



HYFLUX LTD

Registration number : 200002722Z

Unaudited Financial Statements For The Financial Year Ended 31 December 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 FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	<u>Group</u>		
	2015	2014	Change
	S\$'000	S\$'000	%
Revenue	445,241	321,394	39
Other income	72,637	169,999	(57)
Changes in inventories of finished goods and work-in-progress	1,624	7,046	(77)
Raw materials and consumables used and subcontractors' costs	(225,890)	(170,981)	32
Staff costs	(65,200)	(75,183)	(13)
Depreciation, amortisation and impairment	(22,235)	(32,580)	(32)
Other expenses	(105,000)	(120,493)	(13)
Finance costs	(42,790)	(34,829)	23
Share of losses of associates and joint ventures, net of income tax	(19,610)	(11,313)	73
Profit before income tax	38,777	53,060	(27)
Tax credits	6,695	5,753	16
Profit for the year	45,472	58,813	(23)
Profit attributable to:			
Owners of the Company	41,273	57,469	(28)
Non-controlling interests	4,199	1,344	NM
Profit for the year	45,472	58,813	(23)

NM: Not Meaningful



**1 (a)(ii) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	2015	Group	
	S\$'000	2014	Change
		S\$'000	%
Profit for the year	45,472	58,813	(23)
Other comprehensive income:			
<u>Items that may be reclassified subsequently to profit or loss</u>			
Foreign currency translation differences for foreign operations	(2,907)	10,135	NM
Effective portion of changes in fair value of cash flow hedges	13,969	(24,546)	NM
Share of other comprehensive income of associates and joint ventures	(4,525)	4,367	NM
Net change in fair value of cash flow hedges transferred to profit or loss	49	(915)	NM
Realisation of foreign currency translation to profit or loss	(6,685)	(163)	NM
Other comprehensive income for the year, net of income tax	(99)	(11,122)	99
Total comprehensive income for the year	45,373	47,691	(5)
Total comprehensive income attributable to:			
Owners of the Company	42,156	46,622	(10)
Non-controlling interests	3,217	1,069	NM
Total comprehensive income for the year	45,373	47,691	(5)

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: -

	2015	<u>Group</u>	
	S\$'000	2014	Change
		S\$'000	%
Allowance for inventory obsolescence	(288)	(989)	(71)
Depreciation, amortisation and impairment	(22,235)	(32,580)	(32)
Finance costs	(42,790)	(34,829)	23
Financial receivables written off	(5,989)	(2,886)	NM
Gain from acquisition	5,527	-	NM
Gain on disposal of an associate and a joint venture	-	54,118	NM
Gain on sale of property, plant and equipment	15,502	103,684	NM
Intangible assets arising from service concession arrangements written off	(6,086)	(990)	NM
Interest income	3,563	4,047	(12)
Loss on liquidation of subsidiaries	-	(98)	NM
Net foreign currency exchange loss	(9,231)	(287)	NM
Overprovision of prior years' tax	43	364	(88)
Property, plant and equipment written off	(88)	(220)	(60)
Remeasurement to fair value of joint venture to subsidiary	12,258	-	NM
Write back/(Impairment) of trade and other receivables	153	(28,069)	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 DECEMBER 2015

	<u>Group</u>		<u>Company</u>	
	31 Dec 15	31 Dec 14	31 Dec 15	31 Dec 14
	S\$'000	S\$'000	S\$'000	S\$'000
<u>NON-CURRENT ASSETS</u>				
Property, plant and equipment	156,427	115,860	-	-
Intangible assets	25,648	28,093	-	-
Intangible assets arising from service concession arrangements	1,127,767	992,989	-	-
Investments in subsidiaries	-	-	219,048	181,198
Investments in joint ventures	7,374	233,846	-	-
Investments in associates	138,291	100,335	15,455	14,983
Other investments	542	18,562	-	630
Financial receivables	546,271	384,670	-	-
Trade and other receivables	-	19,041	972,287	791,173
Deferred tax assets	27,530	9,505	-	-
	<u>2,029,850</u>	<u>1,902,901</u>	<u>1,206,790</u>	<u>987,984</u>
<u>CURRENT ASSETS</u>				
Gross amounts due for contract work	128,126	94,410	-	-
Inventories	51,613	44,181	-	-
Financial receivables	14,409	10,558	-	-
Trade and other receivables, including derivatives	275,786	241,284	847,315	769,352
Cash and cash equivalents	313,706	444,428	112,382	203,243
Assets held for sale	211,865	3,953	-	-
	<u>995,505</u>	<u>838,814</u>	<u>959,697</u>	<u>972,595</u>
<u>CURRENT LIABILITIES</u>				
Trade and other payables	266,006	229,879	69,823	70,364
Loans and borrowings	659,652	153,464	614,800	92,257
Tax payable	6,864	7,285	2,756	3,699
Liabilities held for sale	13,347	-	-	-
	<u>945,869</u>	<u>390,628</u>	<u>687,379</u>	<u>166,320</u>
Net current assets	49,636	448,186	272,318	806,275
<u>NON-CURRENT LIABILITIES</u>				
Trade and other payables - derivatives	13,169	29,275	-	-
Loans and borrowings	764,297	979,331	305,424	618,792
Deferred tax liabilities	1,169	493	-	-
	<u>778,635</u>	<u>1,009,099</u>	<u>305,424</u>	<u>618,792</u>
Net assets	<u>1,300,851</u>	<u>1,341,988</u>	<u>1,173,684</u>	<u>1,175,467</u>



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

	<u>Group</u>		<u>Company</u>	
	31 Dec 15	31 Dec 14	31 Dec 15	31 Dec 14
	S\$'000	S\$'000	S\$'000	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	(85,929)	(61,936)	(85,929)	(61,936)
Capital reserve	13,731	10,043	8,863	5,402
Foreign currency translation reserve	469	14,029	-	-
Hedging reserve	(15,285)	(29,728)	1,277	-
Employees' share option reserve	25,069	24,755	25,069	24,755
Retained earnings	273,059	303,664	148,050	130,892
Total equity attributable to owners of the Company	1,287,468	1,337,181	1,173,684	1,175,467
Non-controlling interests	13,383	4,807	-	-
Total equity	1,300,851	1,341,988	1,173,684	1,175,467
<i>Group net borrowings (S\$)</i>	1,110,243	688,367	n.a.	n.a.
<i>Group net gearing (times)</i>	0.85x	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 Dec 15		31 Dec 14	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	659,652	-	153,464

(ii) Amount repayable after one year

31 Dec 15		31 Dec 14	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
227,803	536,494	226,614	752,717

Details of any collateral

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 FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	2015	Group
	S\$'000	2014
		S\$'000
Cash flows from operating activities		
Profit before income tax	38,777	53,060
Adjustments for:		
Allowance for inventory obsolescence	288	989
Amortisation of transaction costs related to borrowings	499	582
Depreciation, amortisation and impairment	22,235	32,580
Employees' share option expense	314	569
Finance costs	42,790	34,829
Financial receivables written off	5,989	2,886
Gain on disposal of an associate and a joint venture	-	(54,118)
Gain on sale of property, plant and equipment	(15,502)	(103,684)
Gain from acquisition	(5,527)	-
(Write-back)/ Impairment of trade and other receivables	(153)	28,069
Intangible assets arising from service concession arrangements written off	6,086	990
Interest income	(3,563)	(4,047)
Loss on liquidation of subsidiaries	-	98
Other income	(17,866)	-
Property, plant and equipment written off	88	220
Remeasurement to fair value of joint venture to subsidiary	(12,258)	-
Share of losses of associates and joint ventures, net of income tax	19,610	11,313
	81,807	4,336
Change in inventories	(372)	(10,534)
Change in gross amounts due for contract work	(19,889)	2,577
Change in trade and other receivables	(6,915)	(20,252)
Change in trade and other payables	29,669	8,836
Cash from/(used in) operating activities before service concession arrangement projects	84,300	(15,037)
Change in financial receivables from service concession arrangements	25,193	(3,163)
Change in intangible assets arising from service concession arrangements	(146,110)	(198,916)
Cash used in operating activities after service concession arrangement projects	(36,617)	(217,116)
Income tax paid	(7,034)	(9,017)
Net cash used in operating activities	(43,651)	(226,133)



**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)**

	2015	<u>Group</u>
	S\$'000	2014
		S\$'000
Cash flows from investing activities		
Acquisition of intangible assets	(1,168)	(1,945)
Acquisition of property, plant and equipment	(27,611)	(11,855)
Acquisition of subsidiaries, net of cash acquired	(45,942)	-
Acquisition of other investments	-	(515)
Acquisition of associate	(47,304)	-
Acquisition of joint venture	(7,063)	-
Additional investments in an associate	-	(8,589)
Additional investments in a joint venture	-	(206)
Deposits (paid)/received	(70)	5,565
Dividends received from associates	2,271	6,238
Interest received	2,062	3,287
Loans to a joint venture	(6,660)	(18,660)
Net proceeds from disposal of an associate and a joint venture	-	63,432
Net proceeds from liquidation of other investments	10,153	-
Net proceeds from sale of property, plant and equipment	17,742	169,536
Net cash (used in)/ from investing activities	<u>(103,590)</u>	<u>206,288</u>
Cash flows from financing activities		
Contribution from non-controlling interests	5,359	-
Dividends paid	(68,190)	(51,579)
Decrease in deposits pledged	-	1,832
Interest paid	(48,977)	(51,227)
Net proceeds from perpetual capital securities issued	-	469,096
Proceeds from borrowings	352,726	66,981
Proceeds from exercise of share options	-	371
Purchases of treasury shares	(23,993)	(10,452)
Repayment of borrowings	(157,387)	(214,834)
Net cash from financing activities	<u>59,538</u>	<u>210,188</u>
Net (decrease)/ increase in cash and cash equivalents	<u>(87,703)</u>	<u>190,343</u>
Cash and cash equivalents at beginning of the year	<u>382,044</u>	<u>182,585</u>
Effect of exchange rate fluctuations on cash held	4,137	9,116
Cash and cash equivalents at end of the year [Note 1(c)(i)]	<u>298,478</u>	<u>382,044</u>

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:

	31 Dec 2015	<u>Group</u>
	S\$'000	31 Dec 2014
		S\$'000
Cash and cash equivalents as per statement of financial position	313,706	444,428
Less: Bank overdraft	(20,315)	(56,658)
Less: Deposits pledged	(325)	(5,726)
	<u>293,066</u>	<u>382,044</u>
Add: Cash and cash equivalents included in entities held for sale	5,412	-
Cash and cash equivalents as per statement of cash flows	<u>298,478</u>	<u>382,044</u>



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 Jan 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 year											
Profit for the year	-	-	-	-	-	-	-	41,273	41,273	4,199	45,472
Other comprehensive income											
Foreign currency translation differences for foreign operations	-	-	-	-	(1,925)	-	-	-	(1,925)	(982)	(2,907)
Realisation of foreign currency translation to profit or loss	-	-	-	-	(6,685)	-	-	-	(6,685)	-	(6,685)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	13,969	-	-	13,969	-	13,969
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	-	49	-	-	49	-	49
Share of other comprehensive income of associates and joint ventures	-	-	-	-	(4,950)	425	-	-	(4,525)	-	(4,525)
Total comprehensive income for the year	-	-	-	-	(13,560)	14,443	-	41,273	42,156	3,217	45,373
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Dividends	-	-	-	-	-	-	-	(68,190)	(68,190)	-	(68,190)
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	5,359	5,359
Own shares acquired	-	-	(23,993)	-	-	-	-	-	(23,993)	-	(23,993)
Value of employee services received for issue of share options	-	-	-	-	-	-	314	-	314	-	314
Transfer to capital reserve	-	-	-	3,688	-	-	-	(3,688)	-	-	-
Total transactions with owners	-	-	(23,993)	3,688	-	-	314	(71,878)	(91,869)	5,359	(86,510)
At 31 Dec 2015	607,258	469,096	(85,929)	13,731	469	(15,285)	25,069	273,059	1,287,468	13,383	1,300,851



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 Jan 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 year											
Profit for the year	-	-	-	-	-	-	-	57,469	57,469	1,344	58,813
Other comprehensive income											
Foreign currency translation differences for foreign operations	-	-	-	-	10,410	-	-	-	10,410	(275)	10,135
Realisation of foreign currency translation to profit or loss	-	-	-	-	(163)	-	-	-	(163)	-	(163)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	(24,546)	-	-	(24,546)	-	(24,546)
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	-	(915)	-	-	(915)	-	(915)
Share of other comprehensive income of associates and joint ventures	-	-	-	-	3,883	484	-	-	4,367	-	4,367
Total comprehensive income for the year	-	-	-	-	14,130	(24,977)	-	57,469	46,622	1,069	47,691
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Dividends	-	-	-	-	-	-	-	(51,579)	(51,579)	-	(51,579)
Issue of perpetual capital securities	-	469,096	-	-	-	-	-	-	469,096	-	469,096
Issue of shares for cash under Employees' Share Option Schemes	371	-	-	-	-	-	-	-	371	-	371
Own shares acquired	-	-	(10,452)	-	-	-	-	-	(10,452)	-	(10,452)
Value of employee services received for issue of share options	-	-	-	-	-	-	569	-	569	-	569
Transfer to capital reserve	-	-	-	2,483	-	-	-	(2,483)	-	-	-
	371	469,096	(10,452)	2,483	-	-	569	(54,062)	408,005	-	408,005
Changes in ownership interest in subsidiaries											
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	-	(20)	(20)	20	-
Total transactions with owners	371	469,096	(10,452)	2,483	-	-	569	(54,082)	407,985	20	408,005
At 31 Dec 2014	607,258	469,096	(61,936)	10,043	14,029	(29,728)	24,755	303,664	1,337,181	4,807	1,341,988



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 Jan 2015	607,258	469,096	(61,936)	5,402	-	24,755	130,892	1,175,467
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	-	88,809	88,809
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	1,277	-	-	1,277
Total comprehensive income for the year	-	-	-	-	1,277	-	88,809	90,086
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends	-	-	-	-	-	-	(68,190)	(68,190)
Own shares acquired	-	-	(23,993)	-	-	-	-	(23,993)
Value of employee services received for issuance of share options	-	-	-	-	-	314	-	314
Transfer to capital reserve	-	-	-	3,461	-	-	(3,461)	-
Total transactions with owners	-	-	(23,993)	3,461	-	314	(71,651)	(91,869)
At 31 Dec 2015	607,258	469,096	(85,929)	8,863	1,277	25,069	148,050	1,173,684
At 1 Jan 2014	606,887	-	(51,484)	2,919	-	24,186	92,877	675,385
Profit for the year representing total comprehensive income for the year	-	-	-	-	-	-	92,077	92,077
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends	-	-	-	-	-	-	(51,579)	(51,579)
Issuance of perpetual capital securities	-	469,096	-	-	-	-	-	469,096
Issuance of shares for cash under Employees' Share Option Schemes	371	-	-	-	-	-	-	371
Value of employee services received for issuance of share options	-	-	-	-	-	569	-	569
Own shares acquired	-	-	(10,452)	-	-	-	-	(10,452)
Transfer to capital reserve	-	-	-	2,483	-	-	(2,483)	-
Total transactions with owners	371	469,096	(10,452)	2,483	-	569	(54,062)	408,005
At 31 Dec 2014	607,258	469,096	(61,936)	5,402	-	24,755	130,892	1,175,467



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 fourth quarter ended 31 Dec 2015 were as follows:

Issued share capital

	No. of shares	Amount S\$'000
Ordinary shares		
At 1 Oct 2015	800,109,489	138,280
Less: Purchase of treasury shares	(14,824,500)	(9,520)
At 31 Dec 2015	<u>785,284,989</u>	<u>128,760</u>
Preference shares		
At 1 Oct and 31 Dec 2015	4,000,000	392,569
Issued share capital at 31 Dec 2015 (<i>Note A</i>)		<u><u>521,329</u></u>

As at 31 Dec 2015, the number of ordinary shares in issue were 785,284,989 (31 Dec 2014: 816,984,989), excluding 79,246,000 (31 Dec 2014: 47,546,000) held by the Company as treasury shares.

The total number of issued 6% Cumulative Non-convertible Non-voting Perpetual Class A Preference Shares (preference shares) as at 31 Dec 2015 were 4,000,000 (31 Dec 2014: 4,000,000).

Note A:

Per Statement of Financial Position	S\$'000
- Share capital	607,258
- Reserve for own shares	(85,929)
Issued share capital as at 31 Dec 2015	<u><u>521,329</u></u>

Outstanding share options under the Scheme

	No. of options
At 1 Jan 2015	35,560,250
Options granted	5,920,000
Exercised/Forfeited	(13,441,250)
At 31 Dec 2015	<u><u>28,039,000</u></u>

As at 31 Dec 2015, the number of outstanding share options under the Schemes were 28,039,000 (31 Dec 2014: 35,560,250).

Perpetual capital securities

At 1 Oct and 31 Dec 2015

Amount
S\$'000
469,096

As at 31 Dec 2015, perpetual capital securities comprised \$300 mil issued at 5.75% per annum and \$175 mil issued at 4.80% per annum (31 Dec 2014: \$300 mil issued at 5.75% per annum and \$175 mil issued at 4.80% 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 Dec 2015 were 785,284,989 (31 Dec 2014: 816,984,989), excluding 79,246,000 (31 Dec 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 year ended 31 Dec 2015. The total number of issued preference shares as at 31 Dec 2015 were 4,000,000 (31 Dec 2014: 4,000,000).

There was no change in the Company's issued perpetual capital securities during the financial year ended 31 Dec 2015. The total amount of issued perpetual capital securities as at 31 Dec 2015 were \$475 mil (31 Dec 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 year ended 31 Dec 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 Jan 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.

	2015	2014	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	(1.05 cts) #	1.66 cts	NM
- Weighted average number of shares	801,484,406	824,833,989	(2.8)
On a fully diluted basis of ordinary shares	(1.05 cts) #	1.66 cts	NM
- Adjusted weighted average number of shares	<u>801,484,406</u>	<u>825,038,717</u>	(2.9)

adjusted for dividends attributable to perpetual preference shares and perpetual capital securities of \$49.7mil. Excluding these adjustments, the earning per share would have been 5.15 cents for FY2015.

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 Dec 15 Cents	31 Dec 14 Cents	31 Dec 15 Cents	31 Dec 14 Cents
Based on 785,284,989 (31 Dec 2014: 816,984,989) ordinary shares in issue	<u>54.2</u>	<u>56.6</u>	<u>38.0</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

Total revenue for the financial year ended 31 Dec 2015 ("FY2015") increased by 39% from \$321.4 mil for the financial year ended 31 Dec 2014 ("FY2014") to \$445.2 mil, contributed mainly by the Qurayyat Independent Water Project ("IWP") in the Sultanate of Oman and a containerised desalination system to augment the existing Yanbu Desalination Plant in the Kingdom of Saudi Arabia. On gross profits, the Group reported an increase of 40% to \$221.0 mil in FY2015 from \$157.5 mil in FY2014.

The Group achieved profit attributable to the shareholders of the Company ("PATMI") of \$41.3 mil in FY2015, a decrease of 28% from \$57.5 mil in FY2014. The lower PATMI was mainly due to a lower level of divestment activities in FY2015 compared to FY2014.

Divestment activities in 2014 generated gains of \$103.8 mil from the sale and leaseback of Hyflux Innovation Centre, and \$54.1 mil gain from disposal of the Marmon entities, contributing to Other Income of \$170.0 mil. In comparison, Other Income in 2015 was lower at \$72.6 mil. This comprised disposal gain of \$15.8 mil on one the Group's buildings, gain from the acquisition of Hyflux Filtech (Shanghai) Co., Ltd and Hyflux Unitech (Shanghai) Co., Ltd of \$5.5 mil, provisional fair value remeasurement gain of \$12.3 mil from the Group's acquisition of its remaining 50% equity stake in H.J. Newspring Limited, the holding company of Tianjin Dagang Desalination Plant; as well as incentives income recognised by the Group as a market-making participant to the Singapore Electricity Futures Market.

Basic and diluted loss per share was 1.05 cents for FY2015 compared to the basic and diluted earnings per share of 1.66 cents for FY2014. Both basic and diluted loss 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 94% or \$419.1 mil of the total revenue in FY2015. For FY2014, the municipal sector contributed 84% at \$269.9 mil.

Revenue from the industrial sector made up 5% or \$24.1 mil of the Group's revenue in FY2015, decreased from 14% or \$46.4 mil for FY2014.

Geographical Review

The geographical mix for the year shifted from Singapore to Middle East and North Africa ("MENA") and China reflecting activities level in these regions.

Revenue contributions from the MENA region rose to 39% or \$176.0 mil from 7% or \$21.2 mil in FY2014, due to contributions from the Qurayyat IWP and a containerised desalination system project to augment the existing Yanbu Desalination Plant in Saudi Arabia.

With the substantial completion of our Tuaspring plant construction, Singapore market contribution reduced to 38% or \$168.9 mil in FY2015, down from 72% or \$232.6 mil in FY2014.

The Group's China market contributed 20% or \$88.1 mil to the total revenue in FY2015, an increase from 15% or \$47.9 mil in FY2014, contributed mainly by the divestments of 5 water assets during the year.

Rest of the World accounted for 3% or \$12.2 mil in FY2015, a decrease from 6% or \$19.7 mil in FY2014.

8(a)(ii) Costs and expenses

Direct costs increased by 32% in FY2015, in line with the 39% increase in revenue.

Staff costs decreased in FY2015 due to substantial completion of Tuaspring plant, offset by gearing up of Qurayyat IWP construction activities.

Depreciation, amortisation and impairment decreased from \$32.6 mil in FY2014 to \$22.2 mil in FY2015, mainly due to impairment charges relating to non-core assets in FY2014.

Other expenses decreased from \$120.5 mil in FY2014 to \$105.0 mil in FY2015, primarily due to provisions made against industrial trade receivables in FY2014. In FY2015, unrealised foreign exchange losses were recorded mainly due to the strengthening of US dollars against Singapore dollars. Also included in other expense in FY2015 were financial receivables write-off of \$6.0 mil to the recoverable amounts of entities classified as held for sale (see more details under "Statement of Financial Position Analysis") and \$6.1 mil intangible assets arising from service concession arrangement write-off due to impending cessation of concession.

Finance costs increased by 23% from \$34.8 mil in FY2014 to \$42.8 mil in FY2015 relating mainly to the financing of projects under development.

Share of losses of associates and joint ventures increased from \$11.3 mil to \$19.6 mil, reflecting lower than expected plant utilisation rates compared to designed capacity, coupled with foreign exchange losses arising from the strengthening of US dollars against Chinese Renminbi and Algerian Dinars.

The Group recorded net income tax credit for both years mainly due to recognition of tax losses incurred by certain entities within the Group.

8(b) Statements of Financial Position Analysis

8(b)(i) The Group

The Group recorded shareholders' equity at \$1.3 bil as at 31 Dec 2015, consistent with 31 Dec 2014. Within shareholder's equity, main movements included lower hedging reserves loss arising mainly from the interest rate swaps on the Group's floating rate loan, lower translation gain reserve primarily due to weakening of Algerian Dinars against Singapore dollars, as well as purchase of treasury shares. The Group bought 31.7 mil treasury shares for a total cost of \$24.0 mil during the year.

Non-current assets increased from \$1,902.9 mil as at 31 Dec 2014 to \$2,029.9 mil as at 31 Dec 2015, mainly contributed by the continuing investments in service concession projects in Qurayyat IWP and Tuaspring. Additionally, following the Group's acquisition of the remaining 50% stake in Tianjin Dagang Desalination Plant, Tianjin Dagang which was previously equity accounted as joint venture was consolidated as at 31 Dec 2015. This contributed to the increase in financial receivables and corresponding decrease in investments in joint ventures.

As at 31 Dec 2015, the Group classified its investment in Galaxy Newspring Pte. Ltd., a 50% owned joint venture, to assets held for sale as the Group has plan to sell the portfolio within the next 12 months, resulting in a further reduction in investments in joint ventures.

Investment in associates increased due to the Group's 25% equity interest in Tus Water Group Limited, a company set up in collaboration with TUS-Holdings Co., Ltd.



As at 31 Dec 2014, other investment balance related mainly to the Group's carrying amount in Hyflux Filtech (Singapore) Pte Ltd ("HFS"), a former 71% owned subsidiary under members' voluntary liquidation. During the year, the Group received a total of \$10.2 mil proceeds from liquidation as recorded under investing cash flows with the remaining surplus assets distributed subsequent to 31 Dec 2015 upon the conclusion of the liquidation proceeding of HFS. Accordingly, other investments balance decreased as at year-end.

As reported in the previous quarter, the Group reclassified two of its wholly owned plants in China, namely Hyflux Newspring (Nantong) WWT Co., Ltd ("Nantong WWT SPC") and Hyflux Newspring (Wuhu) Co., Ltd ("Wuhu SPC") as held for sale, as the carrying amount of these entities would be recovered through sale. Carrying amounts are written down to its net realisable value based on expected selling prices. Completion of the sale of Wuhu SPC to Tus Water Group Limited and negotiation on sale of Nantong WWT SPC are in progress.

Current assets increased from \$838.8 mil as at 31 Dec 2014 to \$995.5 mil as at 31 Dec 2015, mainly due to the transfer of Galaxy Newspring portfolio, Nantong WWT SPC and Wuhu SPC as held for sale as discussed above. This was offset by the reduction in cash balance used for repayment of fixed-rated unsecured notes issued under the Group's Multicurrency Debt Issuance Programme of \$75.0 mil in March 2015, payments of dividends and interest, purchase of treasury shares and working capital requirements.

The Group reported an increase in current liabilities from \$390.6 mil as at 31 Dec 2014 to \$945.9 mil as at 31 Dec 2015. The increase was mainly due to the classification of \$55.0 mil fixed-rate unsecured notes issued under the Group's Multicurrency Debt Issuance Programme and \$334.3 mil corporate borrowings which would be payable in FY2016 as current. This resulted in a corresponding decrease in non-current liabilities.

The Group's net gearing ratio stood at 0.85 times as at 31 Dec 2015, from 0.51 times as at 31 Dec 2014.

8(b)(ii) The Company

The Company's shareholders' equity remained relatively flat at \$1,173.7 mil as at 31 Dec 2015, compared to \$1,175.5 mil as at 31 Dec 2014. Earnings during the year were offset by dividends paid amounting to \$68.2 mil as well as purchase of 31.7 mil treasury shares for a total cost of \$24.0 mil during the year.

8(c) Statement of Cash flows

The Group's overall cash balance decreased from \$444.4 mil as at 31 Dec 2014 to \$313.7 mil as at 31 Dec 2015.

In FY2015, net cash of \$43.7 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 was \$84.3 mil mainly contributed by proceeds received from the divestment of 5 China plants.

Cash used in investing activities of \$103.6 mil in FY2015 was mainly for additional capital expenditure as well as acquisitions of Filtech entities, effective additional 50% stake in Tianjin Dagang and 25% stake in Tus Water Group Limited. These outflows were partly offset by net proceeds from the disposal of one of the Group's leasehold buildings as well as cash inflows from the liquidation of HFS.

Net cash from financing activities in FY2015 amounted to \$59.5 mil mainly from the proceeds from borrowings, partially offset by payment of dividends and interest, repayment of borrowings and purchase of treasury shares.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

In Singapore, Hyflux's 411 MW combined cycle gas turbine power plant co-located with Tuaspring Desalination Plant has been connected to the national power grid since August 2015. The Group has started selling electricity to the grid. In the near term, the electricity market in Singapore is expected to be challenging due to the current market landscape.

Meanwhile, Hyflux and its consortium partner Mitsubishi Heavy Industries have signed a 25-year waste-to-energy ("WTE") services agreement with National Environment Agency to provide 3,600 tonnes per day of incineration capacity from Singapore's sixth and largest WTE plant, which will be developed on a design-build-own-operate model. When operational, the project will have one of the best land utilisation factors in terms of incineration capacity per unit floor area and will also be one of the most efficient in terms of energy recovery per unit waste incinerated in the world.

Revenue contribution from MENA is expected to increase with the on-going construction of the Qurayyat IWP and new desalination projects in Saudi Arabia.

As part of the Group's strategy to grow its consumer segment for a stable recurring income, the Group acquired a 50% and 30% stake in PT Oasis and Kaqun Europe respectively. The strategic partnership with PT Oasis will provide access to an established distribution platform to consumers in Indonesia. Hyflux will integrate its proprietary technology together with Kaqun Europe for a product line that has exclusive rights to manufacture, sell, market and distribute under the brand name ELO in Asia, the Middle East and Africa.

The Group remained cautious on the outlook for the water and energy market in 2016, amid falling oil prices, slower economic growth in China as well as volatility and lower liquidity in the global markets. Despite the headwinds, the Group will continue to actively tender for municipal and industrial projects in the Middle East, Africa, Latin America and parts of Asia. As part of its asset light strategy, the Group will continue to explore water asset divestment opportunities to recycle capital for new investments.

11. Dividend

(a) Current financial period reported on.

Any dividend recommended for the current financial period reported on?

Name of dividend	Final
Dividend type	Cash
Dividend rate	1.00 cent 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	Final
Dividend type	Cash
Dividend rate	1.60 cents per ordinary share
Tax rate	One tier tax exempt

(c) Date payable.

Subject to shareholders' approval at the Annual General Meeting to be held on 27 April 2016, the dividend will be paid on 25 May 2016.

(d) Books closure date.

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 10 May 2016 for the preparation of dividend warrants.

Duly completed registrable transfers of ordinary shares received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd., 50 Raffles Place, #32-01, Singapore Land Tower Singapore 048623 up to 5.00 p.m. on 9 May 2016 will be registered to determine shareholders' entitlement to the said dividend. Members whose securities accounts with The Central Depository (Pte) Limited are credited with the Company's ordinary shares as at 5.00 p.m. on 9 May 2016 will be entitled to the proposed dividend.

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

Not applicable.



13. Operating segments

Information about reportable segments

	Municipal		Industrial		All other segments		Total	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
External revenues	419,089	269,868	24,110	46,410	2,042	5,116	445,241	321,394
Inter-segment revenue	-	43	-	-	-	4,567	-	4,610
Interest income	3,018	2,019	225	35	1	16	3,244	2,070
Finance costs	(30,637)	(20,527)	(31)	(49)	-	(588)	(30,668)	(21,164)
Depreciation, amortisation and impairment	(12,806)	(10,894)	(5,531)	(14,121)	(1,452)	(2,555)	(19,789)	(27,570)
Reportable segment profit/(loss) before income tax	62,396	(26,219)	8,404	(46,030)	1,836	153,319*	72,636	81,070
Share of (loss)/profit of associates and joint ventures, net of income tax	(19,610)	(9,383)	-	(1,961)	-	31	(19,610)	(11,313)
Tax credits/(expenses)	8,780	7,594	(1)	(44)	(2,084)	(1,797)	6,695	5,753
Operating lease expenses	(18,986)	(14,670)	(1,761)	(3,472)	(212)	(620)	(20,959)	(18,762)
Contribution to defined contribution plan, included in staff cost	(5,074)	(4,803)	(759)	(911)	(193)	(266)	(6,026)	(5,980)
Reportable segment assets	2,533,861	2,028,524	185,700	161,399	84,751	45,093	2,804,312	2,235,016
Investments in joint ventures	7,374	233,846	-	-	-	-	7,374	233,846
Investments in associates	138,291	100,335	-	-	-	-	138,291	100,335
Capital expenditure	21,497	6,112	4,852	4,508	131	2,199	26,480	12,819
Reportable segment liabilities	1,067,261	994,952	89,316	25,578	24,593	38,965	1,181,170	1,059,495

* Included gain from sale and leaseback of HIC building of \$103.8 mil and gain on divestments of Marmon entities of \$54.1 mil.



Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items

	2015 S\$'000	2014 S\$'000
Revenues		
Total revenue for reportable segments	443,199	316,278
Revenue for all other segments	2,042	5,116
Consolidated revenue	<u>445,241</u>	<u>321,394</u>
Profit or loss		
Total profit or loss for reportable segments	70,800	(72,249)
Profit or loss for all other segments	1,836	153,319
	<u>72,636</u>	<u>81,070</u>
Unallocated corporate expenses	(14,249)	(16,697)
Share of loss of associates and joint ventures, net of income tax	(19,610)	(11,313)
Consolidated profit before income tax	<u>38,777</u>	<u>53,060</u>
Assets		
Total assets for reportable segments	2,719,561	2,189,923
Assets for all other segments	84,751	45,093
Investments in associates and joint ventures	145,665	334,181
Other unallocated amounts	75,378	172,518
Consolidated total assets	<u>3,025,355</u>	<u>2,741,715</u>
Liabilities		
Total liabilities for reportable segments	1,156,577	1,020,530
Liabilities for all other segments	24,593	38,965
Other unallocated amounts	543,334	340,232
Consolidated total liabilities	<u>1,724,504</u>	<u>1,399,727</u>

Other material items in 2015

	Reportable segment totals S\$'000	Reconciliations S\$'000	Consolidated totals S\$'000
Interest income	3,244	319	3,563
Finance costs	(30,668)	(12,122)	(42,790)
Capital expenditure	26,480	1,377	27,857
Depreciation, amortisation and impairment	(19,789)	(2,446)	(22,235)



Other material items in 2014

	Reportable segment totals S\$'000	Reconciliations S\$'000	Consolidated totals S\$'000
Interest income	2,070	1,977	4,047
Finance costs	(21,164)	(13,665)	(34,829)
Capital expenditure	12,819	1,446	14,265
Depreciation, amortisation and impairment	(27,570)	(5,010)	(32,580)

Geographical information

31 December 2015

	Revenues S\$'000	Non-current assets S\$'000
Singapore	168,850	1,498,897
Middle East and North Africa	175,981	183,335
People's Republic of China	88,154	339,253
Others	12,256	8,365
	<u>445,241</u>	<u>2,029,850</u>

31 December 2014

	Revenues S\$'000	Non-current assets S\$'000
Singapore	232,557	1,335,339
Middle East and North Africa	21,232	80,152
People's Republic of China	47,919	486,032
Others	19,686	1,378
	<u>321,394</u>	<u>1,902,901</u>

14. Breakdown of sales

	2015 S\$'000	2014 S\$'000	Increase/ (decrease)
Sales reported for the first half year	155,232	168,962	(8)
Profit after tax before non-controlling interests reported for the first half year	<u>33,583</u>	<u>99,360</u>	(66)
Sales reported for the second half year	290,009	152,432	90
Profit/(Loss) after tax before non-controlling interests reported for the second half year	<u>11,889</u>	<u>(40,547)</u>	NM



15. Breakdown of total annual dividend (In dollar value).

	Latest Full Year 2015 S\$'000	Previous Full Year 2014 S\$'000
Ordinary	18,540	19,026
Preference shares	24,000	24,000
Perpetual capital securities	25,650	8,553
Total	68,190	51,579

16. 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.

17. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13). If there are no such persons, the issuer must make an appropriate negative statement.

There is no person occupying a managerial position in the Company or any of its subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Lim Poh Fong
Company Secretary
18 February 2016