



HYFLUX LTD

Registration number : 200002722Z

Unaudited Financial Statements For The First Quarter 31 March 2016

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 2016**

	<u>Group</u>		Change %
	Quarter ended 31 Mar		
	2016 S\$'000	2015 S\$'000	
Revenue	248,346	60,432	NM
Other income	10,306	26,970	(62)
Changes in inventories of finished goods and work-in-progress	(1,452)	3,543	NM
Raw materials and consumables used and subcontractors' costs	(188,165)	(24,402)	NM
Staff costs	(19,137)	(15,650)	22
Depreciation, amortisation and impairment	(9,504)	(4,717)	NM
Other expenses	(17,135)	(20,110)	(15)
Finance costs	(14,601)	(10,619)	37
Share of losses of associates and joint ventures, net of income tax	(2,881)	(7,889)	(63)
Profit before income tax	5,777	7,558	(24)
Tax credit/ (expense)	2,286	(880)	NM
Profit for the period	8,063	6,678	21
Profit attributable to:			
Owners of the Company	7,322	5,628	30
Non-controlling interests	741	1,050	(29)
Profit for the period	8,063	6,678	21

NM: Not Meaningful



**1 (a)(ii) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2016**

	<u>Group</u>		Change %
	Quarter ended 31 Mar		
	2016	2015	
	S\$'000	S\$'000	
Profit for the period	8,063	6,678	21
Other comprehensive income:			
<u>Items that are or may be reclassified</u> <u>subsequently to profit or loss</u>			
Foreign currency translation differences for foreign operations	(7,556)	7,781	NM
Effective portion of changes in fair value of cash flow hedges	(29,990)	(640)	NM
Share of other comprehensive income of associates and joint ventures	(3,894)	2,980	NM
Other comprehensive income for the period, net of income tax	(41,440)	10,121	NM
Total comprehensive (loss)/income for the period	(33,377)	16,799	NM
Total comprehensive (loss)/income attributable to:			
Owners of the Company	(33,770)	15,847	NM
Non-controlling interests	393	952	(59)
Total comprehensive (loss)/income for the period	(33,377)	16,799	NM

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: -

	Group		Change
	Quarter ended 31 Mar		
	2016	2015	
	S\$'000	S\$'000	%
Write-back for inventory obsolescence	3	3	-
Depreciation, amortisation and impairment	(9,504)	(4,717)	NM
Finance costs	(14,601)	(10,619)	37
Gain on sale of property, plant and equipment	3	15,814	NM
Gain on disposal of other investment	11	-	NM
Interest income	538	1,060	(49)
Net foreign currency exchange loss	(826)	(3,124)	(74)
Overprovision of prior years' tax	974	471	NM
Property, plant and equipment written off	(1)	(4)	(75)
Write-back of trade and other receivables	971	-	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 2016

	<u>Group</u>		<u>Company</u>	
	31 Mar 16 S\$'000	31 Dec 15 S\$'000	31 Mar 16 S\$'000	31 Dec 15 S\$'000
<u>NON-CURRENT ASSETS</u>				
Property, plant and equipment	157,615	156,427	-	-
Intangible assets	25,509	25,648	-	-
Intangible assets arising from service concession arrangements	1,122,467	1,127,767	-	-
Subsidiaries	-	-	249,708	219,048
Joint ventures	37,730	7,374	-	-
Associates	130,761	138,291	15,576	15,455
Other investments	-	542	-	-
Financial receivables	731,456	546,271	-	-
Trade and other receivables	288	-	999,873	972,287
Deferred tax assets	31,576	27,530	-	-
	<u>2,237,402</u>	<u>2,029,850</u>	<u>1,265,157</u>	<u>1,206,790</u>
<u>CURRENT ASSETS</u>				
Gross amounts due for contract work	117,265	128,126	-	-
Inventories	48,693	51,613	-	-
Financial receivables	14,322	14,409	-	-
Trade and other receivables	254,098	275,786	761,341	847,315
Cash and cash equivalents	181,471	313,706	29,007	112,382
Assets held for sale	211,865	211,865	-	-
	<u>827,714</u>	<u>995,505</u>	<u>790,348</u>	<u>959,697</u>
<u>CURRENT LIABILITIES</u>				
Trade and other payables	362,844	266,006	43,249	69,823
Loans and borrowings	373,419	659,652	303,508	614,800
Tax payable	6,988	6,864	3,695	2,756
Liabilities held for sale	13,347	13,347	-	-
	<u>756,598</u>	<u>945,869</u>	<u>350,452</u>	<u>687,379</u>
Net current assets	71,116	49,636	439,896	272,318
<u>NON-CURRENT LIABILITIES</u>				
Trade and other payables - derivatives	39,907	13,169	-	-
Loans and borrowings	1,024,497	764,297	557,862	305,424
Deferred tax liabilities	1,500	1,169	-	-
	<u>1,065,904</u>	<u>778,635</u>	<u>557,862</u>	<u>305,424</u>
Net assets	1,242,614	1,300,851	1,147,191	1,173,684



STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2016 (cont'd)

	<u>Group</u>		<u>Company</u>	
	31 Mar 16	31 Dec 15	31 Mar 16	31 Dec 15
	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)	(85,929)	(85,929)	(85,929)
Capital reserve	14,596	13,731	9,728	8,863
Foreign currency translation reserve	(10,546)	469	-	-
Hedging reserve	(45,362)	(15,285)	(2,938)	1,277
Employees' share option reserve	24,952	25,069	24,952	25,069
Retained earnings	254,553	273,059	125,024	148,050
Total equity attributable to owners of the Company	1,228,618	1,287,468	1,147,191	1,173,684
Non-controlling interests	13,996	13,383	-	-
Total equity	1,242,614	1,300,851	1,147,191	1,173,684
<i>Group net borrowings (S\$'000)</i>	1,216,445	1,110,243	n.a.	n.a.
<i>Group net gearing (times)</i>	0.98x	0.85x	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 16		31 Dec 15	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	373,419	-	659,652

(ii) Amount repayable after one year

31 Mar 16		31 Dec 15	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
228,118	796,379	227,803	536,494

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 FIRST QUARTER ENDED 31 MARCH 2016**

	<u>Group</u>	
	Quarter ended 31 Mar	
	2016	2015
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before income tax	5,777	7,558
Adjustments for:		
Amortisation of transaction costs related to borrowings	636	128
Depreciation, amortisation and impairment	9,504	4,717
Employees' share option expense	(117)	(215)
Finance costs	14,601	10,619
Gain on disposal of other investment	(11)	-
Gain on sale of property, plant and equipment	(3)	(15,814)
Interest income	(538)	(1,060)
Other income	(3,415)	-
Property, plant and equipment written off	1	4
Share of losses of associates and joint ventures, net of income tax	2,881	7,889
Write-back for inventory obsolescence	(3)	(3)
Write-back of trade and other receivables	(971)	-
	<u>28,342</u>	<u>13,823</u>
Change in inventories	2,920	(5,827)
Change in gross amounts due for contract work	10,861	2,796
Change in trade and other receivables	13,219	33,520
Change in trade and other payables	<u>102,321</u>	<u>(34,460)</u>
Cash from operating activities before service concession arrangement projects	<u>157,663</u>	<u>9,852</u>
Change in financial receivables from service concession arrangements	(190,234)	(3,808)
Change in intangible assets arising from service concession arrangements	-	(31,450)
Cash used in operating activities after service concession arrangement projects	<u>(32,571)</u>	<u>(25,406)</u>
Income tax paid	(1,208)	(863)
Net cash used in operating activities	<u>(33,779)</u>	<u>(26,269)</u>



**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2016 (cont'd)**

	<u>Group</u>	
	Quarter ended 31 Mar	
	2016	2015
	S\$'000	S\$'000
Cash flows from investing activities		
Acquisition of intangible assets	(672)	(466)
Acquisition of property, plant and equipment	(7,001)	(5,569)
Acquisition of subsidiaries, net of cash acquired	-	(3,283)
Acquisition of joint venture	(30,000)	-
Dividends received from associates	600	540
Interest received	420	642
Net proceeds from liquidation	3,732	-
Net proceeds from disposal of other investment	553	-
Net proceeds from sale of property, plant and equipment	12	14,323
Net cash (used in)/ from investing activities	(32,356)	6,187
Cash flows from financing activities		
Contribution from non-controlling interests	220	-
Dividends paid	(12,930)	(12,930)
Interest paid	(32,165)	(17,542)
Proceeds from borrowings	35,631	29,316
Purchases of treasury shares	-	(9,299)
Repayment of borrowings	(55,861)	(91,582)
Net cash used in financing activities	(65,105)	(102,037)
Net decrease in cash and cash equivalents	(131,240)	(122,119)
Cash and cash equivalents at beginning of the period	298,478	382,044
Effect of exchange rate fluctuations on cash held	(1,602)	15,417
Cash and cash equivalents at end of the period [Note 1(c)(i)]	165,636	275,342

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>	
	31 Mar 16	31 Mar 15
	S\$'000	S\$'000
Cash and cash equivalents in the statements of financial position	181,471	335,033
Less: Bank overdrafts used for cash management purposes	(20,925)	(59,356)
Less: Deposits pledged	(322)	(335)
	160,224	275,342
Add: Cash and cash equivalents included in assets held for sale	5,412	-
Cash and cash equivalents in the statement of cash flows	165,636	275,342



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 2016	607,258	469,096	(85,929)	13,731	469	(15,285)	25,069	273,059	1,287,468	13,383	1,300,851
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	7,322	7,322	741	8,063
Other comprehensive income											
Foreign currency translation differences for foreign operations	-	-	-	-	(7,208)	-	-	-	(7,208)	(348)	(7,556)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	(29,990)	-	-	(29,990)	-	(29,990)
Share of other comprehensive income of associates and joint ventures	-	-	-	-	(3,807)	(87)	-	-	(3,894)	-	(3,894)
Total comprehensive income for the period	-	-	-	-	(11,015)	(30,077)	-	7,322	(33,770)	393	(33,377)
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Dividends	-	-	-	-	-	-	-	(24,963)	(24,963)	-	(24,963)
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	220	220
Employee share options expired/ forfeited	-	-	-	-	-	-	(117)	-	(117)	-	(117)
Transfer to capital reserve	-	-	-	865	-	-	-	(865)	-	-	-
Total transactions with owners	-	-	-	865	-	-	(117)	(25,828)	(25,080)	220	(24,860)
At 31 Mar 2016	607,258	469,096	(85,929)	14,596	(10,546)	(45,362)	24,952	254,553	1,228,618	13,996	1,242,614



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 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	-	-	-	-	-	-	-	5,628	5,628	1,050	6,678
Other comprehensive income											
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
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Dividends	-	-	-	-	-	-	-	(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)
At 31 Mar 2015	607,258	469,096	(71,235)	10,908	24,824	(30,304)	24,540	283,529	1,318,616	5,759	1,324,375



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 2016	607,258	469,096	(85,929)	8,863	1,277	25,069	148,050	1,173,684
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	-	2,802	2,802
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	(4,215)	-	-	(4,215)
Total comprehensive income for the period	-	-	-	-	(4,215)	-	2,802	(1,413)
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends	-	-	-	-	-	-	(24,963)	(24,963)
Employee share options expired/ forfeited	-	-	-	-	-	(117)	-	(117)
Transfer to capital reserve	-	-	-	865	-	-	(865)	-
Total transactions with owners	-	-	-	865	-	(117)	(25,828)	(25,080)
At 31 Mar 2016	607,258	469,096	(85,929)	9,728	(2,938)	24,952	125,024	1,147,191
At 1 Jan 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	-	-	-	-	-	-	7,729	7,729
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	251	-	-	251
Total comprehensive income for the period	-	-	-	-	251	-	7,729	7,980
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends	-	-	-	-	-	-	(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)
At 31 Mar 2015	607,258	469,096	(71,235)	6,267	251	24,540	112,858	1,149,035

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 Mar 2016 were as follows:

Issued share capital

	No. of shares	Amount S\$'000
Ordinary shares		
At 1 Jan and 31 Mar 2016	785,284,989	128,760
Preference shares		
At 1 Jan and 31 Mar 2016	4,000,000	392,569
Issued share capital at 31 Mar 2016 (Note A)		<u>521,329</u>

As at 31 Mar 2016, the number of ordinary shares in issue were 785,284,989 (31 Mar 2015: 806,876,689), excluding 79,246,000 (31 Mar 2015: 57,654,300) 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 Mar 2016 were 4,000,000 (31 Mar 2015: 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 Mar 2016	<u>521,329</u>

Outstanding share options under the Scheme

	No. of options
At 1 Jan 2016	28,039,000
Options granted	-
Expired/Forfeited	(1,018,000)
At 31 Mar 2016	<u>27,021,000</u>

As at 31 Mar 2016, the number of outstanding share options under the Schemes were 27,021,000 (31 Mar 2015: 38,436,500).

Perpetual capital securities

At 1 Jan and 31 Mar 2016

Amount
S\$'000
469,096

As at 31 Mar 2016, perpetual capital securities comprised \$300 mil issued at 5.75% per annum and \$175 mil issued at 4.80% per annum (31 Mar 2015: \$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 Mar 2016 were 785,284,989 (31 Dec 2015: 785,284,989), excluding 79,246,000 (31 Dec 2015: 79,246,000) held by the Company as treasury shares.

There was no change in the Company's issued preference shares during the financial period ended 31 Mar 2016. The total number of issued preference shares as at 31 Mar 2016 were 4,000,000 (31 Dec 2015: 4,000,000).

There was no change in the Company's issued perpetual capital securities during the financial period ended 31 Mar 2016. The total amount of issued perpetual capital securities as at 31 Mar 2016 were \$475 mil (31 Dec 2015: \$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 Mar 2016.

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 2016. 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 16	31 Mar 15	Change %
Loss 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#	(0.64 cts)	(0.83) cts	23
- Weighted average number of shares	785,284,989	806,876,689	(2.7)
On a fully diluted basis of ordinary shares#	(0.64 cts)	(0.83) cts	23
- Adjusted weighted average number of shares	<u>785,284,989</u>	<u>806,876,689</u>	(2.7)

adjusted for dividends attributable to perpetual preference shares and perpetual capital securities of \$12.4 mil for the quarter ended 31 March 2016. Excluding these adjustments, the earnings per share would have been 0.93 cents (31 March 2015: 0.70 cents).

7. Net assets 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 16 Cents	31 Dec 15 Cents	31 Mar 16 Cents	31 Dec 15 Cents
Based on 785,284,989 (31 Dec 2015: 785,284,989) ordinary shares in issue	<u>46.8</u>	<u>54.2</u>	<u>34.7</u>	<u>38.0</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 first quarter ended 31 March 2016 ("1Q2016") increased from \$60.4 mil for the first quarter ended 31 Mar 2015 ("1Q2015") to \$248.3 mil, contributed mainly by TuasOne waste-to-energy ("WTE") project and Qurayyat Independent Water Project ("IWP") in the Sultanate of Oman. On gross profits, the Group reported an increase of 48% from \$39.6 mil in 1Q2015 to \$58.7 mil in 1Q2016.

The Group achieved profit after tax and non-controlling interest ("PATMI") of \$7.3 mil in 1Q2016, an increase of 30% from \$5.6 mil in 1Q2015. The higher PATMI was mainly due to construction of TuasOne WTE plant and Qurayyat IWP.

Other Income in 1Q2016 was lower at \$10.3 mil, due to one-off disposal gain in 1Q2015 of \$15.8 mil on the Group's leasehold building in China. In 1Q2016, other income comprised mainly incentives income recognised by the Group as a market-making participant to the Singapore Electricity Futures Market.

Basic and diluted loss per share was 0.64 cents for 1Q2016 compared to the basic and diluted loss per share of 0.83 cents for 1Q2015. 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 95% or \$238.4 mil of the total revenue in 1Q2016. For 1Q2015, the municipal sector contributed 84% at \$51.1 mil.

Revenue from the industrial sector made up 4% or \$9.1 mil of the Group's revenue in 1Q2016, decreased from 15% or \$9.0 mil for 1Q2015.

Geographical Review

The Singapore market remained the key contributor to the Group's revenue, amounting to 70% and 64% of the Group's total revenues in 1Q2016 and 1Q2015, respectively. TuasOne WTE project is the main driver to 1Q2016 revenue.

Revenue from the Middle East & North Asia ("MENA") region rose to 25% or \$63.0 mil from 11% or \$6.5 mil in 1Q2015, largely due to contributions from the Qurayyat IWP.

The Group's China market contributed 4% or \$9.7 mil to the total revenue in 1Q2016, from 11% or \$7.2 mil in 1Q2015. Rest of the World accounted for 1% or \$0.5 mil in 1Q2016, a decrease from 14% or \$8.2 mil in 1Q2015.

8(a)(ii) Costs and expenses

Direct costs increased from \$20.9 mil in 1Q2015 to \$189.6 mil in 1Q2016, driven by higher engineering, procurement and construction (“EPC”) activities.

Staff costs increased from \$15.7 mil in 1Q2015 to \$19.1 mil in 1Q2016 contributed mainly by construction activities of Qurayyat IWP and TuasOne WTE project.

Depreciation, amortisation and impairment increased from \$4.7 mil in 1Q2015 to \$9.5 mil in 1Q2016, mainly due to amortisation of Tuaspring power plant effective March 2016.

Other expenses decreased from \$20.1 mil in 1Q2015 to \$17.1 mil in 1Q2016, primarily due to recovery of receivables written off in prior periods as well as lower exchange losses for the quarter.

Finance costs increased by 37% from \$10.6 mil in 1Q2015 to \$14.6 mil in 1Q2016 relating mainly to the financing of the Group’s projects.

Share of losses of associates and joint ventures decreased from \$7.9 mil to \$2.9 mil, primarily contributed by share of losses in a joint venture in 1Q2015. Since 31 Dec 2015, the Group classified one of its joint ventures to assets held for sale in view of the plan to sell.

The Group recorded net income tax credit of \$2.3 mil in 1Q2016, 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’s shareholder’s equity decreased from \$1.3 bil as at 31 Dec 2015 to \$1.2 bil as at 31 Mar 2016. The decrease was mainly due to dividends paid/payable amounting to \$25.0 mil, higher hedging reserve loss arising mainly from the interest rate swaps on the Group’s floating rate loan and translation loss reserve primarily due to weakening of foreign currencies, mainly US dollars against Singapore dollars.

Non-current assets increased from \$2,029.9 mil as at 31 Dec 2015 to \$2,237.4 mil as at 31 Mar 2016, mainly contributed by the investments in financial receivables in TuasOne WTE project and Qurayyat IWP, and capital injection of \$30.0 mil into a joint venture.

Current assets decreased from \$995.5 mil as at 31 Dec 2015 to \$827.7 mil as at 31 Mar 2016, mainly due to reduction in cash balance used for repayment of fixed-rated unsecured notes issued under the Group’s Multicurrency Debt Issuance Programme of \$55.0 mil in Jan 2016, payments of dividends and interest, acquisition of PT Oasis Waters International, as well as working capital requirements.

The Group reported a decrease in current liabilities from \$945.9 mil as at 31 Dec 2015 to \$756.6 mil as at 31 Mar 2016. The decrease was mainly due to the classification of \$252.4 mil corporate borrowings from short-term to long-term upon completion of syndicated loan refinancing in 1Q2016. This resulted in a corresponding increase in non-current liabilities.

The Group’s net gearing ratio stood at 0.98 times as at 31 Mar 2016, from 0.85 times as at 31 Dec 2015.



8(b)(ii) The Company

The Company's shareholders' equity remained relatively flat at \$1,147.2 mil as at 31 Mar 2016, compared to \$1,173.7 mil as at 31 Dec 2015. Earnings during the year were offset by dividends paid/payable amounting to \$25.0 mil for the period.

8(c) Statement of Cash flows

The Group's overall cash balance decreased from \$313.7 mil as at 31 Dec 2015 to \$181.5 mil as at 31 Mar 2016.

In 1Q2016, net cash of \$33.8 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 \$157.7 mil.

Cash used in investing activities of \$32.4 mil in 1Q2016 was mainly for injection into 50% joint venture, PT Oasis Waters International.

Net cash used in financing activities in 1Q2016 amounted to \$65.1 mil mainly due to repayments of borrowings and payments 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 April 2016, the Group was officially awarded a US\$500 million contract to construct the Ain Sokhna IWPP in Egypt by the General Authority for the Suez Canal Economic Zone. A 25-year operation and maintenance services contract was also awarded to the Group for this project. In the next 12 months, the Group will be focused on executing its order book with ongoing construction of the Qurayyat IWP in Oman, projects in the Kingdom of Saudi Arabia and the TuasOne WTE project in Singapore.

During the quarter, the Group commenced commercial operation for the Tuaspring power plant in Singapore. However, if the current challenging market landscape of low electricity prices continues, the power plant is expected to incur losses.

Overall, the Group remained cautious on the market due to short-term challenges arising from depressed oil prices and slower economic growth. The Group will continue to pursue projects in the Middle East, Africa, Americas and parts of Asia, as well as explore divestment opportunities to recycle capital for growth.

11. Dividend

(a) Current financial period reported on.

Any dividend recommended for the current financial period reported on?

Yes.

In February 2016, the Company declared a tax-exempt (one-tier) dividend to holders of perpetual preference shares, calculated on the basis of 183 days from (and including) 25 October 2015 to (but excluding) 25 April 2016 (being the relevant dividend period). The said preference dividend of \$12.1 mil was paid on 25 April 2016.

In January 2016, 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 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.

(c) Date payable.

Not applicable

(d) Books closure date.

Not applicable

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

Not applicable.



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

No IPT mandate has been obtained from shareholders.

- 14. Confirmation pursuant to Rule 705(5) of the Listing Manual**

The directors of the Company confirm that to the best of their knowledge, nothing has come to the attention of the board of directors which may render the financial results for the quarter ended 31 March 2016 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Lim Poh Fong
Company Secretary
12 May 2016