



**HYFLUX LTD**

Registration number : 200002722Z

**Unaudited Financial Statements For The First Quarter Ended 31 March 2015**

- 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 FIRST QUARTER ENDED 31 MARCH 2015**

	<u>Group</u>		<b>Change</b>
	<u>2015</u>	<u>2014</u>	
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Revenue</b>	<b>60,432</b>	88,316	(32)
Other income	<b>26,970</b>	56,906	(53)
Changes in inventories of finished goods and work-in-progress	<b>3,543</b>	2,253	57
Raw materials and consumables used and subcontractors' costs	<b>(24,402)</b>	(38,182)	(36)
Staff costs	<b>(15,650)</b>	(18,010)	(13)
Depreciation, amortisation and impairment	<b>(4,717)</b>	(6,736)	(30)
Other expenses	<b>(20,110)</b>	(34,043)	(41)
Finance costs	<b>(10,619)</b>	(8,369)	27
Share of losses of associates and joint ventures, net of income tax	<b>(7,889)</b>	(3,766)	NM
<b>Profit before income tax</b>	<b>7,558</b>	38,369	(80)
Tax expense	<b>(880)</b>	(504)	75
<b>Profit for the period</b>	<b>6,678</b>	<b>37,865</b>	(82)
<b>Profit attributable to:</b>			
Owners of the Company	<b>5,628</b>	37,911	(85)
Non-controlling interests	<b>1,050</b>	(46)	NM
<b>Profit for the period</b>	<b>6,678</b>	<b>37,865</b>	(82)

NM: Not Meaningful



**1 (a)(ii) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FIRST QUARTER ENDED 31 MARCH 2015**

	<b>Group</b>		<b>Change</b>
	<b>Quarter ended 31 Mar</b>		
	<b>2015</b>	<b>2014</b>	
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Profit for the period</b>	<b>6,678</b>	37,865	(82)
<b>Other comprehensive income:</b>			
<u>Items that are or may be reclassified subsequently to profit or loss</u>			
Foreign currency translation differences for foreign operations	<b>7,781</b>	(346)	NM
Effective portion of changes in fair value of cash flow hedges	<b>(640)</b>	(5,328)	(88)
Share of other comprehensive income of associates and joint ventures	<b>2,980</b>	(595)	NM
Net change in fair value of cash flow hedges transferred to profit or loss	-	(23)	NM
Realisation of foreign currency translation to profit or loss	-	(110)	NM
Other comprehensive income for the period, net of income tax	<u><b>10,121</b></u>	<u>(6,402)</u>	NM
<b>Total comprehensive income for the period</b>	<u><b>16,799</b></u>	<u>31,463</u>	(47)
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	<b>15,847</b>	31,493	(50)
Non-controlling interests	<u><b>952</b></u>	<u>(30)</u>	NM
<b>Total comprehensive income for the period</b>	<u><b>16,799</b></u>	<u>31,463</u>	(47)

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: -

	<u>Group</u>		Change %
	<u>Quarter ended 31 Mar</u>		
	2015 S\$'000	2014 S\$'000	
Write back/(Allowance) for inventory obsolescence	3	(49)	NM
Depreciation, amortisation and impairment	(4,717)	(6,736)	(30)
Finance costs	(10,619)	(8,369)	27
Gain on disposal of an associate and a joint venture	-	54,118	NM
Gain/(Loss) on sale of property, plant and equipment	15,814	(2)	NM
Impairment loss on trade and other receivables	-	(10,689)	NM
Interest income	1,060	691	53
Net foreign currency exchange loss	(3,124)	(925)	NM
Property, plant and equipment written off	(4)	-	NM
Over/(under)provision of prior years' tax	471	(1,434)	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 31 MARCH 2015**

	<u>Group</u>		<u>Company</u>	
	31 Mar 15 S\$'000	31 Dec 14 S\$'000	31 Mar 15 S\$'000	31 Dec 14 S\$'000
<b><u>NON-CURRENT ASSETS</u></b>				
Property, plant and equipment	120,074	115,860	-	-
Intangible assets	27,794	28,093	-	-
Intangible assets arising from service concession arrangements	1,023,292	992,989	-	-
Investments in subsidiaries	-	-	181,198	181,198
Investments in joint ventures	236,341	233,846	-	-
Investments in associates	93,206	100,335	15,097	14,983
Other investments	18,580	18,562	630	630
Financial receivables	388,295	384,670	-	-
Trade and other receivables	19,723	19,041	826,701	791,173
Deferred tax assets	11,510	9,505	-	-
	<u>1,938,815</u>	<u>1,902,901</u>	<u>1,023,626</u>	<u>987,984</u>
<b><u>CURRENT ASSETS</u></b>				
Gross amounts due for contract work	91,615	94,410	-	-
Inventories	49,993	44,181	-	-
Financial receivables	10,740	10,558	-	-
Trade and other receivables	211,872	241,284	841,192	769,352
Cash and cash equivalents	335,033	444,428	35,422	203,243
Asset held for sale	-	3,953	-	-
	<u>699,253</u>	<u>838,814</u>	<u>876,614</u>	<u>972,595</u>
<b><u>CURRENT LIABILITIES</u></b>				
Trade and other payables	188,523	229,879	74,607	70,364
Loans and borrowings	159,906	153,464	97,808	92,257
Tax payable	9,258	7,285	4,404	3,699
	<u>357,687</u>	<u>390,628</u>	<u>176,819</u>	<u>166,320</u>
<b>Net current assets</b>	<b>341,566</b>	<b>448,186</b>	<b>699,795</b>	<b>806,275</b>
<b><u>NON-CURRENT LIABILITIES</u></b>				
Trade and other payables - derivatives	30,714	29,275	1,037	-
Loans and borrowings	924,881	979,331	573,349	618,792
Deferred tax liabilities	411	493	-	-
	<u>956,006</u>	<u>1,009,099</u>	<u>574,386</u>	<u>618,792</u>
<b>Net assets</b>	<b><u>1,324,375</u></b>	<b><u>1,341,988</u></b>	<b><u>1,149,035</u></b>	<b><u>1,175,467</u></b>



STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2015 (cont'd)

	<u>Group</u>		<u>Company</u>	
	31 Mar 15 S\$'000	31 Dec 14 S\$'000	31 Mar 15 S\$'000	31 Dec 14 S\$'000
<b><u>EQUITY</u></b>				
Share capital	607,258	607,258	607,258	607,258
Perpetual capital securities	469,096	469,096	469,096	469,096
Reserve for own shares	(71,235)	(61,936)	(71,235)	(61,936)
Capital reserve	10,908	10,043	6,267	5,402
Foreign currency translation reserve	24,824	14,029	-	-
Hedging reserve	(30,304)	(29,728)	251	-
Employees' share option reserve	24,540	24,755	24,540	24,755
Retained earnings	283,529	303,664	112,858	130,892
<b>Total equity attributable to owners of the Company</b>	<b>1,318,616</b>	1,337,181	<b>1,149,035</b>	1,175,467
<b>Non-controlling interests</b>	<b>5,759</b>	4,807	-	-
<b>Total equity</b>	<b>1,324,375</b>	1,341,988	<b>1,149,035</b>	1,175,467
<i>Group net borrowings (S\$)</i>	<b>749,754</b>	688,367	n.a.	n.a.
<i>Group net gearing (times)</i>	<b>0.57x</b>	0.51x	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

31 Mar 15		31 Dec 14	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	159,906	-	153,464

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

31 Mar 15		31 Dec 14	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
226,911	697,970	226,614	752,717

#### Details of any collateral

As at 31 March 2015 and 31 December 2014, secured bank loans of the Group were secured over project asset of a subsidiary under a project financing arrangement.



**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 FIRST QUARTER ENDED 31 MARCH 2015**

	<b>Group</b>	
	<b>Quarter ended 31 Mar</b>	
	<b>2015</b>	<b>2014</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities</b>		
Profit before income tax	7,558	38,369
Adjustments for:		
Amortisation of transaction costs related to borrowings	128	203
Depreciation, amortisation and impairment	4,717	6,736
Employees' share option expense	(215)	(169)
Finance costs	10,619	8,369
Gain on disposal of an associate and a joint venture	-	(54,118)
(Gain)/Loss on sale of property, plant and equipment	(15,814)	2
Impairment loss on trade and other receivables	-	10,689
Interest income	(1,060)	(691)
Property, plant and equipment written off	4	-
Share of losses of associates and joint ventures, net of income tax	7,889	3,766
(Write-back)/Allowance for inventory obsolescence	(3)	49
	<u>13,823</u>	<u>13,205</u>
Change in inventories	(5,827)	(1,221)
Change in gross amounts due for contract work	2,796	8,362
Change in trade and other receivables	33,520	(7,409)
Change in trade and other payables	(34,460)	777
<b>Cash from operating activities before service concession arrangement projects</b>	<u>9,852</u>	<u>13,714</u>
Change in financial receivables from service concession arrangements	(3,808)	476
Change in intangible assets arising from service concession arrangements	(31,450)	(63,388)
<b>Cash used in operating activities after service concession arrangement projects</b>	<u>(25,406)</u>	<u>(49,198)</u>
Income tax paid	(863)	223
<b>Net cash used in operating activities</b>	<u>(26,269)</u>	<u>(48,975)</u>



**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FIRST QUARTER ENDED 31 MARCH 2015 (cont'd)**

	<b>Group</b>	
	<b>Quarter ended 31 Mar</b>	
	<b>2015</b>	<b>2014</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from investing activities</b>		
Acquisition of intangible assets	(466)	(542)
Acquisition of property, plant and equipment	(5,569)	(1,343)
Additional investments in an associate	-	(8,589)
Deposit placed for acquisition of subsidiaries	(3,283)	-
Dividends received from associates	540	4,468
Interest received	642	588
Net proceeds from disposal of an associate and a joint venture	-	63,432
Net proceeds from sale of property, plant and equipment	14,323	2
<b>Net cash from investing activities</b>	<b>6,187</b>	<b>58,016</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(12,930)	-
Interest paid	(17,542)	(18,630)
Net proceeds from perpetual capital securities issued	-	295,486
Proceeds from borrowings	29,316	27,896
Proceeds from exercise of share options	-	142
Purchases of treasury shares	(9,299)	-
Repayment of borrowings	(91,582)	(100,000)
<b>Net cash (used in)/ from financing activities</b>	<b>(102,037)</b>	<b>204,894</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(122,119)</b>	<b>213,935</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>382,044</b>	<b>182,585</b>
Effect of exchange rate fluctuations on cash held	15,417	(2,078)
<b>Cash and cash equivalents at end of the period [Note 1(c)(i)]</b>	<b>275,342</b>	<b>394,442</b>

**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:**

	<b>Group</b>	
	<b>31 Mar 2015</b>	<b>31 Mar 2014</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash and cash equivalents as per statement of financial position</b>	<b>335,033</b>	<b>457,811</b>
Less: Bank overdraft	(59,356)	(61,227)
Less: Deposits pledged	(335)	(2,142)
<b>Cash and cash equivalents as per statement of cash flows</b>	<b>275,342</b>	<b>394,442</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	Perpetual capital securities	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	S\$'000
<b>At 1.1.2015</b>	607,258	469,096	(61,936)	10,043	14,029	(29,728)	24,755	303,664	1,337,181	4,807	1,341,988
<b>Total comprehensive income for the period</b>											
Profit for the period	-	-	-	-	-	-	-	5,628	5,628	1,050	6,678
<b>Other comprehensive income</b>											
Foreign currency translation differences for foreign operations	-	-	-	-	7,879	-	-	-	7,879	(98)	7,781
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	(640)	-	-	(640)	-	(640)
Share of other comprehensive income of associates and joint ventures	-	-	-	-	2,916	64	-	-	2,980	-	2,980
Total comprehensive income for the period	-	-	-	-	10,795	(576)	-	5,628	15,847	952	16,799
<b>Transactions with owners, recognised directly in equity</b>											
<b>Contributions by and distributions to owners</b>											
Dividends paid/payable	-	-	-	-	-	-	-	(24,898)	(24,898)	-	(24,898)
Own shares acquired	-	-	(9,299)	-	-	-	-	-	(9,299)	-	(9,299)
Value of employee services received for issue of share options	-	-	-	-	-	-	(215)	-	(215)	-	(215)
Transfer to capital reserve	-	-	-	865	-	-	-	(865)	-	-	-
Total transactions with owners	-	-	(9,299)	865	-	-	(215)	(25,763)	(34,412)	-	(34,412)
<b>At 31.3.2015</b>	<b>607,258</b>	<b>469,096</b>	<b>(71,235)</b>	<b>10,908</b>	<b>24,824</b>	<b>(30,304)</b>	<b>24,540</b>	<b>283,529</b>	<b>1,318,616</b>	<b>5,759</b>	<b>1,324,375</b>



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

	Share capital	Perpetual capital securities	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	S\$'000
<b>At 1.1.2014</b>	606,887	-	(51,484)	7,560	(101)	(4,751)	24,186	300,277	882,574	3,718	886,292
<b>Total comprehensive income for the period</b>											
Profit for the period	-	-	-	-	-	-	-	37,911	37,911	(46)	37,865
<b>Other comprehensive income</b>											
Foreign currency translation differences for foreign operations	-	-	-	-	(362)	-	-	-	(362)	16	(346)
Realisation of foreign currency translation to profit or loss	-	-	-	-	(110)	-	-	-	(110)	-	(110)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	(5,328)	-	-	(5,328)	-	(5,328)
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	-	(23)	-	-	(23)	-	(23)
Share of other comprehensive income of associates and joint ventures	-	-	-	-	(823)	228	-	-	(595)	-	(595)
Total comprehensive income for the period	-	-	-	-	(1,295)	(5,123)	-	37,911	31,493	(30)	31,463
<b>Transactions with owners, recognised directly in equity</b>											
<b>Contributions by and distributions to owners</b>											
Dividends paid/payable	-	-	-	-	-	-	-	(11,967)	(11,967)	-	(11,967)
Issuance of perpetual capital securities	-	295,486	-	-	-	-	-	-	295,486	-	295,486
Issuance of shares for cash under Employees' Share Option Schemes	142	-	-	-	-	-	-	-	142	-	142
Value of employee services received for issue of share options	-	-	-	-	-	-	(169)	-	(169)	-	(169)
Transfer to capital reserve	-	-	-	266	-	-	-	(266)	-	-	-
Total transactions with owners	142	295,486	-	266	-	-	(169)	(12,233)	283,492	-	283,492
<b>At 31.3.2014</b>	<b>607,029</b>	<b>295,486</b>	<b>(51,484)</b>	<b>7,826</b>	<b>(1,396)</b>	<b>(9,874)</b>	<b>24,017</b>	<b>325,955</b>	<b>1,197,559</b>	<b>3,688</b>	<b>1,201,247</b>



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

	Share capital	Perpetual capital securities	Reserve for own shares	Capital reserve	Hedging 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	S\$'000	S\$'000
<b>At 1.1.2015</b>	607,258	469,096	(61,936)	5,402	-	24,755	130,892	1,175,467
<b>Total comprehensive income for the period</b>								
Profit for the period	-	-	-	-	-	-	7,729	7,729
<b>Other comprehensive income</b>								
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	251	-	-	251
Total comprehensive income for the period	-	-	-	-	251	-	7,729	7,980
<b>Transactions with owners, recognised directly in equity</b>								
<b>Contributions by and distributions to owners</b>								
Dividends paid/payable	-	-	-	-	-	-	(24,898)	(24,898)
Own shares acquired	-	-	(9,299)	-	-	-	-	(9,299)
Value of employee services received for issuance of share options	-	-	-	-	-	(215)	-	(215)
Transfer to capital reserve	-	-	-	865	-	-	(865)	-
Total transactions with owners	-	-	(9,299)	865	-	(215)	(25,763)	(34,412)
<b>At 31.3.2015</b>	<b>607,258</b>	<b>469,096</b>	<b>(71,235)</b>	<b>6,267</b>	<b>251</b>	<b>24,540</b>	<b>112,858</b>	<b>1,149,035</b>
<b>At 1.1.2014</b>	606,887	-	(51,484)	2,919	-	24,186	92,877	675,385
Profit for the period representing total comprehensive income for the period	-	-	-	-	-	-	53,631	53,631
<b>Transactions with owners, recognised directly in equity</b>								
<b>Contributions by and distributions to owners</b>								
Dividends paid/payable	-	-	-	-	-	-	(11,967)	(11,967)
Issuance of perpetual capital securities	-	295,486	-	-	-	-	-	295,486
Issuance of shares for cash under Employees' Share Option Schemes	142	-	-	-	-	-	-	142
Value of employee services received for issuance of share options	-	-	-	-	-	(169)	-	(169)
Transfer to capital reserve	-	-	-	266	-	-	(266)	-
Total transactions with owners	142	295,486	-	266	-	(169)	(12,233)	283,492
<b>At 31.3.2014</b>	<b>607,029</b>	<b>295,486</b>	<b>(51,484)</b>	<b>3,185</b>	<b>-</b>	<b>24,017</b>	<b>134,275</b>	<b>1,012,508</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 first quarter ended 31 March 2015 were as follows:

**Issued share capital**

	No. of shares	Amount S\$'000
<b>Ordinary shares</b>		
At 1 January 2015	816,984,989	152,753
Less: Purchase of treasury shares	<u>(10,108,300)</u>	<u>(9,299)</u>
At 31 March 2015	<u>806,876,689</u>	<u>143,454</u>
<b>Perpetual preference shares</b>		
At 1 January 2015 and 31 March 2015	4,000,000	<u>392,569</u>
Issued share capital at 31 March 2015 (Note A)		<u><u>536,023</u></u>

As at 31 March 2015, the number of ordinary shares in issue were 806,876,689 (31 March 2014: 827,151,989), excluding 57,654,300 (31 March 2014: 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 (perpetual preference shares) as at 31 March 2015 were 4,000,000 (31 March 2014: 4,000,000).

Note A:

Per Statement of Financial Position	S\$'000
- Share capital	607,258
- Reserve for own shares	<u>(71,235)</u>
Issued share capital as at 31 March 2015	<u><u>536,023</u></u>

**Outstanding share options under the Scheme**

	No. of options
At 1 January 2015	35,560,250
Options granted	5,920,000
Exercised/Forfeited	<u>(3,043,750)</u>
At 31 March 2015	<u><u>38,436,500</u></u>

As at 31 March 2015, the number of outstanding share options under the Schemes were 38,436,500 (31 March 2014: 39,626,750).



**Perpetual capital securities**

At 1 January 2015 and 31 March 2015

**Amount**  
**S\$'000**  

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**469,096**

As at 31 March 2015, perpetual capital securities comprised \$300 mil issued at 5.75% per annum and \$175 mil issued at 4.80% per annum (31 March 2014: \$300 mil issued at 5.75% per annum).

**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 issued ordinary shares as at 31 March 2015 were 806,876,689 (31 December 2014: 816,984,989), excluding 57,654,300 (31 December 2014: 47,546,000) held by the Company as treasury shares.

There was no change in the Company's issued perpetual preference shares during the financial period ended 31 March 2015. The total number of issued perpetual preference shares as at 31 March 2015 were 4,000,000 (31 December 2014: 4,000,000).

There was no change in the Company's issued perpetual capital securities during the financial period ended 31 March 2015. The total amount of issued perpetual capital securities as at 31 March 2015 were \$475 mil (31 December 2014: \$475 mil).

**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 March 2015.

**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.**

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 2015. Those new/revised FRS and Interpretations of FRS did not result in any 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.**

	31 Mar 15	31 Mar 14	Change %
(Loss)/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#	(0.83) cts	3.47 cts	NM
- Weighted average number of shares	806,876,689	827,055,989	(2.4)
On a fully diluted basis of ordinary shares#	(0.83) cts	3.47 cts	NM
- Adjusted weighted average number of shares	<u>806,876,689</u>	<u>827,316,453</u>	(2.5)

# adjusted for dividends amounting to \$12.3mil attributable to perpetual preference shares and perpetual capital securities holders for the quarter ended 31 March 2015. Excluding such adjustment, the earning per share would have been 0.70 cents (31 March 2014: 4.58 cents)

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 15 Cents	31 Dec 14 Cents	31 Mar 15 Cents	31 Dec 14 Cents
Based on 806,876,689 (31 December 2014: 816,984,989) ordinary shares in issue	<u>55.7</u>	<u>56.6</u>	<u>34.0</u>	<u>36.8</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 achieved profit attributable to the shareholders of the Company (PATMI) of \$5.6 mil for the first quarter ended 31 March 2015 (1Q2015), from a profit of \$37.9 mil for the first quarter ended 31 March 2014 (1Q2014). Total revenue for 1Q2015 was \$60.4 mil, a 32% decline from 1Q2014 of \$88.3 mil mainly due to lower engineering, procurement and construction (EPC) activities. On gross profits, the Group reported \$39.6 mil in 1Q2015 compared to \$52.4 mil in 1Q2014. Excluding divestment gains, earnings before interest, taxes, depreciation and amortisation (EBITDA) improved by \$11.0 mil due to overall lower costs relative to revenue.

In 1Q2015, the Group completed the disposal of one of its leasehold buildings upon satisfaction of conditions precedent and legal title transfers. A gross disposal gain of \$15.8 mil was recognised in the Other Income in 1Q2015. The asset with a carrying amount of \$4.0 mil was classified as Asset Held for Sale as at 31 December 2014. Correspondingly, included in 1Q2014 was a gain totalling \$54.1 mil arising from the divestments of the Group's investments in a joint venture and an associate as reported in prior periods.

Basic and diluted loss per share was 0.83 cents for 1Q2015 compared to the basic and diluted earnings per share of 3.47 cents for 1Q2014. Both period's loss/ earning per share were adjusted for dividends on perpetual preference shares and perpetual capital securities.

#### **Sector Review**

Municipal sector continued to be the main contributor to the Group's revenue, accounting for 84% of the total revenue in 1Q2015. For 1Q2014, the municipal sector contributed 92%.

Revenue from the industrial sector made up 15% of the Group's revenue in 1Q2015, increased from 6% in 1Q2014 as the Group focuses on the design and supply of technology packages for various water treatment solutions.

#### **Geographical Review**

The Singapore market remained the key contributor to the Group's revenue, amounting to 64% and 81% of the Group's total revenues in 1Q2015 and 1Q2014 respectively.

The Group's China market contributed 11% to the total revenue in 1Q2015, from 12% in 1Q2014. Revenue from MENA accounted for 11% in 1Q2015, an increase from 5% in 1Q2014. Revenue from the Rest of the World saw an increase from 2% in 1Q2014 to 14% in 1Q2015.

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

Direct costs decreased from \$35.9 mil in 1Q2014 to \$20.9 mil in 1Q2015 in line with revenue.

Staff costs decreased from \$18.0 mil in 1Q2014 to \$15.7 mil in 1Q2015 due to lower EPC activities for the period.

Depreciation, amortisation and impairment decreased from \$6.7 mil in 1Q2014 to \$4.7 mil in 1Q2015 partly due to the absence of depreciation charges on the Group's leasehold building after the completion of sale and leaseback in June 2014.

Other expenses decreased from \$34.0 mil in 1Q2014 to \$20.1 mil in 1Q2015, primarily due to provisions made against receivables in 1Q2014 that were non-recurring.



Finance costs increased by 27% from \$8.4 mil in 1Q2014 to \$10.6 mil in 1Q2015 and relate mainly to the financing of the Tuaspring power plant.

Share of losses of associates and joint ventures increased from \$3.8 mil in 1Q2014 to \$7.9 mil in 1Q2015 reflecting lower than expected plant utilisation rates compared to designed capacity.

The Group recorded net income tax expense of \$0.9 mil for 1Q2015, compared to \$0.5 mil in 1Q2014. Overall lower effective tax rates than the Singapore prevailing rates due mainly to recognition of tax losses incurred by certain entities within the Group for both periods and gain arising from divestments in 1Q2014 that were not taxable.

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

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

The Group's shareholders' equity decreased from \$1,337.2 mil as at 31 December 2014 to \$1,318.6 mil as at 31 March 2015. The decrease was mainly due to dividends paid/payable amounting to \$24.9 mil as well as purchase of 10.1 mil treasury shares for a total cost of \$9.3 mil, partially offset by foreign operations translation gains arising from strengthening of Chinese Renminbi and US dollars against Singapore dollars during the period.

Current assets decreased from \$838.8 mil as at 31 December 2014 to \$699.3 mil as at 31 March 2015 mainly due to decrease in cash and cash equivalents balance during the period. Cash was largely utilised for repayment of fixed-rate unsecured notes issued under the Group's Multicurrency Debt Issuance Programme of \$75.0 mil in March 2015 as well as payments of dividends and interests. Asset held for sale was disposed of in 1Q2015 as described above.

Non-current assets increased from \$1,902.9 mil as at 31 December 2014 to \$1,938.8 mil as at 31 March 2015, mainly from the Group's continuing investments in service concession projects and deferred tax assets recognised.

Current liabilities decreased from \$390.6 mil as at 31 December 2014 to \$357.7 mil as at 31 March 2015 mainly due to repayments of payables; and a fixed-rate unsecured notes amounting to \$75.0 mil in 1Q2015. The reduction was partially offset by a reclassification from non-current liabilities relating to one of the fixed-rate unsecured notes of \$55.0 mil maturing in January 2016.

Non-current liabilities recorded a decrease from \$1,009.1 mil as at 31 December 2014 to \$956.0 mil as at 31 March 2015 primarily due to the reclassification of a fixed-rate unsecured notes amounting to \$55.0 mil that will become payable in January 2016. As at 31 March 2015, fixed-rate unsecured notes amounting to \$99.9 mil will mature in July 2016 and \$264.3 mil will mature between 2018 and 2019.

The Group's net gearing ratio stood at 0.57 times as at 31 March 2015, slight increase from 0.51 times as at 31 December 2014.

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

The Company's shareholders' equity decreased from \$1,175.5 mil as at 31 December 2014 to \$1,149.0 mil as at 31 March 2015 mainly due to dividends paid/payable amounting to \$24.9 mil for the period as well as purchase of 10.1 mil treasury shares for a total cost of \$9.3 mil during the period.





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

The Group's overall cash position decreased from \$444.4 mil as at 31 December 2014 to \$335.0 mil as at 31 March 2015.

In 1Q2015, net cash of \$26.3 mil was used in the Group's operating activities, mainly towards the Group's investments in projects with service concession arrangements. Excluding cash used in these projects, net cash inflows from the Group's operating activities were \$9.9 mil.

Cash generated from investing activities of \$6.2 mil in 1Q2015 was largely contributed by net proceeds of \$14.3 mil from the disposal of a leasehold building in the quarter, partially offset by acquisition of property, plant and equipment as well as a deposit placed for acquisition of subsidiaries. On 9 April 2015, the Group announced that it had entered into Equity Transfer Agreements with Hyflux Filtech (Singapore) Pte Ltd (in members' voluntary liquidation) to acquire the entire issued and paid-up share capital Hyflux Filtech (Singapore) Pte Ltd's wholly owned subsidiaries in China. The completion of the acquisition is subject to regulatory approval.

Net cash used in the Group's financing activities in 1Q2015 amounted to \$102.0 mil mainly due to repayment of borrowings and payment of dividends and interest during the period.

**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.**

In the first quarter, the Group signed a 20-year water purchase agreement with Oman Power and Water Procurement Company SAOC to supply desalinated water from the 200,000 m<sup>3</sup>/day capacity Qurayyat Independent Water Project (IWP) which Hyflux will design, build, own and operate in the Sultanate of Oman. Construction work has begun on site and the project is scheduled to commence commercial operation by May 2017.

The Group expects increased operational activities in its key projects in the second half of 2015. This will be supported by the ramp up in operation of Magtaa Desalination Plant, commissioning of Tuaspring Power Plant and the full-scale development of Qurayyat IWP. The Group will also continue to explore potential divestment opportunities.



**11. Dividend**

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

Any dividend recommended for the current financial period reported on?

Yes.

In February 2015, the Company declared a tax-exempt (one-tier) dividend to holders of perpetual preference shares, calculated on the basis of 182 days from (and including) 25 October 2014 to (but excluding) 25 April 2015 (being the relevant dividend period). The said preference dividend of \$12.0 mil was paid on 27 April 2015.

In January 2015, the Company paid dividends of \$8.7 mil on its \$300.0 mil issued at 5.75% per annum perpetual capital securities and \$4.2 mil on its \$175.0 mil issued at 4.80% per annum perpetual capital securities.

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

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

Yes.

In February 2014, the Company declared a tax-exempt (one-tier) dividend to holders of perpetual preference shares, calculated on the basis of 182 days from (and including) 25 October 2013 to (but excluding) 25 April 2014 (being the relevant dividend period). The said preference dividend of \$12.0 mil was paid on 25 April 2014.

***(c) Date payable.***

Not applicable

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

Not applicable

**12. If no dividend has been declared/recommendeded, 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 31 March 2015 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

Lim Poh Fong  
Company Secretary  
14 May 2015