



**HYFLUX LTD**

Registration number : 200002722Z

**Unaudited Financial Statements For The Third Quarter and Nine Months Ended 30 September 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 THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2016**

	<u>Group</u>					
	<u>Quarter ended 30 Sep</u>			<u>Nine months ended 30 Sep</u>		
	2016	2015	Change	2016	2015	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Revenue</b>	<b>295,879</b>	133,521	NM	<b>804,219</b>	288,753	NM
Other income	<b>22,564</b>	22,147	2	<b>42,718</b>	60,867	(30)
Changes in inventories of finished goods and work-in-progress	<b>(2,889)</b>	(3,036)	(5)	<b>(4,698)</b>	352	NM
Raw materials and consumables used and subcontractors' costs	<b>(213,728)</b>	(73,331)	NM	<b>(588,694)</b>	(121,162)	NM
Staff costs	<b>(22,395)</b>	(16,249)	38	<b>(61,333)</b>	(47,544)	29
Depreciation, amortisation and impairment	<b>(17,766)</b>	(4,327)	NM	<b>(44,816)</b>	(15,799)	NM
Other expenses	<b>(23,737)</b>	(33,703)	(30)	<b>(65,649)</b>	(77,501)	(15)
Finance costs	<b>(14,905)</b>	(7,485)	99	<b>(44,408)</b>	(29,355)	51
Share of profits/(losses) of associates and joint ventures, net of income tax	<b>1,665</b>	(9,435)	NM	<b>(1,721)</b>	(15,563)	(89)
<b>Profit before income tax</b>	<b>24,688</b>	8,102	NM	<b>35,618</b>	43,048	(17)
Tax expense	<b>(1,443)</b>	(559)	NM	<b>(105)</b>	(1,922)	(95)
<b>Profit for the period</b>	<b>23,245</b>	7,543	NM	<b>35,513</b>	41,126	(14)
<b>Profit attributable to:</b>						
Owners of the Company	<b>21,482</b>	6,436	NM	<b>31,426</b>	38,017	(17)
Non-controlling interests	<b>1,763</b>	1,107	59	<b>4,087</b>	3,109	31
<b>Profit for the period</b>	<b>23,245</b>	7,543	NM	<b>35,513</b>	41,126	(14)

NM: Not Meaningful



**1 (a)(ii) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2016**

	<u>Group</u>					
	<u>Quarter ended 30 Sep</u>			<u>Nine months ended 30 Sep</u>		
	2016 S\$'000	2015 S\$'000	Change %	2016 S\$'000	2015 S\$'000	Change %
<b>Profit for the period</b>	<b>23,245</b>	7,543	NM	<b>35,513</b>	41,126	(14)
<b>Other comprehensive (loss)/ income:</b>						
<u>Items that are or may be subsequently reclassified to profit or loss</u>						
Foreign currency translation differences for foreign operations	<b>(1,657)</b>	1,560	NM	<b>(14,021)</b>	5,072	NM
Effective portion of changes in fair value of cash flow hedges	<b>(52,687)</b>	3,257	NM	<b>(91,481)</b>	12,149	NM
Share of other comprehensive income of associates and joint ventures	<b>2,104</b>	2,038	3	<b>(3,926)</b>	(1,280)	NM
Net change in fair value of cash flow hedges transferred to profit or loss	-	(34)	NM	<b>2,938</b>	(33)	NM
Realisation of foreign currency translation to profit or loss	-	-	NM	-	(6,685)	NM
<b>Other comprehensive (loss)/ income for the period, net of income tax</b>	<b>(52,240)</b>	6,821	NM	<b>(106,490)</b>	9,223	NM
<b>Total comprehensive (loss)/ income for the period</b>	<b>(28,995)</b>	14,364	NM	<b>(70,977)</b>	50,349	NM
<b>Total comprehensive (loss)/ income attributable to:</b>						
Owners of the Company	<b>(19,779)</b>	13,368	NM	<b>(63,594)</b>	48,027	NM
Non-controlling interests	<b>(9,216)</b>	996	NM	<b>(7,383)</b>	2,322	NM
<b>Total comprehensive (loss)/ income for the period</b>	<b>(28,995)</b>	14,364	NM	<b>(70,977)</b>	50,349	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: -

	<u>Group</u>					
	<u>Quarter ended 30 Sep</u>			<u>Nine months ended 30 Sep</u>		
	2016	2015	Change	2016	2015	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation, amortisation and impairment	(17,766)	(4,327)	NM	(44,816)	(15,799)	NM
Finance costs	(14,905)	(7,485)	99	(44,408)	(29,355)	51
Financial receivables written off	-	(1,300)	NM	-	(5,651)	NM
Gain on disposal of other investment	-	-	NM	11	-	NM
(Impairment)/write-back of trade and other receivables	(64)	1,085	NM	883	1,085	(19)
Interest income	927	1,035	(10)	2,316	2,980	(22)
(Loss)/gain on sale of property, plant and equipment	(53)	32	NM	(51)	15,518	NM
Net foreign currency exchange loss	(2,337)	(2,812)	(17)	(2,411)	(7,825)	(69)
Property, plant and equipment written off	-	-	NM	(25)	(21)	19
Acquisition of subsidiaries	11,177	12,259	(9)	11,177	16,178	(31)
Write-back for inventory obsolescence	7	-	NM	11	8	38
Over/(Under) provision of prior years' tax	18	-	NM	902	(282)	NM

NM: Not Meaningful



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

STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

	<u>Group</u>		<u>Company</u>	
	30 Sep 16 S\$'000	31 Dec 15 S\$'000	30 Sep 16 S\$'000	31 Dec 15 S\$'000
<b><u>NON-CURRENT ASSETS</u></b>				
Property, plant and equipment	171,845	156,427	-	-
Intangible assets	24,142	25,648	-	-
Intangible assets arising from service concession arrangements	1,096,433	1,127,767	-	-
Subsidiaries	-	-	278,958	219,048
Joint ventures	42,472	7,374	-	-
Associates	138,984	138,291	15,825	15,455
Other investments	-	542	-	-
Financial receivables	1,115,940	546,271	-	-
Trade and other receivables	-	-	1,160,623	972,287
Deferred tax assets	45,742	27,530	-	-
	<u>2,635,558</u>	<u>2,029,850</u>	<u>1,455,406</u>	<u>1,206,790</u>
<b><u>CURRENT ASSETS</u></b>				
Gross amounts due for contract work	69,207	128,126	-	-
Inventories	45,746	51,613	-	-
Financial receivables	14,362	14,409	-	-
Trade and other receivables	413,479	275,786	650,164	847,315
Cash and cash equivalents	231,194	313,706	103,515	112,382
Assets held for sale	195,163	211,865	-	-
	<u>969,151</u>	<u>995,505</u>	<u>753,679</u>	<u>959,697</u>
<b><u>CURRENT LIABILITIES</u></b>				
Trade and other payables	530,714	266,006	29,658	69,823
Loans and borrowings	309,825	659,652	249,616	614,800
Tax payable	17,618	6,864	3,319	2,756
Liabilities held for sale	168	13,347	-	-
	<u>858,325</u>	<u>945,869</u>	<u>282,593</u>	<u>687,379</u>
<b>Net current assets</b>	<b>110,826</b>	<b>49,636</b>	<b>471,086</b>	<b>272,318</b>
<b><u>NON-CURRENT LIABILITIES</u></b>				
Trade and other payables - derivatives	96,009	13,169	-	-
Loans and borrowings	1,146,003	764,297	467,426	305,424
Deferred tax liabilities	4,885	1,169	-	-
	<u>1,246,897</u>	<u>778,635</u>	<u>467,426</u>	<u>305,424</u>
<b>Net assets</b>	<b><u>1,499,487</u></b>	<b><u>1,300,851</u></b>	<b><u>1,459,066</u></b>	<b><u>1,173,684</u></b>



STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016 (cont'd)

	<u>Group</u>		<u>Company</u>	
	30 Sep 16 S\$'000	31 Dec 15 S\$'000	30 Sep 16 S\$'000	31 Dec 15 S\$'000
<b><u>EQUITY</u></b>				
Share capital	607,258	607,258	607,258	607,258
Perpetual capital securities	790,280	469,096	790,280	469,096
Perpetual capital securities – treasury	(5,000)	-	(5,000)	-
Treasury shares	(85,929)	(85,929)	(85,929)	(85,929)
Capital reserve	15,719	13,731	10,372	8,863
Foreign currency translation reserve	(16,993)	469	-	-
Hedging reserve	(92,843)	(15,285)	-	1,277
Employees' share option reserve	25,048	25,069	25,048	25,069
Retained earnings	253,968	273,059	117,037	148,050
<b>Total equity attributable to owners of the Company</b>	<b>1,491,508</b>	<b>1,287,468</b>	<b>1,459,066</b>	<b>1,173,684</b>
<b>Non-controlling interests</b>	<b>7,979</b>	<b>13,383</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>1,499,487</b>	<b>1,300,851</b>	<b>1,459,066</b>	<b>1,173,684</b>
<i>Group net borrowings (S\$'000)</i>	<b>1,224,634</b>	1,110,243	n.a.	n.a.
<i>Group net gearing (times)</i>	<b>0.82x</b>	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

30 Sep 16		31 Dec 15	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
969	308,856	-	659,652

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

30 Sep 16		31 Dec 15	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
454,950	691,053	227,803	536,494

#### Details of any collateral

Secured bank loans of the Group were secured over specific project assets of subsidiaries 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 THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2016**

	Quarter ended 30 Sep		Group Nine months ended 30 Sep	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
<b>Cash flows from operating activities</b>				
Profit before income tax	24,688	8,102	35,618	43,048
Adjustments for:				
Amortisation of transaction costs related to borrowings	782	115	2,309	359
Depreciation, amortisation and impairment	17,766	4,327	44,816	15,799
Employees' share option expense	52	129	(21)	(12)
Fair value gain on derivative financial instruments	(3,557)	-	(2,433)	-
Finance costs	14,905	7,485	44,408	29,355
Financial receivables written off	-	1,300	-	5,651
Gain on disposal of other investment	-	-	(11)	-
Impairment/(write-back) of trade and other receivables	64	(1,085)	(883)	(1,085)
Interest income	(927)	(1,035)	(2,316)	(2,980)
Loss/(gain) on sale of property, plant and equipment	53	(32)	51	(15,518)
Other income	(2,333)	(7,883)	(2,333)	(13,770)
Property, plant and equipment written off	-	-	25	21
Acquisition of subsidiaries	(11,177)	(12,259)	(11,177)	(16,178)
Share of (profits)/losses of associates and joint ventures, net of income tax	(1,665)	9,435	1,721	15,563
Write-back for inventory obsolescence	(7)	-	(11)	(8)
	38,644	8,599	109,763	60,245
Change in inventories	2,702	7,771	5,875	3,502
Change in gross amounts due for contract work	(8,609)	(5,613)	4,370	1,075
Change in trade and other receivables	620	(7,399)	(19,394)	(51,030)
Change in trade and other payables	100,739	12,931	272,125	(18,273)
<b>Cash from/(used in) operating activities before service concession arrangement projects</b>	<b>134,096</b>	16,289	<b>372,739</b>	(4,481)
Change in financial receivables from service concession arrangements	(208,513)	39,369	(580,073)	39,214
Change in intangible assets arising from service concession arrangements	-	(34,887)	-	(93,186)
<b>Cash (used in)/from operating activities after service concession arrangement projects</b>	<b>(74,417)</b>	20,771	<b>(207,334)</b>	(58,453)
Income tax paid	(1,288)	(2,221)	(4,111)	(6,889)
<b>Net cash (used in)/from operating activities</b>	<b>(75,705)</b>	18,550	<b>(211,445)</b>	(65,342)



	<u>Group</u>			
	<u>Quarter ended 30 Sep</u>		<u>Nine months ended 30 Sep</u>	
	2016	2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from investing activities</b>				
Acquisition of intangible assets	(21)	(296)	(1,044)	(873)
Acquisition of property, plant and equipment	(7,221)	(8,868)	(20,214)	(18,689)
Acquisition of subsidiaries, net of cash acquired	-	(36,989)	-	(45,942)
Acquisition and additional interests in joint ventures	-	-	(33,344)	-
Acquisition and additional interests in associates	(7,527)	(47,304)	(9,315)	(47,304)
Dividends received from associates	600	677	1,830	1,697
Interest received	727	515	1,869	1,600
Loans to joint ventures	(76,377)	-	(76,377)	(6,660)
Net proceeds from liquidation	-	-	3,732	-
Net proceeds from disposal of other investment	-	-	553	-
Net proceeds from sale of property, plant and equipment	40	135	52	17,723
<b>Net cash used in investing activities</b>	<b>(89,779)</b>	<b>(92,130)</b>	<b>(132,258)</b>	<b>(98,448)</b>
<b>Cash flows from financing activities</b>				
Contribution from non-controlling interests	-	543	1,979	807
Dividends paid	(14,361)	(18,350)	(47,177)	(56,158)
Restricted cash	(10,563)	-	(47,398)	-
Interest paid	(17,644)	(13,983)	(48,463)	(38,176)
Payment of issuance cost/ net proceeds from perpetual capital securities	(91)	-	494,794	-
Proceeds from borrowings	344,962	183,815	599,606	278,888
Redemption of perpetual capital securities	(175,000)	-	(175,000)	-
Repurchase of perpetual capital securities	(4,962)	-	(4,962)	-
Purchases of treasury shares	-	(1,877)	-	(13,297)
Repayment of borrowings	(230,820)	(1,405)	(557,985)	(100,467)
<b>Net cash (used in)/from financing activities</b>	<b>(108,479)</b>	<b>148,743</b>	<b>215,394</b>	<b>71,597</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(273,963)</b>	<b>75,163</b>	<b>(128,309)</b>	<b>(92,193)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>440,539</b>	<b>217,608</b>	<b>298,478</b>	<b>382,044</b>
Effect of exchange rate fluctuations on cash held	(1,082)	14,099	(4,675)	17,019
<b>Cash and cash equivalents at end of the period [Note 1(c)(i)]</b>	<b>165,494</b>	<b>306,870</b>	<b>165,494</b>	<b>306,870</b>





## NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

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

	<u>Group</u>	
	<u>Nine months ended 30 Sep</u>	
	<u>2016</u>	<u>2015</u>
	<u>S\$'000</u>	<u>S\$'000</u>
<b>Cash and cash equivalents in the statements of financial position</b>	<b>231,194</b>	322,975
Less: Bank overdrafts used for cash management purposes	<b>(22,865)</b>	(21,304)
Less: Restricted cash	<b>(47,510)</b>	-
Less: Deposits pledged	<b>(303)</b>	(334)
	<b>160,516</b>	301,337
Add: Cash and cash equivalents included in assets held for sale	<b>4,978</b>	5,533
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>165,494</b>	306,870



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	Perpetual capital securities – Treasury	Treasury 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	S\$'000
<b>At 1.1.2016</b>	607,258	469,096	-	(85,929)	13,731	469	(15,285)	25,069	273,059	1,287,468	13,383	1,300,851
<b>Total comprehensive income for the period</b>												
Profit for the period	-	-	-	-	-	-	-	-	31,426	31,426	4,087	35,513
<b>Other comprehensive income</b>												
Foreign currency translation differences for foreign operations	-	-	-	-	-	(13,689)	-	-	-	(13,689)	(332)	(14,021)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	-	(80,343)	-	-	(80,343)	(11,138)	(91,481)
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	-	-	2,938	-	-	2,938	-	2,938
Share of other comprehensive income of associates and joint ventures	-	-	-	-	-	(3,773)	(153)	-	-	(3,926)	-	(3,926)
Total comprehensive income for the period	-	-	-	-	-	(17,462)	(77,558)	-	31,426	(63,594)	(7,383)	(70,977)
<b>Transactions with owners, recognised directly in equity</b>												
<b>Contributions by and distributions to owners</b>												
Dividends paid	-	-	-	-	-	-	-	-	(47,177)	(47,177)	-	(47,177)
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	1,979	1,979
Issuance of perpetual capital securities	-	494,794	-	-	-	-	-	-	-	494,794	-	494,794
Redemption and repurchase of perpetual capital securities	-	(173,610)	(5,000)	-	(1,352)	-	-	-	-	(179,962)	-	(179,962)
Employee share options expired/ forfeited	-	-	-	-	-	-	-	(21)	-	(21)	-	(21)
Transfer to capital reserve	-	-	-	-	3,340	-	-	-	(3,340)	-	-	-
<b>Total transactions with owners</b>	-	321,184	(5,000)	-	1,988	-	-	(21)	(50,517)	267,634	1,979	269,613
<b>At 30.9.2016</b>	<b>607,258</b>	<b>790,280</b>	<b>(5,000)</b>	<b>(85,929)</b>	<b>15,719</b>	<b>(16,993)</b>	<b>(92,843)</b>	<b>25,048</b>	<b>253,968</b>	<b>1,491,508</b>	<b>7,979</b>	<b>1,499,487</b>



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

	Share capital	Perpetual capital securities	Treasury shares	Capital reserve	Foreign currency translation reserve	Hedging reserve	Employees' share option reserve	Retained earnings	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>At 1.1.2015</b>	607,258	469,096	(61,936)	10,043	14,029	(29,728)	24,755	303,664	1,337,181	4,807	1,341,988
<b>Total comprehensive income for the period</b>											
Profit for the period	-	-	-	-	-	-	-	38,017	38,017	3,109	41,126
<b>Other comprehensive income</b>											
Foreign currency translation differences for foreign operations	-	-	-	-	5,859	-	-	-	5,859	(787)	5,072
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	-	-	-	-	-	12,149	-	-	12,149	-	12,149
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	-	(33)	-	-	(33)	-	(33)
Share of other comprehensive income of associates and joint ventures	-	-	-	-	(1,620)	340	-	-	(1,280)	-	(1,280)
Total comprehensive income for the period	-	-	-	-	(2,446)	12,456	-	38,017	48,027	2,322	50,349
<b>Transactions with owners, recognised directly in equity</b>											
<b>Contributions by and distributions to owners</b>											
Dividends paid/payable	-	-	-	-	-	-	-	(68,191)	(68,191)	-	(68,191)
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	807	807
Own shares acquired	-	-	(14,473)	-	-	-	-	-	(14,473)	-	(14,473)
Employee share options expired/ forfeited	-	-	-	-	-	-	(12)	-	(12)	-	(12)
Transfer to capital reserve	-	-	-	2,595	-	-	-	(2,595)	-	-	-
<b>Total transactions with owners</b>	-	-	(14,473)	2,595	-	-	(12)	(70,786)	(82,676)	807	(81,869)
<b>At 30.9.2015</b>	<b>607,258</b>	<b>469,096</b>	<b>(76,409)</b>	<b>12,638</b>	<b>11,583</b>	<b>(17,272)</b>	<b>24,743</b>	<b>270,895</b>	<b>1,302,532</b>	<b>7,936</b>	<b>1,310,468</b>



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

	Share capital	Perpetual capital securities	Perpetual capital securities – Treasury	Treasury 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	S\$'000
<b>At 1.1.2016</b>	607,258	469,096	-	(85,929)	8,863	1,277	25,069	148,050	1,173,684
<b>Total comprehensive income for the period</b>									
Profit for the period	-	-	-	-	-	-	-	19,025	19,025
<b>Other comprehensive income</b>									
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	(4,215)	-	-	(4,215)
Net changes in fair value of cash flow hedges transferred to profit and loss	-	-	-	-	-	2,938	-	-	2,938
Total comprehensive income for the period	-	-	-	-	-	(1,277)	-	19,025	17,748
<b>Transactions with owners, recognised directly in equity</b>									
<b>Contributions by and distributions to owners</b>									
Dividends paid	-	-	-	-	-	-	-	(47,177)	(47,177)
Issuance of perpetual capital securities	-	494,794	-	-	-	-	-	-	494,794
Redemption and repurchase of perpetual capital securities	-	(173,610)	(5,000)	-	(1,352)	-	-	-	(179,962)
Employee share options expired/ forfeited	-	-	-	-	-	-	(21)	-	(21)
Transfer to capital reserve	-	-	-	-	2,861	-	-	(2,861)	-
<b>Total transactions with owners</b>	-	321,184	(5,000)	-	1,509	-	(21)	(50,038)	267,634
<b>At 30.9.2016</b>	<b>607,258</b>	<b>790,280</b>	<b>(5,000)</b>	<b>(85,929)</b>	<b>10,372</b>	<b>-</b>	<b>25,048</b>	<b>117,037</b>	<b>1,459,066</b>
<b>At 1.1.2015</b>	607,258	469,096	-	(61,936)	5,402	-	24,755	130,892	1,175,467
<b>Total comprehensive income for the period</b>									
Profit for the period	-	-	-	-	-	-	-	33,374	33,374
<b>Other comprehensive income</b>									
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	330	-	-	330
Total comprehensive income for the period	-	-	-	-	-	330	-	33,374	33,704
<b>Transactions with owners, recognised directly in equity</b>									
<b>Contributions by and distributions to owners</b>									
Dividends paid/payable	-	-	-	-	-	-	-	(68,191)	(68,191)
Own shares acquired	-	-	-	(14,473)	-	-	-	-	(14,473)
Employee share options expired/ forfeited	-	-	-	-	-	-	(12)	-	(12)
Transfer to capital reserve	-	-	-	-	2,595	-	-	(2,595)	-
<b>Total transactions with owners</b>	-	-	-	(14,473)	2,595	-	(12)	(70,786)	(82,676)
<b>At 30.9.2015</b>	<b>607,258</b>	<b>469,096</b>	<b>-</b>	<b>(76,409)</b>	<b>7,997</b>	<b>330</b>	<b>24,743</b>	<b>93,480</b>	<b>1,126,495</b>



1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Changes in the Company's share capital

The movements in the Company's issued and fully paid-up share capital during the third quarter ended 30 Sep 2016 were as follows:

**Issued share capital**

	<b>No. of shares</b>	<b>Amount S\$'000</b>
<b>Ordinary shares</b>		
At 1 Jul 2016 and 30 Sep 2016	785,284,989	128,760
<b>Preference shares</b>		
At 1 Jul 2016 and 30 Sep 2016	4,000,000	392,569
Issued share capital at 30 Sep 2016 ( <i>Note A</i> )		<u>521,329</u>

As at 30 Sep 2016, the number of ordinary shares in issue were 785,284,989 (30 Sep 2015: 800,109,489), excluding 76,246,000 (30 Sep 2015: 64,421,500) 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 30 Sep 2016 were 4,000,000 (30 Sep 2015: 4,000,000).

Note A:

Per Statement of Financial Position

- Share capital	607,258
- Treasury shares	(85,929)
Issued share capital as at 30 Sep 2016	<u>521,329</u>

**Outstanding share options under the Scheme**

	<b>No. of options</b>
At 1 Jul 2016	26,881,000
Options granted	6,415,000
Forfeited	(200,000)
At 30 Sep 2016	<u>33,096,000</u>

As at 30 Sep 2016, the number of outstanding share options under the Schemes were 33,096,000 (30 Sep 2015: 30,564,000).



### Perpetual capital securities

	<b>Amount S\$'000</b>
At 1 Jul 2016	963,981
Less: Redemption of perpetual capital securities in Jul 2016	(173,610)
Less: Repurchase of perpetual capital securities in Sep 2016	(5,000)
Less: Issuance costs of perpetual capital securities	(91)
At 30 Sep 2016	<u>785,280</u>

As at 30 Sep 2016, perpetual capital securities comprised:

- \$295 mil 5.75% per annum, issued on 23 Jan 2014, net of \$5 mil repurchased in Sep 2016; and
- \$500 mil 6.00% per annum, issued on 27 May 2016.

As at 30 Sep 2015, perpetual capital securities comprised:

- \$300 mil 5.75% per annum, issued on 20 Jan 2014; and
- \$175 mil 4.80% per annum, issued on 29 Jul 2014

**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 Sep 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 30 Sep 2016. The total number of issued preference shares as at 30 Sep 2016 were 4,000,000 (31 Dec 2015: 4,000,000).

The total amount of perpetual capital securities issued as at 30 Sep 2016, net of \$5 mil held in treasury, were \$795 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 30 Sep 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.**

	<u>Quarter ended 30 Sep</u>			<u>Nine months ended 30 Sep</u>		
	2016	2015	Change %	2016	2015	Change %
Earnings/ (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#	0.38 cts	(0.75) cts	NM	(1.84) cts	0.10 cts	NM
- Weighted average number of shares	785,284,989	803,006,489	(2)	785,284,989	805,317,545	(2)
On a fully diluted basis of ordinary shares#	0.38 cts	(0.75) cts	NM	(1.84) cts	0.10 cts	NM
- Adjusted weighted average number of shares	<u>785,362,170</u>	<u>803,006,489</u>	(2)	<u>785,557,382</u>	<u>805,317,545</u>	(2)

# adjusted for dividends attributable to perpetual preference shares and perpetual capital securities for the nine months ended 30 Sep 2016 (9M2016) of \$45.9mil and quarter ended 30 Sep 2016 (3Q2016) of \$18.5mil. Excluding these adjustments, the earnings per share would have been 4.00 cents for the 9M2016 and 2.74 cents for 3Q2016.

**7. Net asset value (for the Issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.**

**Net assets value per ordinary share:**

	<u>Group</u>		<u>Company</u>	
	30 Sep 16 Cents	31 Dec 15 Cents	30 Sep 16 Cents	31 Dec 15 Cents
Based on 785,284,989 (31 Dec 2015: 785,284,989) ordinary shares in issue	<u>38.8</u>	<u>54.2</u>	<u>33.6</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**

The Group achieved profit attributable to the shareholders of the Company ("PATMI") of \$21.5 mil for the third quarter ended 30 Sep 2016 ("3Q2016"), increase of 234% from the same period last year, on record revenue of \$295.9 mil. For the nine months ended 30 Sep 2016 ("9M2016"), the Group achieved PATMI of \$31.4 mil on revenue of \$804.2 mil. Gross profits for 3Q2016 and 9M2016 were \$79.3 mil and \$210.8 mil respectively. Higher revenue for 3Q2016 and 9M2016 were contributed mainly by TuasOne waste-to-energy ("WTE") project and Qurayyat Independent Water Project ("IWP") in the Sultanate of Oman. A gain of \$42.5 mil from the disposals of 5 water and wastewater treatment plants in 2015 contributed to the higher PATMI in 9M2015.

In 9M2016, revenue and profits were mainly from higher engineering, procurement and construction ("EPC") activities. These were partially offset by the weak Singapore power market and electricity prices.

Other income in 9M2016 comprised mainly incentives income recognised as market-making participants to the Singapore Electricity Futures Market and \$11.2 mil fair value adjustment of Tianjin Dagang desalination plant. Correspondingly, contributors to higher other income in 9M2015 were non-recurring disposal gain of \$15.8 mil on the Group's leasehold building in China and gain from acquisition of subsidiaries of \$3.9 mil.

As reported in 9M2015, the Group entered into sale and purchase agreement to acquire its remaining 50% equity stake in H.J. NewSpring Limited, the holding company of Tianjin Dagang Desalination Plant in China. A provisional fair value remeasurement gain of \$12.3 mil was recognised in 3Q2015. Upon the completion of a fair value review exercise, an amount of \$11.2 mil was recognised during the current year as mentioned above.

Basic and diluted earnings per share was 0.38 cents for 3Q2016 while basic and diluted loss per share was 1.84 cents for 9M2016. Both basic and diluted earnings/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 approximately 93% or \$275.5 mil of the total revenue in 3Q2016 (3Q2015: 92% or \$123.6 mil). For 9M2016, municipal revenue made up 94% or \$756.5 mil (9M2015: 92% or \$265.5 mil) of the total revenue.

Industrial sector revenue contributed 6% or \$18.7 mil to the Group's revenue for 3Q2016, versus 7% or \$9.3 mil for 3Q2015. For the nine months, this sector made up 5% or \$44.1 mil and 7% or \$21.9mil of the Group's revenue for 9M2016 and 9M2015 respectively.

#### **Geographical Review**

The Singapore market continued to be a key market contributing 75% or \$221.4 mil and 70% or \$561.6 mil of the Group's total revenue in 3Q2016 and 9M2016, respectively. In 2015, Singapore market contributed 29% and 38% of total revenue in 3Q2015 and 9M2015 respectively. TuasOne WTE project is the main driver to current period's revenue. Construction of Tuaspring plant which contributed to revenue of corresponding period was substantially completed towards 2H2015.





Revenue from Middle East & North Africa (“MENA”) region was 21% or \$62.2 mil in 3Q2016, a decline from 58% or \$77.0 mil in 3Q2015. For 9M2016, MENA contributed 25% or \$201.3 mil, compared to 32% or \$91.8 mil in 9M2015, mainly contributed by the construction of the Qurayyat IWP.

The Group’s China market contributed 3% or \$9.2 mil and 4% or \$34.0 mil of the total revenue in 3Q2016 and 9M2016 respectively. Revenue from China made up of 12% or \$16.0 mil and 26% or \$74.5 mil of the total revenue in 3Q2015 and 9M2015 respectively, mainly from the divestment of water plants in 2015.

Rest of World (“ROW”) accounted for 1% in 3Q2016 and 9M2016. For 2015, ROW contributed 1% and 4% to the total revenue in 3Q2015 and 9M2015 respectively.

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

Higher direct costs as well as staff costs for 3Q2016 and 9M2016 were driven by EPC activities for TuasOne WTE and Qurayyat IWP projects.

Depreciation, amortisation and impairment increased in 3Q2016 and 9M2016 mainly due to amortisation of Tuaspring power plant since Mar 2016.

Other expense decreased due to lower electricity costs and exchange losses.

Finance costs increased in 3Q2016 and 9M2016 relating mainly to the financing of the Group’s projects.

Lower share of losses of associates and joint ventures in 9M2016 compared to 9M2015 was due to lower losses contributed by joint ventures.

The Group recorded net tax expense of \$0.1mil for 9M2016, compared to net tax expense of \$1.9 mil in 9M2015. 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.

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

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

The Group’s shareholder’s equity increased from \$1.3 bil as at 31 Dec 2015 to \$1.5 bil as at 30 Sep 2016. The increase was mainly contributed by the issuance of perpetual capital securities of \$500.0 mil in May 2016, offset by dividends for the period, higher hedging reserve loss relating to the floating-to-fixed interest rates swaps on the Group’s project finance loans and translation loss reserve primarily due to weakening of Chinese Reminbi and US dollars against Singapore dollars.

In Jul 2016, the Group had fully redeemed the \$175.0 mil 4.8% perpetual capital securities on the first call date. In Sep 2016, the Group repurchased a total of \$5.0mil of existing 5.75% \$300 mil perpetual capital securities from the market, and held in treasury.

Increase in non-current assets mainly from financial receivables on TuasOne WTE and Qurayyat IWP projects, capital injection of \$33.0mil into PT Oasis Waters International (“PT Oasis”), a 50% owned joint venture, as well as recognition of deferred tax assets.

Decrease in current assets mainly from the decrease in cash balances offset by receivable from a short-term loan extended to a subsidiary of Galaxy NewSpring Pte Ltd (“Galaxy”) of US\$56.1 mil (\$76.4mil equivalent). Galaxy is a 50% joint venture of the Group held for sale. On 26 Oct 2016, Hyflux Asset Management Pte Ltd, a wholly owned subsidiary of the Group entered into a Sale and Purchase Agreement (“SPA”) with Yunnan Water (Hong Kong) Company Limited for the divestment of its 50% equity stake in Galaxy. The total cash consideration for the 50% shares amounted to US\$136.5 mil, approximating the Group’s carrying value in Galaxy. The short-term loan extended would be repaid upon completion of the divestment.



Decrease in current liabilities mainly due to the reclassification of corporate borrowings from short-term to long-term upon completion of the syndicated loan refinancing, and repayment of bank borrowings. The decrease was partially offset by increase in trade and other payables incurred for projects under construction. The reclassification of corporate borrowings resulted in a corresponding increase in non-current liabilities.

Increase in non-current liabilities was due to higher long-term secured project finance loans relating to TuasOne WTE project and Qurayyat IWP as well as higher marked-to-market loss recorded on the floating-to-fixed interest rates swaps on the Group's project finance loans.

As at 30 Sep 2016, the Group's net gearing ratio stood at 0.82 times (31 Dec 2015: 0.85 times).

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

The Company's shareholders' equity increased from \$1.2 bil as at 31 Dec 2015 to \$1.5 bil as at 30 Sep 2016. The increase was mainly contributed by the issuance of perpetual capital securities of \$500.0 mil at 6% in May 2016, offset by dividends for the period.

As mentioned above, the Company had in Jul 2016 fully redeemed the \$175.0 mil 4.8% perpetual capital securities on the first call date. In Sep 2016, the Company repurchased a total of \$5mil of existing 5.75% \$300 mil perpetual capital securities from the market, and held in treasury.

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

The Group's overall cash balance decreased from \$313.7 mil as at 31 Dec 2015 to \$231.2 mil as at 30 Sep 2016.

For 3Q2016 and 9M2016, net cash of \$75.7 mil and \$211.4 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 inflows from the Group's operating activities were \$134.1 mil and \$372.7 mil respectively.

Cash used in investing activities of \$89.8 mil and \$132.3 mil in 3Q2016 and 9M2016 respectively were mainly for a short-term loan to a subsidiary of Galaxy, injection into PT Oasis, a 50% joint venture as well as capital expenditures.

Net cash used in financing activities were mainly for the full redemption of \$175.0 mil perpetual capital securities, repayment of borrowings including the fixed-rate medium term unsecured notes series 7 of \$100.0 mil, payments of dividends and interest during the period. These outflows were offset by proceeds from borrowings and issuance of \$500.0mil perpetual capital securities.

## **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.**

MENA and Singapore are expected to drive revenue contributions as the Group executes its EPC order book with the ongoing construction of the Qurayyat IWP, TuasOne WTE project and projects in the Kingdom of Saudi Arabia. The start of construction for the Ain Sokhna IWPP in Egypt is currently pending finalisation of contracting arrangement.

As a result of sustained decline in oil prices and weak power market in Singapore, the Group remains cautious on the business outlook in the near term. Despite the challenges, the Group will continue to tender for projects in the key markets of Middle East, Africa, Americas and parts of Asia. Notwithstanding the moderately improved electricity prices in the third quarter, the power market in Singapore continues to face strong headwinds. This has an adverse impact on results as profits generated from the higher construction activities in 2016 would be offset by the weak Singapore power market and electricity prices.

With the recent divestment of Galaxy, the Group will continue to seek opportunities for capital recycling to support long-term growth. The proceeds of US\$136.5 mil from the divestment of Galaxy would be deployed for future development of new projects within the Group.

As part of the Group's strategy to grow its stream of sustainable recurring income, the Group has made progress on the consumer front. Still at the early stage, this new ELO consumer line of business is not expected to contribute significantly to the Group's financial performance in 2016. Nevertheless, the Group remains optimistic about the potential of the ELO consumer business and plans to expand the ELO business beyond Singapore in the near future.

**11. Dividend**

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

*Any dividend recommended for the current financial period reported on?*

On 25 Oct 2016, the Company paid a tax-exempt (one-tier) dividend of \$12.0 mil to holders of perpetual preference shares, calculated on the basis of 183 days from (and including) 25 Apr 2016 to (but excluding) 25 Oct 2016 (being the relevant dividend period).

On 5 Sep 2016, the Company paid a tax-exempt (one-tier) interim dividend amounting to \$1.6 mil or 0.20 cents per ordinary share for the year ending 31 Dec 2016.

In Jul 2016, the Company paid dividends of \$8.6 mil and \$4.2 mil on its \$300 mil 5.75% per annum and \$175 mil 4.80% per annum perpetual capital securities respectively.



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

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

On 26 Oct 2015, the Company paid a tax-exempt (one-tier) dividend of \$12.0 mil to holders of perpetual preference shares, calculated on the basis of 183 days from (and including) 25 Apr 2015 to (but excluding) 25 Oct 2015 (being the relevant dividend period).

On 31 Aug 2015, the Company paid a tax-exempt (one-tier) interim dividend amounting to \$5.6 mil or 0.70 cents per ordinary share for the year ended 31 Dec 2015.

In Jul 2015, the Company paid dividends of \$8.6 mil and \$4.2 mil on its \$300 mil 5.75% per annum and \$175 mil 4.80% per annum perpetual capital securities respectively.

**(c) Date payable.**

Not applicable.

**(d) Books closure date.**

Not applicable.

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

Not applicable.

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

No IPT mandate has been obtained from shareholders.

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

The directors of the Company confirm that to the best of their knowledge, nothing has come to the attention of the board of directors which may render the financial results for the quarter ended 30 Sept 2016 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

Lim Poh Fong  
Company Secretary  
3 November 2016