



HYFLUX LTD

Registration number : 200002722Z

Unaudited Financial Statements For The Second Quarter and Half Year Ended 30 June 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 SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2015**

	<u>Group</u>					
	<u>Quarter ended 30 June</u>			<u>Half year ended 30 June</u>		
	2015	2014	Change	2015	2014	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	94,800	80,646	18	155,232	168,962	(8)
Other income	11,750	85,268	(86)	38,720	142,174	(73)
Changes in inventories of finished goods and work-in-progress	(155)	(3,426)	(95)	3,388	(1,173)	NM
Raw materials and consumables used and subcontractors' costs	(23,429)	(43,465)	(46)	(47,831)	(81,647)	(41)
Staff costs	(15,645)	(20,242)	(23)	(31,295)	(38,252)	(18)
Depreciation, amortisation and impairment	(6,755)	(5,240)	29	(11,472)	(11,976)	(4)
Other expenses	(23,688)	(21,094)	12	(43,798)	(55,137)	(21)
Finance costs	(11,251)	(8,238)	37	(21,870)	(16,607)	32
Share of profits/(losses) of associates and joint ventures, net of income tax	1,761	(3,862)	NM	(6,128)	(7,628)	(20)
Profit before income tax	27,388	60,347	(55)	34,946	98,716	(65)
Tax (expense)/credit	(483)	1,148	NM	(1,363)	644	NM
Profit for the period	26,905	61,495	(56)	33,583	99,360	(66)
Profit attributable to:						
Owners of the Company	25,953	61,434	(58)	31,581	99,345	(68)
Non-controlling interests	952	61	NM	2,002	15	NM
Profit for the period	26,905	61,495	(56)	33,583	99,360	(66)

NM: Not Meaningful



**1 (a)(ii) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2015**

	Group					
	Quarter ended 30 June			Half year ended 30 June		
	2015 S\$'000	2014 S\$'000	Change %	2015 S\$'000	2014 S\$'000	Change %
Profit for the period	26,905	61,495	(56)	33,583	99,360	(66)
Other comprehensive income:						
<u>Items that may be reclassified subsequently to profit or loss</u>						
Foreign currency translation differences for foreign operations	(4,269)	(2,874)	49	3,512	(3,220)	NM
Effective portion of changes in fair value of cash flow hedges	9,435	(10,557)	NM	8,795	(15,885)	NM
Share of other comprehensive income of associates and joint ventures	(6,298)	(6,256)	1	(3,318)	(6,851)	(52)
Net change in fair value of cash flow hedges transferred to profit or loss	98	(788)	NM	98	(811)	NM
Effect of changes in control of consolidated entities	(6,685)	-	NM	(6,685)	-	NM
Realisation of foreign currency translation to profit or loss	-	-	NM	-	(110)	NM
Other comprehensive income for the period, net of income tax	(7,719)	(20,475)	(62)	2,402	(26,877)	NM
Total comprehensive income for the period	19,186	41,020	(53)	35,985	72,483	(50)
Total comprehensive income attributable to:						
Owners of the Company	18,812	41,072	(54)	34,659	72,565	(52)
Non-controlling interests	374	(52)	NM	1,326	(82)	NM
Total comprehensive income for the period	19,186	41,020	(53)	35,985	72,483	(50)

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>					
	<u>Quarter ended 30 June</u>			<u>Half year ended 30 June</u>		
	2015	2014	Change	2015	2014	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation, amortisation and impairment	(6,755)	(5,240)	29	(11,472)	(11,976)	(4)
Finance costs	(11,251)	(8,238)	37	(21,870)	(16,607)	32
Financial receivables written off	(4,351)	-	NM	(4,351)	-	NM
Gain from acquisition	3,919	-	NM	3,919	-	NM
Gain on disposal of an associate and a joint venture	-	-	NM	-	54,118	NM
Impairment of trade and other receivables	-	(20)	NM	-	(10,709)	NM
Interest income	885	834	6	1,945	1,525	28
(Loss)/Gain on sale of property, plant and equipment	(328)	83,448	NM	15,486	83,446	(81)
Net foreign currency exchange loss	(1,889)	(1,429)	32	(5,013)	(2,354)	NM
Property, plant and equipment written off	(17)	-	NM	(21)	-	NM
Write back/(Allowance) for inventory obsolescence	5	(5)	NM	8	(54)	NM
Underprovision of prior years' tax	(753)	(17)	(NM)	(282)	(1,451)	(81)

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 JUNE 2015

	<u>Group</u>		<u>Company</u>	
	30 Jun 15 S\$'000	31 Dec 14 S\$'000	30 Jun 15 S\$'000	31 Dec 14 S\$'000
<u>NON-CURRENT ASSETS</u>				
Property, plant and equipment	127,239	115,860	-	-
Intangible assets	26,963	28,093	-	-
Intangible assets arising from service concession arrangements	1,048,606	992,989	-	-
Investments in subsidiaries	-	-	206,198	181,198
Investments in joint ventures	233,235	233,846	-	-
Investments in associates	140,539	100,335	15,214	14,983
Other investments	15,992	18,562	630	630
Financial receivables	253,929	384,670	-	-
Trade and other receivables	26,121	19,041	832,942	791,173
Deferred tax assets	18,263	9,505	-	-
	1,890,887	1,902,901	1,054,984	987,984
<u>CURRENT ASSETS</u>				
Gross amounts due for contract work	89,983	94,410	-	-
Inventories	50,488	44,181	-	-
Financial receivables	8,173	10,558	-	-
Trade and other receivables	417,775	241,284	855,577	769,352
Cash and cash equivalents	284,423	444,428	28,457	203,243
Asset held for sale	-	3,953	-	-
	850,842	838,814	884,034	972,595
<u>CURRENT LIABILITIES</u>				
Trade and other payables	234,200	229,879	65,041	70,364
Loans and borrowings	200,827	153,464	131,654	92,257
Tax payable	8,087	7,285	4,239	3,699
	443,114	390,628	200,934	166,320
Net current assets	407,728	448,186	683,100	806,275
<u>NON-CURRENT LIABILITIES</u>				
Trade and other payables – derivatives	24,694	29,275	5,161	-
Loans and borrowings	943,689	979,331	601,840	618,792
Deferred tax liabilities	1,364	493	-	-
	969,747	1,009,099	607,001	618,792
Net assets	1,328,868	1,341,988	1,131,083	1,175,467



STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015 (cont'd)

	<u>Group</u>		<u>Company</u>	
	30 Jun 15 S\$'000	31 Dec 14 S\$'000	30 Jun 15 S\$'000	31 Dec 14 S\$'000
<u>EQUITY</u>				
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	(73,356)	(61,936)	(73,356)	(61,936)
Capital reserve	11,773	10,043	7,132	5,402
Foreign currency translation reserve	8,118	14,029	-	-
Hedging reserve	(20,739)	(29,728)	(463)	-
Employees' share option reserve	24,614	24,755	24,614	24,755
Retained earnings	295,707	303,664	96,802	130,892
Total equity attributable to owners of the Company	1,322,471	1,337,181	1,131,083	1,175,467
Non-controlling interests	6,397	4,807	-	-
Total equity	1,328,868	1,341,988	1,131,083	1,175,467
<i>Group net borrowings (S\$)</i>	860,093	688,367	n.a.	n.a.
<i>Group net gearing (times)</i>	0.65x	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

30 Jun 15		31 Dec 14	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	200,827	-	153,464

(ii) Amount repayable after one year

30 Jun 15		31 Dec 14	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
227,209	716,480	226,614	752,717

Details of any collateral

As at 30 June 2015, secured bank loans of the Group were secured over specific project assets of a subsidiary under 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 SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2015**

	Group			
	Quarter ended 30 June		Half year ended 30 June	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit before income tax	27,388	60,347	34,946	98,716
Adjustments for:				
Amortisation of transaction costs related to borrowings	116	99	244	302
Depreciation, amortisation and impairment	6,755	5,240	11,472	11,976
Employees' share option expense	74	198	(141)	29
Fair value loss on derivative financial instruments	97	-	97	-
Finance costs	11,251	8,238	21,870	16,607
Financial receivables written off	4,351	-	4,351	-
Gain from acquisition	(3,919)	-	(3,919)	-
Gain on disposal of an associate and a joint venture	-	-	-	(54,118)
Impairment of trade and other receivables	-	20	-	10,709
Interest income	(885)	(834)	(1,945)	(1,525)
Loss/(Gain) on sale of property, plant and equipment	328	(83,448)	(15,486)	(83,446)
Other income	(5,887)	-	(5,887)	-
Property, plant and equipment written off	17	-	21	-
Share of (profits)/losses of associates and joint ventures, net of income tax	(1,761)	3,862	6,128	7,628
(Write back)/Allowance for inventory obsolescence	(5)	5	(8)	54
	37,920	(6,273)	51,743	6,932
Change in inventories	1,456	3,051	(4,371)	1,830
Change in gross amounts due for contract work	3,892	328	6,688	8,690
Change in trade and other receivables	(55,855)	6,960	(22,335)	(449)
Change in trade and other payables	(1,476)	6,093	(35,936)	6,870
Cash (used in)/from operating activities before service concession arrangement projects	(14,063)	10,159	(4,211)	23,873
Change in financial receivables from service concession arrangements	3,653	454	(155)	930
Change in intangible assets arising from service concession arrangements	(26,849)	(49,756)	(58,299)	(113,144)
Cash used in operating activities after service concession arrangement projects	(37,259)	(39,143)	(62,665)	(88,341)
Income tax paid	(3,805)	(4,658)	(4,668)	(4,435)
Net cash used in operating activities	(41,064)	(43,801)	(67,333)	(92,776)



	<u>Group</u>			
	<u>Quarter ended 30 June</u>		<u>Half year ended 30 June</u>	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from investing activities				
Acquisition of intangible assets	(111)	(451)	(577)	(993)
Acquisition of property, plant and equipment	(4,252)	(2,109)	(9,821)	(3,452)
Acquisition of subsidiaries	(5,670)	-	(8,953)	-
Additional investments in an associate	-	-	-	(8,589)
Dividends received from associates	480	360	1,020	4,828
Interest received	443	720	1,085	1,308
Loans to a joint venture	(6,660)	-	(6,660)	-
Effect of changes in control of consolidated entities	(20,445)	-	(20,445)	-
Net proceeds from disposal of an associate and a joint venture	-	-	-	63,432
Net proceeds from sale of property, plant and equipment	467	152,514	14,790	152,516
Net cash (used in)/from investing activities	(35,748)	151,034	(29,561)	209,050
Cash flows from financing activities				
Contribution from non-controlling interests	264	-	264	-
Dividends paid	(24,878)	(25,202)	(37,808)	(25,202)
Decrease in deposits pledged	-	1,832	-	1,832
Interest paid	(6,651)	(5,672)	(24,193)	(24,302)
Net proceeds from capital securities issued	-	-	-	295,486
Proceeds from borrowings	65,757	4,000	95,073	31,896
Proceeds from exercise of share options	-	73	-	215
Purchases of treasury shares	(2,121)	-	(11,420)	-
Repayment of borrowings	(7,480)	(49,901)	(99,062)	(149,901)
Net cash from/(used in) financing activities	24,891	(74,870)	(77,146)	130,024
Net (decrease)/increase in cash and cash equivalents	(51,921)	32,363	(174,040)	246,298
Cash and cash equivalents at beginning of the period	275,342	394,442	382,044	182,585
Effect of exchange rate fluctuations on cash held	(5,813)	(7,001)	9,604	(9,079)
Cash and cash equivalents at end of the period [Note 1(c)(i)]	217,608	419,804	217,608	419,804

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>	
	<u>Half year ended 30 June</u>	
	2015	2014
	S\$'000	S\$'000
Cash and cash equivalents as per statement of financial position	284,423	481,039
Less: Bank overdraft	(66,485)	(60,931)
Less: Deposits pledged	(330)	(304)
Cash and cash equivalents as per statement of cash flows	217,608	419,804



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
At 1.1.2015	607,258	469,096	(61,936)	10,043	14,029	(29,728)	24,755	303,664	1,337,181	4,807	1,341,988
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	31,581	31,581	2,002	33,583
Other comprehensive income											
Foreign currency translation differences for foreign operations	-	-	-	-	4,188	-	-	-	4,188	(676)	3,512
Effect of changes in control of consolidated entities	-	-	-	-	(6,685)	-	-	-	(6,685)	-	(6,685)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	8,795	-	-	8,795	-	8,795
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	-	98	-	-	98	-	98
Share of other comprehensive income of associates and joint ventures	-	-	-	-	(3,414)	96	-	-	(3,318)	-	(3,318)
Total comprehensive income for the period	-	-	-	-	(5,911)	8,989	-	31,581	34,659	1,326	35,985
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Dividends paid	-	-	-	-	-	-	-	(37,808)	(37,808)	-	(37,808)
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	264	264
Own shares acquired	-	-	(11,420)	-	-	-	-	-	(11,420)	-	(11,420)
Value of employee services received for issue of share options	-	-	-	-	-	-	(141)	-	(141)	-	(141)
Transfer to capital reserve	-	-	-	1,730	-	-	-	(1,730)	-	-	-
Total transactions with owners	-	-	(11,420)	1,730	-	-	(141)	(39,538)	(49,369)	264	(49,105)
At 30.6.2015	607,258	469,096	(73,356)	11,773	8,118	(20,739)	24,614	295,707	1,322,471	6,397	1,328,868



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
At 1.1.2014	606,887	-	(51,484)	7,560	(101)	(4,751)	24,186	300,277	882,574	3,718	886,292
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	99,345	99,345	15	99,360
Other comprehensive income											
Foreign currency translation differences for foreign operations	-	-	-	-	(3,123)	-	-	-	(3,123)	(97)	(3,220)
Realisation of foreign currency translation to profit or loss	-	-	-	-	(110)	-	-	-	(110)	-	(110)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	(15,885)	-	-	(15,885)	-	(15,885)
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	-	(811)	-	-	(811)	-	(811)
Share of other comprehensive income of associates and joint ventures	-	-	-	-	(6,982)	131	-	-	(6,851)	-	(6,851)
Total comprehensive income for the period	-	-	-	-	(10,215)	(16,565)	-	99,345	72,565	(82)	72,483
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Dividends paid	-	-	-	-	-	-	-	(25,202)	(25,202)	-	(25,202)
Issuance of perpetual capital securities	-	295,486	-	-	-	-	-	-	295,486	-	295,486
Issuance of shares for cash under Employees' Share Option Schemes	215	-	-	-	-	-	-	-	215	-	215
Value of employee services received for issue of share options	-	-	-	-	-	-	29	-	29	-	29
Transfer to capital reserve	-	-	-	942	-	-	-	(942)	-	-	-
Total transactions with owners	215	295,486	-	942	-	-	29	(26,144)	270,528	-	270,528
At 30.6.2014	607,102	295,486	(51,484)	8,502	(10,316)	(21,316)	24,215	373,478	1,225,667	3,636	1,229,303



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
At 1.1.2015	607,258	469,096	(61,936)	5,402	-	24,755	130,892	1,175,467
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	-	5,448	5,448
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	(463)	-	-	(463)
Total comprehensive income for the period	-	-	-	-	(463)	-	5,448	4,985
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends paid	-	-	-	-	-	-	(37,808)	(37,808)
Own shares acquired	-	-	(11,420)	-	-	-	-	(11,420)
Value of employee services received for issuance of share options	-	-	-	-	-	(141)	-	(141)
Transfer to capital reserve	-	-	-	1,730	-	-	(1,730)	-
Total transactions with owners	-	-	(11,420)	1,730	-	(141)	(39,538)	(49,369)
At 30.6.2015	607,258	469,096	(73,356)	7,132	(463)	24,614	96,802	1,131,083
At 1.1.2014	606,887	-	(51,484)	2,919	-	24,186	92,877	675,385
Profit for the period representing total comprehensive income for the period	-	-	-	-	-	-	48,107	48,107
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends paid	-	-	-	-	-	-	(25,202)	(25,202)
Issuance of perpetual capital securities	-	295,486	-	-	-	-	-	295,486
Issuance of shares for cash under Employees' Share Option Schemes	215	-	-	-	-	-	-	215
Value of employee services received for issuance of share options	-	-	-	-	-	29	-	29
Transfer to capital reserve	-	-	-	942	-	-	(942)	-
Total transactions with owners	215	295,486	-	942	-	29	(26,144)	270,528
At 30.6.2014	607,102	295,486	(51,484)	3,861	-	24,215	114,840	994,020



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 second quarter ended 30 June 2015 were as follows:

Issued share capital

As at 30 June 2015, the number of ordinary shares in issue were 804,454,989 (30 June 2014: 827,226,989), excluding 60,076,000 (30 June 2014: 37,146,000) held by the Company as treasury shares.

	No. of shares	Amount S\$'000
Ordinary shares		
At 1 April 2015	806,876,689	143,454
Less: Purchase of treasury shares	(2,421,700)	(2,121)
At 30 June 2015	<u>804,454,989</u>	<u>141,333</u>
Preference shares		
At 1 April 2015 and 30 June 2015	4,000,000	<u>392,569</u>
Issued share capital at 30 June 2015 (Note A)		<u>533,902</u>

The total number of issued 6% Cumulative Non-convertible Non-voting Perpetual Class A Preference Shares (preference shares) as at 30 June 2015 were 4,000,000 (30 June 2014: 4,000,000).

Note A:

Per Statement of Financial Position	S\$'000
- Share capital	607,258
- Reserve for own shares	<u>(73,356)</u>
Issued share capital as at 30 June 2015	<u>533,902</u>

Outstanding share options under the Scheme

	No. of options
At 1 April 2015	38,436,500
Options granted	-
Exercised/Forfeited	<u>(7,358,500)</u>
At 30 June 2015	<u>31,078,000</u>

As at 30 June 2015, the number of outstanding share options under the Schemes were 31,078,000 (30 June 2014: 37,798,250).



Perpetual capital securities

	Amount S\$'000
At 1 April 2015 and 30 June 2015	<u>469,096</u>

As at 30 June 2015, perpetual capital securities comprised \$300 mil issued at 5.75% per annum and \$175 mil issued at 4.80% per annum (30 June 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 30 June 2015 were 804,454,989 (31 December 2014: 816,984,989), excluding 60,076,000 (31 December 2014: 47,546,000) held by the Company as treasury shares.

There was no change in the Company's issued preference shares during the financial period ended 30 June 2015. The total number of issued preference shares as at 30 June 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 30 June 2015. The total amount of issued perpetual capital securities as at 30 June 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 30 June 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.

	<u>Quarter ended 30 June</u>			<u>Half year ended 30 June</u>		
	2015	2014	Change %	2015	2014	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#	1.68 cts	6.18 cts	(73)	0.85 cts	9.65 cts	(91)
- Weighted average number of shares	806,069,456	827,201,989	(3)	806,473,072	827,128,989	(3)
On a fully diluted basis of ordinary shares	1.68 cts	6.18 cts	(73)	0.85 cts	9.65 cts	(91)
- Adjusted weighted average number of shares	<u>806,069,456</u>	<u>827,512,669</u>	(3)	<u>806,473,072</u>	<u>827,414,411</u>	(3)

adjusted for dividends attributable to perpetual preference shares and perpetual capital securities for the half year ended 30 June 2015 (1H2015) of \$24.7mil and quarter ended 30 June 2015 (2Q2015) of \$12.4mil. Excluding these adjustments, the earning per share would have been 3.92 cents for the 1H2015 and 3.22 cents for 2Q2015.

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 Jun 15 Cents	31 Dec 14 Cents	30 Jun 15 Cents	31 Dec 14 Cents
Based on 804,454,989 (31 December 2014: 816,984,989) ordinary shares in issue	<u>56.4</u>	<u>56.6</u>	<u>31.8</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 \$26.0 mil for the second quarter ended 30 June 2015 (2Q2015) on revenue of \$94.8 mil. Gross profits for the quarter was \$71.2 mil. For the first half ended 30 June 2015 (1H2015), the Group achieved PATMI of \$31.6 mil on revenue of \$155.2 mil. Gross profits for 1H2015 was \$110.8 mil.

The Group had substantially completed the construction of its Tuaspring plant and embarked on the construction of Qurayyat Independent Water Project (IWP) in 1H2015.

On 30 June 2015, the Group entered into Sale and Purchase Agreements to sell its 100% shareholding interests in 5 special purpose vehicles holding its 5 water assets in the People's Republic of China, namely Zunyi WWTP, Funing WTP, Leping WWTP, Caojie WWTP and Beichen WWTP, with total designed capacity of 265 MLD. The aggregate cash consideration amounted to \$195.4 mil (RMB 890 mil) realising a \$42.5 mil revenue, net of estimated directly attributable expenses and charges. On the same day, the Group also entered into a Shareholders' Agreement with Tuspark Technology Services Investment Ltd, a subsidiary of TUS-Holding Co., Ltd, the former Tsinghua University Science Park (Tuspark) Development Center to set up an investment holding company (Invest Co) in which the Group have a 25% equity stake. The Invest Co ultimately holds the 5 water assets divested. The Group deconsolidated these subsidiaries in 2Q2015.

Other income in 1H2015 was mainly contributed by the gross disposal gain amounted to \$15.8 mil on one of the Group's building previously classified as asset held for sale of \$4.0 mil as at 31 December 2014. The sale was completed in 1Q2015. Correspondingly, included in 1H2014 were gains on sale and leaseback of Hyflux Innovation Centre (HIC) building of \$83.5 mil and disposals of the Group's investments in a joint venture and an associate of \$54.1 mil as reported in prior periods. Overall lower disposal gains in 1H2015.

Included in Other Income was a gain arising from acquisition of Hyflux Filtech (Shanghai) Co., Ltd and Hyflux Unitech (Shanghai) Co., Ltd from Hyflux Filtech (Singapore) (in members' voluntary liquidation), as announced on 9 April 2015. The Group consolidated these entities upon completion of legal titles transfer in 2Q2015. A gain from acquisition of \$3.9 mil was recognised based on the fair value of net assets acquired.

Basic and diluted earnings per share (EPS) was 1.68 cents for 2Q2015 and 0.85 cents for 1H2015. Both periods' EPS 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 95% and 91% of the total revenue in 2Q2015 and 1H2015 respectively. In 2014, the municipal sector contributed 83% in 2Q2014 and 87% in 1H2014.

Revenue from the industrial sector made up 4% of the Group's revenue for 2Q2015, decreased from 14% for Q2014. For the first half, this sector made up 8% and 11% of the Group revenue for 1H2015 and 1H2014 respectively.



Geographical Review

The Singapore market continued to contribute to the Group's revenue, accounting for 36% and 47% of the Group's total revenues in 2Q2015 and 1H2015 respectively. In 2014, Singapore market contributed 74% and 78% to total revenue in 2Q2014 and 1H2014 respectively. The reduction was due to the substantial completion of our Tuaspring plant construction.

The Group's China market contributed 54% to the total revenue in 2Q2015, an increase from 14% in 2Q2014. For 1H2015, revenue from China was at 37% compared to 13% in 1H2014. This was mainly contributed by the divestments of 5 water assets as discussed above.

Revenue from MENA accounted for 9% in 2Q2015, an increase from 4% in 2Q2014. For 1H2015, MENA contributed 10%, an increase from 4% in 1H2014. Key contributor of MENA revenue in 2Q and 1H2015 was from Qurayyat IWP. Rest of World (ROW) accounted for 1% in 2Q2015, a decrease from 8% in 2Q2014. For 1H2015, ROW contributed 6%, an increase from 5% in 1H2014.

8(a)(ii) Costs and expenses

Lower direct costs for the 2Q2015 and 1H2015 were in line with lower revenue.

Staff costs decreased for 2Q2015 and 1H2015 were due to the substantial completion of Tuaspring plant and gearing up of Qurayyat IWP construction activities.

Depreciation, amortisation and impairment increased in 2Q2015 due to an impairment of \$2.4 mil relating to the Group's Other Investments, offset by the absence of depreciation charges on HIC building that was sold and leased back in June 2014.

Finance costs increased in 2Q2015 and 1H2015 relating mainly to the financing of the Tuaspring plant.

Other expenses decreased in 1H2015, primarily due to provisions made against receivables last year that were non-recurring.

Share of losses of associates and joint ventures in 1H2015 and corresponding period reflect the lower than expected plant utilisation rates compared to designed capacity.

The Group recorded net income tax expense of \$1.4 mil for 1H2015, compared to net tax credits of \$0.6mil in 1H2014. 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 1H2014 that were not taxable.

8(b) Statements of Financial Position Analysis

8(b)(i) The Group

Main contributors to the movements in the Group's shareholders' equity included dividends paid of \$37.8 mil, purchase of 12.5 mil treasury shares for a total cost of \$11.4 mil, lower hedging reserves loss by \$9.0 arising mainly from interest rate swaps and translation loss on the Group's Algerian Dinars assets due to strengthening of Singapore dollars during the first half year.

Increase in current assets mainly contributed by the receivables from divestments in 2Q2015, partially offset by the utilisation of cash for payments of dividends and interests as well as operations requirements during the period.



Decrease in non-current assets mainly due to deconsolidation of financial receivables relating to the divestments of China assets in 2Q2015, offset by continuing investments in service concession projects and investment in associate for the 25% stake in Invest Co as mentioned above.

Increase in current liabilities mainly due to the reclassification of one of its fixed-rate unsecured notes issued under the Group's Multicurrency Debt Issuance Programme amounting to \$55.0 mil that will mature in January 2016. This resulted in a corresponding decrease in non-current liabilities.

The Group's net gearing ratio stood at 0.65 times as at 30 June 2015, from 0.51 times as at 31 December 2014.

8(b)(ii) The Company

Decrease in the Company's shareholders' equity mainly due to dividends paid amounting to \$37.8 mil for the period as well as purchase of 12.5 mil treasury shares for a total cost of \$11.4 mil during the period.

8(c) Statement of Cash flows

The Group's overall cash balance decreased from \$444.4 mil as at 31 December 2014 to \$284.4 mil as at 30 June 2015.

For 2Q2015 and 1H2015, net cash of \$41.1 and \$67.3 mil respectively were 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 outflows from the Group's operating activities were \$14.1 mil and \$4.2 mil respectively.

Cash used in investing activities of \$35.7 mil and \$29.6 mil in 2Q2015 and 1H2015 respectively were contributed by deconsolidation of \$20.4 mil cash arising from disposal of China assets, acquisition of property, plant and equipment and subsidiaries, partially offset by net proceeds from the disposal of the Group's leasehold building during the periods.

Net cash from financing activities in 2Q2015 amounted to \$24.9 mil mainly from the proceeds from borrowings, partially offset by payment of dividends and interest during the period. For 1H2015, net cash used was \$77.1 mil largely due to the repayment of the Group's fixed-rate unsecured notes of \$75.0 mil in 1Q2015.

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 total order book stood at a healthy \$2.9 billion, comprising \$1.9 billion for operations and maintenance and \$1.0 billion worth of engineering, procurement and construction contracts.

Revenue contribution from MENA will increase as the Group works on Qurayyat IWP in Oman and a containerised desalination system project that was awarded in June 2015 to augment the existing Yanbu Desalination Plant in the Kingdom of Saudi Arabia.

Despite the challenging macro-economic environment and depressed oil prices, the Group has continued to expand its footprint in the MENA region. With the recent new project wins in Oman and Saudi Arabia, the Group has gained positive momentum. In addition, it will continue to explore potential divestment opportunities.

In Singapore, the Group's 411 MW combined cycle gas turbine power plant co-located with Tuaspring Desalination Plant has been connected to the national power grid. Testing and commissioning started on 5 August 2015 and the plant is expected to be fully operational in early 2016. The Group is also one of the market-making participants in the recently launched Electricity Futures Market initiated by the Energy Market Authority.

11. Dividend

(a) Current financial period reported on.

Any dividend recommended for the current financial period reported on?

Name of dividend	Ordinary - Interim
Dividend type	Cash
Dividend rate	0.70 cents per ordinary share
Tax rate	One-tier tax exempt

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

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

Name of dividend	Ordinary - Interim
Dividend type	Cash
Dividend rate	0.70 cents per ordinary share
Tax rate	One-tier tax exempt

(c) Date payable.

31 August 2015.

(d) Books closure date.

19 August 2015.

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 June 2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Lim Poh Fong
Company Secretary
6 August 2015