	<u>17,298</u>	<u>(3,124)</u>	NM	<u>69,672</u>	<u>17,813</u>	NM



NOTES TO CONSOLIDATED INCOME STATEMENT

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

	Group					
	Quarter ended 30 September			Nine months ended 30 September		
	2013	2012	Change	2013	2012	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
		Restated			Restated	
(Allowance)/write back for inventory obsolescence	(1)	10	NM	(24)	31	NM
Depreciation, amortisation and impairment	(27,867)	(5,013)	NM	(35,539)	(13,079)	NM
Fair value loss on derivative financial instruments	-	(735)	NM	-	(895)	NM
Finance costs	(6,983)	(5,128)	36	(19,221)	(15,343)	25
Financial receivables written off	(2,617)	-	NM	(2,617)	-	NM
Gain on disposal of subsidiaries	810	-	NM	810	-	NM
Gain on sale of property, plant and equipment	38	32	20	35	5,231	(99)
(Impairment)/write back of trade and other receivables	(8,412)	204	NM	(8,435)	154	NM
Interest income	356	679	(48)	1,826	2,186	(16)
Net foreign currency exchange (loss)/gain	(1,913)	50	NM	(271)	(4,479)	(94)
Property, plant and equipment written off	(435)	-	NM	(445)	-	NM
(Under)/overprovision of prior years' tax	(22)	18	NM	(444)	47	NM

NM: Not Meaningful



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

STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2013

	<u>Group</u>		<u>Company</u>	
	30 Sep 13 S\$'000	31 Dec 12 S\$'000 Restated	30 Sep 13 S\$'000	31 Dec 12 S\$'000
<u>NON-CURRENT ASSETS</u>				
Property, plant and equipment	179,520	195,388	-	-
Intangible assets	34,805	32,722	-	-
Intangible assets arising from service concession arrangements	747,376	226,485	-	-
Investments in subsidiaries	-	-	176,790	177,420
Investments in joint ventures	233,060	223,308	3,125	3,125
Investments in associates	99,783	104,092	14,426	14,109
Other investments	18,022	-	630	-
Financial receivables	374,762	504,145	-	-
Trade and other receivables	15,000	14,594	756,812	760,736
Deferred tax assets	3,276	1,656	-	-
	1,705,604	1,302,390	951,783	955,390
<u>CURRENT ASSETS</u>				
Gross amounts due for contract work	95,400	119,119	-	-
Inventories	32,056	30,561	-	-
Financial receivables	12,488	7,289	-	-
Trade and other receivables	242,868	232,787	776,856	490,628
Cash and cash equivalents	318,762	497,558	131,757	176,216
	701,574	887,314	908,613	666,844
<u>CURRENT LIABILITIES</u>				
Trade and other payables	245,372	307,071	212,090	34,813
Loans and borrowings	80,519	58,688	26,000	10,000
Tax payable	10,306	8,932	6,536	2,868
	336,197	374,691	244,626	47,681
Net current assets	365,377	512,623	663,987	619,163
<u>NON-CURRENT LIABILITIES</u>				
Loans and borrowings	1,177,725	932,919	984,551	908,519
Deferred tax liabilities	6,401	5,065	-	-
	1,184,126	937,984	984,551	908,519
Net assets	886,855	877,029	631,219	666,034
<u>EQUITY</u>				
Share capital	606,574	605,196	606,574	605,196
Reserve for own shares	(51,484)	(51,484)	(51,484)	(51,484)
Capital reserve	7,295	9,094	2,654	1,858
Foreign currency translation reserve	(9,223)	(30,480)	-	-
Hedging reserve	(785)	656	-	-
Employees' share option reserve	23,862	22,457	23,862	22,457
Retained earnings	307,528	305,154	49,613	88,007
Total equity attributable to owners of the Company	883,767	860,593	631,219	666,034
Non-controlling interests	3,088	16,436	-	-
Total equity	886,855	877,029	631,219	666,034
<i>Group net borrowings (S\$)</i>	939,482	494,049	n.a.	n.a.
<i>Group net gearing (times)</i>	1.06x	0.56x	n.a.	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 13		31 Dec 12	
		Restated	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	80,519	6,352	52,336

(ii) Amount repayable after one year

30 Sep 13		31 Dec 12	
		Restated	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
65,000	1,112,725	22,233	910,686

Details of any collateral

As at 30 September 2013 and 31 December 2012, secured bank loans of the Group were secured by land and building of a subsidiary.



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 2013**

	<u>Group</u>			
	Quarter ended 30 September 2013 S\$'000	2012 S\$'000 Restated	Nine months ended 30 September 2013 S\$'000	2012 S\$'000 Restated
Cash flows from operating activities				
Profit before income tax	27,382	16,633	57,755	48,582
Adjustments for:				
Allowance/(write back) for inventory obsolescence	1	(10)	24	(31)
Amortisation of transaction costs related to borrowings	166	115	536	350
Depreciation, amortisation and impairment	27,867	5,013	35,539	13,079
Employees' share option expense	400	568	1,405	2,173
Fair value loss on derivative financial instruments	-	735	-	895
Finance costs	6,983	5,128	19,221	15,343
Financial receivables written off	2,617	-	2,617	-
Gain on disposal of subsidiaries	(810)	-	(810)	-
Gain on sale of property, plant and equipment	(38)	(32)	(35)	(5,231)
Impairment/(write back) of trade and other receivables	8,412	(204)	8,435	(154)
Interest income	(356)	(679)	(1,826)	(2,186)
Property, plant and equipment written off	435	-	445	-
Share of losses of associates and joint ventures, net of income tax	3,509	1,074	7,665	2,927
	<u>76,568</u>	<u>28,341</u>	<u>130,971</u>	<u>75,747</u>
Change in inventories	(2,250)	(4,826)	(1,945)	(8,732)
Change in gross amounts due for contract work	18,956	12,442	14,762	66,953
Change in trade and other receivables	(25,928)	32,071	(45,141)	25,505
Change in trade and other payables	(38,721)	9,451	(59,856)	51,380
Cash from operating activities before service concession arrangement projects	<u>28,625</u>	<u>77,479</u>	<u>38,791</u>	<u>210,853</u>
Change in financial receivables from service concession arrangements	(3,256)	(37,110)	(22,583)	(259,404)
Change in intangibles assets arising from service concession arrangements	(161,078)	(89,054)	(367,438)	(91,531)
Cash used in operating activities after service concession arrangement projects	<u>(135,709)</u>	<u>(48,685)</u>	<u>(351,230)</u>	<u>(140,082)</u>
Income tax paid	(1,495)	(3,355)	(8,140)	(10,585)
Net cash used in operating activities	<u>(137,204)</u>	<u>(52,040)</u>	<u>(359,370)</u>	<u>(150,667)</u>
Cash flows from investing activities				
Acquisition of intangible assets	(980)	(749)	(5,518)	(2,843)
Acquisition of property, plant and equipment	(2,106)	(7,457)	(4,988)	(30,777)
Additional investments in joint ventures	-	(7)	(964)	(5,461)
Change in amounts due from related parties (non-trade)	-	1,063	-	792
Dividends received from associates	405	390	1,125	1,170
Effect of changes in control of consolidated entities	(14,714)	-	(14,714)	-
Interest received	246	348	822	1,203
Proceeds from sale of property, plant and equipment	69	7,494	78	7,805
Net cash (used in)/from investing activities	<u>(17,080)</u>	<u>1,082</u>	<u>(24,159)</u>	<u>(28,111)</u>



**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2013 (cont'd)**

	<u>Group</u>			
	<u>Quarter ended 30 September</u>		<u>Nine months ended 30 September</u>	
	2013	2012	2013	2012
	S\$'000	S\$'000	S\$'000	S\$'000
		Restated		Restated
Cash flows from financing activities				
Decrease in deposits pledged	6,796	-	4,964	-
Dividends paid	(5,786)	(5,776)	(38,404)	(35,614)
Interest paid	(15,662)	(13,082)	(33,762)	(27,588)
Proceeds from borrowings	182,590	320,785	351,418	498,606
Proceeds from exercise of share options	618	45	1,378	332
Purchases of treasury shares	-	(7,481)	-	(47,023)
Repayment of borrowings	(60,651)	(341,242)	(100,094)	(354,742)
Net cash from/(used in) financing activities	107,905	(46,751)	185,500	33,971
Net decrease in cash and cash equivalents	(46,379)	(97,709)	(198,029)	(144,807)
Cash and cash equivalents at beginning of the period	315,080	556,053	449,014	606,617
Effect of exchange rate fluctuations on cash held	(4,788)	(14,982)	12,928	(18,448)
Cash and cash equivalents at end of the period [Note 1(c)(i)]	263,913	443,362	263,913	443,362

NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

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

	<u>Group</u>	
	30 Sep 2013	30 Sep 2012
	S\$'000	S\$'000
		Restated
Cash and cash equivalents as per statements of financial position	318,762	480,516
Less: Bank overdraft	(52,711)	(37,154)
Less: Deposits pledged	(2,138)	-
Cash and cash equivalents as per statement of cash flows	263,913	443,362



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
At 1.1.2013	605,196	(51,484)	9,094	(30,480)	656	22,457	305,154	860,593	16,436	877,029
Total comprehensive income for the period										
Profit/(loss) for the period	-	-	-	-	-	-	51,012	51,012	(1,564)	49,448
Other comprehensive income										
Foreign currency translation differences for foreign operations	-	-	-	12,076	-	-	-	12,076	740	12,816
Effect of changes in control of consolidated entities	-	-	-	(810)	-	-	-	(810)	(332)	(1,142)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	2,250	-	-	2,250	-	2,250
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	(4,869)	-	-	(4,869)	-	(4,869)
Share of reserve of joint ventures	-	-	(20)	-	-	-	20	-	-	-
Share of other comprehensive income of associates and joint ventures	-	-	-	9,991	1,178	-	-	11,169	-	11,169
Total comprehensive income/(loss) for the period	-	-	(20)	21,257	(1,441)	-	51,032	70,828	(1,156)	69,672
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owners										
Dividends paid/payable	-	-	-	-	-	-	(50,437)	(50,437)	-	(50,437)
Issue of shares for cash under Employees' Share Option Schemes	1,378	-	-	-	-	-	-	1,378	-	1,378
Value of employee services received for issue of share options	-	-	-	-	-	1,405	-	1,405	-	1,405
Transfer to capital reserve	-	-	796	-	-	-	(796)	-	-	-
	1,378	-	796	-	-	1,405	(51,233)	(47,654)	-	(47,654)
Changes in ownership interest in subsidiaries										
Effect of changes in control of consolidated entities	-	-	(2,575)	-	-	-	2,575	-	(12,192)	(12,192)
Total transactions with owners	1,378	-	(1,779)	-	-	1,405	(48,658)	(47,654)	(12,192)	(59,846)
At 30.09.2013	606,574	(51,484)	7,295	(9,223)	(785)	23,862	307,528	883,767	3,088	886,855



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
At 1.1.2012	604,740	(4,461)	6,467	3,635	(3,996)	19,647	294,559	920,591	14,976	935,567
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	39,714	39,714	3,203	42,917
Other comprehensive income										
Foreign currency translation differences for foreign operations	-	-	-	(13,505)	-	-	-	(13,505)	(1,118)	(14,623)
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
Share of other comprehensive income of associates and joint ventures	-	-	-	(15,173)	308	-	-	(14,865)	-	(14,865)
Total comprehensive (loss)/income for the period	-	-	-	(28,678)	4,692	-	39,714	15,728	2,085	17,813
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owners										
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)
At 30.09.2012	605,072	(51,484)	7,263	(25,043)	696	21,820	297,863	856,187	16,021	872,208



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

	Share capital	Reserve for own shares	Capital reserve	Employees' share option reserve	Retained earnings	Total equity attributable to owners of the Company
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1.1.2013	605,196	(51,484)	1,858	22,457	88,007	666,034
Profit for the period representing total comprehensive income for the period	-	-	-	-	12,839	12,839
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Dividends paid/payable	-	-	-	-	(50,437)	(50,437)
Issue of shares for cash under Employees' Share Option Schemes	1,378	-	-	-	-	1,378
Value of employee services received for issue of share options	-	-	-	1,405	-	1,405
Transfer to capital reserve	-	-	796	-	(796)	-
Total transactions with owners	1,378	-	796	1,405	(51,233)	(47,654)
At 30.09.2013	606,574	(51,484)	2,654	23,862	49,613	631,219
At 1.1.2012	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
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Dividends paid	-	-	-	-	(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)
At 30.09.2012	605,072	(51,484)	1,592	21,820	67,085	644,085



- 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 2013 were as follows:

Issued share capital

	No. of shares	Amount S\$'000
Ordinary shares		
At 1 July 2013	826,044,489	161,903
Issue of shares under the Employees' Share Option Schemes ("the Schemes")	630,000	618
At 30 September 2013	826,674,489	162,521
Preference shares		
At 1 July 2013 and 30 September 2013	4,000,000	392,569
Issued share capital at 30 September 2013		555,090

As at 30 September 2013, the number of ordinary shares in issue were 826,674,489 (30 September 2012: 825,072,364), excluding 37,146,000 (30 September 2012: 37,146,000) 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 2013 were 4,000,000 (30 September 2012: 4,000,000).

Outstanding share options under the Scheme

	No. of options
At 1 January 2013	45,417,477
Options granted	2,180,000
Options granted but not accepted	-
Exercised/Forfeited	(6,060,477)
At 30 September 2013	41,537,000

As at 30 September 2013, the number of outstanding share options under the Schemes were 41,537,000 (30 September 2012: 46,497,993).

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 2013 were 37,146,000 (31 December 2012: 37,146,000).

The total number of issued ordinary shares excluding treasury shares as at 30 September 2013 were 826,674,489 (31 December 2012: 825,222,739).

There was no change in the Company's issued CPS during the nine months ended 30 September 2013. The total number of issued CPS as at 30 September 2013 were 4,000,000 (31 December 2012: 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 2013.

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 have reviewed the application of the new/revised FRS and Interpretations of FRS that are effective for the financial year beginning on 1 January 2013. Other than those disclosed in first quarter ended 31 March 2013, there have been no further changes.

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.

	<u>Quarter ended 30 September</u>			<u>Nine months ended 30 September</u>		
	2013	2012	Change %	2013	2012	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	2.33 cts	1.01 cts	NM	4.00 cts	2.59 cts	54.4
- Weighted average number of shares	826,566,489	840,155,031	(1.6)	826,008,572	839,378,420	(1.6)
On a fully diluted basis of ordinary shares	2.33 cts	1.01 cts	NM	3.99 cts	2.56 cts	55.9
- Adjusted weighted average number of shares	<u>827,082,499</u>	<u>842,299,675</u>	(1.8)	<u>827,515,045</u>	<u>848,130,687</u>	(2.4)

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 13 Cents	31 Dec 12 Cents	30 Sep 13 Cents	31 Dec 12 Cents
Based on 826,674,489 (31 December 2012: 825,222,739) ordinary shares in issue	<u>58.5</u>	<u>55.8</u>	<u>28.0</u>	<u>32.2</u>

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 announced on 18 September 2013 that it has secured a \$720 million 18-year term loan facility with Maybank Singapore and Maybank Kim Eng Securities Pte Ltd to fund the Tuaspring desalination and power plants. As part of the project financing, including matters as required and performed by the lenders, the project size was reviewed taking into account factors such as the power plant completion timeline and updates to current financing structures. In compliance with the requirements under WPA with PUB, the Group has obtained consent from PUB on the financing and related revisions. Contributions from the operation and maintenance of Tuaspring desalination plant was insignificant in the current quarter as it was completed in September 2013. Currently, the operational readiness of the power plant is dependent on the connection to the national power grid.

The Group achieved profit attributable to owners of the Company (PATMI) of \$25.3 million for the third quarter ended 30 September 2013 (3Q2013), an increase from \$14.5 million for the third quarter ended 30 September 2012 (3Q2012). Revenue rose 26% to \$187.7 million in the quarter. For the nine months ended 30 September 2013 (9M2013), the Group recorded PATMI of \$51.0 million, an increase from \$39.7 million for the nine months ended 30 September 2012 (9M2012). Total revenue for 9M2013 was \$450.7 million, a 4% marginal decline from 9M2012.

The Group reported gross profits of \$116.4 million in 3Q2013 compared to \$62.3 million in 3Q2012 contributed by projects undertaken during the period as well as continuing overall cost management. For the nine months, gross profits improved from \$173.8 million in 9M2012 to \$224.1 million in 9M2013.

Basic and fully diluted earnings per share (adjusted for dividends on CPS) increased from 1.01 cents in 3Q2012 to 2.33 cents in 3Q2013. For 9M2013, it increased by 54.4% and 55.9% respectively to 4.00 cents and 3.99 cents as compared to 9M2012.

Sector Review

Municipal sector continued to be the main contributor to the Group's revenue, accounting for 95% and 93% of the Group's total revenue in 3Q2013 and 9M2013 respectively. This is largely similar to the profile in 2012 where the municipal sector contributed 96% in 3Q2012 and 93% in 9M2012. The Group's municipal projects are from Asia and MENA.

Revenue contribution from the industrial sector remained at 3% of the Group's total revenue in 3Q2013, similar to 3Q2012. This sector made up 5% and 6% of the Group's revenue for 9M2013 and 9M2012 respectively.

Geographical Review

The Asia ex-China market remained the major revenue contributor in 3Q2013, representing 93% of the Group's total revenue, an increase from 83% in 3Q2012. For 9M2013, Asia ex-China contributed 89% to the Group's total revenue, up from 77% in 9M2012.

The Group's China market contributed 4% to the total revenue in 3Q2013, a drop from 14% in 3Q2012. For 9M2013, revenue from China was at 7% compared to 18% in 9M2012.

Contributions from MENA remained at 3% in 3Q2013, similar to 3Q2012. For 9M2013, MENA contributed 4%, 1% point down from 5% in 9M2012.



8(a)(ii) Costs and expenses

Lower raw materials, consumables used and subcontractors' costs were utilised for 3Q2013 and 9M2013 in aggregate as compared to corresponding periods due to improved cost management. These direct costs decreased from \$90.6 million in 3Q2012 to \$75.1 million in 3Q2013 and from \$295.8 million in 9M2012 to \$231.5 million in 9M2013.

Total staff costs decreased from \$22.4 million in 3Q2012 to \$18.7 million in 3Q2013; and from \$58.7 million in 9M2012 to \$53.6 million in 9M2013. This was in line with the completion of some of the Group's major projects.

Finance costs increased by 36% in 3Q2013 and by 25% in 9M2013, from \$5.1 million in 3Q2012 to \$7.0 million in 3Q2013, and from \$15.3 million in 9M2012 to \$19.2 million in 9M2013, respectively, due to an overall higher borrowings in financing the Group's projects.

Depreciation, amortisation and impairment increased for both periods from \$5.0 million in 3Q2012 to \$27.9 million in 3Q2013 and \$13.1 million in 9M2012 to \$35.5 million in 9M2013.

On 30 August 2013, the Group announced that the members of Hyflux Filtech (Singapore) Pte Ltd ("HFS") resolved to liquidate HFS by way of a members' voluntary liquidation. HFS is a 71% owned subsidiary of the Group with two subsidiaries in the People's Republic of China, namely, Hyflux Filtech (Shanghai) Co., Ltd and Hyflux Unitech (Shanghai) Co., Ltd. Consequently, the Group deconsolidated these subsidiaries as it assessed it no longer has control and reclassified these entities as other investments. An assessment of the recoverable amount was performed with an estimated impairment of \$12.8 million recorded in 3Q2013. Additionally, the Group wrote down certain carrying amounts of its non-core assets during the quarter. These resulted in higher depreciation, amortisation and impairment expenses in 3Q2013 and 9M2013 as compared to corresponding periods.

Other expenses increased from \$13.5 million for 3Q2012 to \$33.4 million for 3Q2013, and from \$39.9 million for 9M2012 to \$58.2 million for 9M2013. The increases were attributed to higher professional fees and rental expenses in machinery and equipment incurred during the periods. The Group also made provisions against receivables amounting to \$8.4 million in 3Q2013.

The effective tax rate at 10.2% for 3Q2013 (12.7% for 9M2013) remained at levels similar to 2012.

8(b) Statements of Financial Position Analysis

8(b)(i) The Group

The Group's shareholders' equity increased to \$883.8 million as at 30 September 2013 from \$860.6 million as at 31 December 2012. The increase was mainly attributable to movements of \$21.3 million on translation of foreign operations resulting from strengthening of US Dollars and Chinese Renminbi against the Singapore dollars during the financial period. Net profit for the nine months financial period also contributed to the Group's equity base. These increases were offset by dividends paid/ payable of \$50.4 million for ordinary and preference shares during the period.

Current assets decreased to \$701.6 million as at 30 September 2013 from \$887.3 million as at 31 December 2012 as a result of deployment of fundings for projects.

Non-current assets increased to \$1,705.6 million as at 30 September 2013 from \$1,302.4 million as at 31 December 2012 mainly due to the increase in intangible assets arising from service concession arrangements as the Group progresses with its projects.



Non-current liabilities increased to \$1,184.1 million as at 30 September 2013 from \$938.0 million as at 31 December 2012 due to increase in borrowings. Included in the balances as at 30 September 2013 was \$553.6 million fixed rate unsecured notes issued under the Group's Multicurrency Debt Issuance Programme that mature between 2014 and 2019.

The Group reported net gearing ratio of 1.06 times as at 30 September 2013.

8(b)(ii) The Company

The Company's shareholders' equity decreased to \$631.2 million as at 30 September 2013 from \$666.0 million as at 31 December 2012. Major movements comprised ordinary and preference dividends paid/payable of \$50.4 million during the period and dividends from an associate.

8(c) Statement of Cash flows

The Group's overall cash position decreased to \$318.8 million as at 30 September 2013 from \$497.6 million as at 31 December 2012.

In 3Q2013 and 9M2013, net cash of \$137.2 million and \$359.4 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 were \$28.6 million and \$38.8 million in 3Q2013 and 9M2013 respectively.

Investing activities in 3Q2013 and 9M2013 were incurred mainly for capital expenditure of property, plant and equipment and intangible assets in supporting the Group's activities. Additionally, a cash outflow of \$14.7 million was recorded arising from the deconsolidation of subsidiaries during the quarter.

Cash generated from the Group's financing activities in 3Q2013 and 9M2013 were mainly from borrowings, net of repayments, for fundings of the Group's projects. The Group paid ordinary dividends of \$5.8 million in 3Q2013 and \$38.4 million in total for ordinary and preference dividends for 9M2013.

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 Group's 318,500m³/day desalination facility at Tuaspring Desalination Plant was inaugurated on 18 September 2013. The engineering, procurement and construction (EPC) works on the on-site power plant are progressing as planned with its operational readiness dependent on the completion of the connection to the national power grid.

Our Dahej desalination project in India is on track for financial close with EPC activities expected to commence in 2014. Given the completion of Tuaspring and the Dahej start-up timing, we anticipate a slower fourth quarter.

Apart from tendering for water infrastructure projects in our key markets, the Group is actively pursuing desalination and water recycling opportunities in the industrial water sector. Such industrial projects typically have shorter project time frame.

During the last quarter, the Group will also focus on tendering for various large projects in the Middle East and Africa regions.

11. Dividend

(a) Current financial period reported on.

Any dividend recommended for the current financial period reported on?

Yes.

In September 2013, the Company declared a tax-exempt (one-tier) dividend to holders of CPS, calculated on the basis of 183 days from (and including) 25 April 2013 to (but excluding) 25 October 2013 (being the relevant dividend period). The said preference dividend of \$12,032,896 was paid on 25 October 2013.

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

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

Yes.

In September 2012, the Company declared a tax-exempt (one-tier) dividend 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.

(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 2013 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Lim Poh Fong
Company Secretary
7 November 2013