



HYFLUX LTD

Registration number : 200002722Z

Unaudited Financial Statements For The Second Quarter and Half Year Ended 30 June 2017

1 (a)(i) An income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED INCOME STATEMENT

For the second quarter and half year ended 30 June 2017

	Group					
	Quarter 30 June			Half year 30 June		
	2017 S\$'000	2016 S\$'000	Change %	2017 S\$'000	2016 S\$'000	Change %
Revenue	81,757	231,066	(65)	173,285	453,875	(62)
Other income	13,207	18,044	(27)	44,768	34,621	29
Changes in inventories of finished goods and work-in-progress	1,736	(357)	NM	(254)	(1,809)	(86)
Raw materials and consumables used and subcontractors' costs	(43,555)	(145,798)	(70)	(79,425)	(302,865)	(74)
Staff costs	(23,317)	(19,492)	20	(47,417)	(38,241)	24
Depreciation, amortisation and impairment	(3,889)	(4,485)	(13)	(7,660)	(8,614)	(11)
Other expenses	(17,933)	(21,394)	(16)	(33,985)	(35,698)	(5)
Finance costs	(13,819)	(11,814)	17	(28,120)	(23,069)	22
Share of profit/(loss) of associates and joint ventures, net of income tax	1,450	(505)	NM	2,864	(3,386)	NM
(Loss)/Profit before income tax	(4,363)	45,265	NM	24,056	74,814	(68)
Tax expense	(507)	(8,319)	(94)	(1,507)	(11,334)	(87)
(Loss)/Profit for the period excluding Tuaspring¹	(4,870)	36,946	NM	22,549	63,480	(64)
Results of Tuaspring, net of income tax	(20,915)	(32,741)	(36)	(47,906)	(51,212)	(6)
(Loss)/Profit for the period	(25,785)	4,205	NM	(25,357)	12,268	NM
(Loss)/Profit (excluding Tuaspring) attributable to:						
Owners of the Company	(4,192)	35,363	NM	23,621	61,156	(61)
Non-controlling interests	(678)	1,583	NM	(1,072)	2,324	NM
(Loss)/Profit for the period excluding Tuaspring	(4,870)	36,946	NM	22,549	63,480	(64)



CONSOLIDATED INCOME STATEMENT

For the second quarter and half year ended 30 June 2017 (cont'd)

	Group					
	Quarter 30 June			Half year 30 June		
	2017	2016	Change	2017	2016	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
(Loss)/Profit attributable to:						
Owners of the Company	(25,107)	2,622	NM	(24,285)	9,944	NM
Non-controlling interests	<u>(678)</u>	<u>1,583</u>	NM	<u>(1,072)</u>	<u>2,324</u>	NM
(Loss)/Profit for the period	<u>(25,785)</u>	<u>4,205</u>	NM	<u>(25,357)</u>	<u>12,268</u>	NM

NM: Not Meaningful

Note:

1. As announced in February 2017, the Group initiated a partial divestment of Tuaspring Integrated Water and Power Plant ("Tuaspring"), subject to relevant regulatory approvals. Following the announcement, the statement of profit or loss has been presented to show the results of Tuaspring separately from other operations. Correspondingly, the comparative statement of profit or loss has been re-presented.



1 (a)(ii) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the second quarter and half year ended 30 June 2017

	Group					
	Quarter 30 June			Half year 30 June		
	2017	2016	Change	2017	2016	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
(Loss)/Profit for the period	(25,785)	4,205	NM	(25,357)	12,268	NM
Other comprehensive loss:						
<u>Items that are or may be subsequently reclassified to profit or loss</u>						
Foreign currency translation differences for foreign operations	733	(4,808)	NM	(5,802)	(12,364)	(53)
Effective portion of changes in fair value of cash flow hedges						
- Tuaspring	(6,942)	(8,804)	(21)	(19,037)	(34,580)	(45)
- Others	(9,816)	-	NM	(29,979)	(4,214)	>100
Realisation upon disposal of a joint venture	-	-	NM	(15,611)	-	NM
Share of other comprehensive income of associates and joint ventures	(76)	(2,136)	(96)	(4,052)	(6,030)	(33)
Net changes in fair value of cash flow hedges transferred to profit or loss	-	2,938	NM	-	2,938	NM
Other comprehensive loss for the period, net of income tax	(16,101)	(12,810)	26	(74,481)	(54,250)	37
Total comprehensive loss for the period	(41,886)	(8,605)	>100	(99,838)	(41,982)	>100
Total comprehensive loss attributable to:						
Owners of the Company	(38,566)	(10,044)	>100	(90,552)	(43,814)	>100
Non-controlling interests	(3,320)	1,439	NM	(9,286)	1,832	NM
Total comprehensive loss for the period	(41,886)	(8,605)	>100	(99,838)	(41,982)	>100

NM: Not Meaningful



NOTES TO CONSOLIDATED INCOME STATEMENT

1 (a)(iii) (Loss)/Profit before income tax of the Group is arrived at after (charging)/crediting the following: -

	Group					
	Quarter 30 June			Half year 30 June		
	2017 S\$'000	2016 S\$'000	Change %	2017 S\$'000	2016 S\$'000	Change %
Interest income	12,248	15,716	(22)	25,514	30,961	(18)
Net foreign currency exchange (loss)/gain	(705)	1,049	NM	(3,895)	(57)	>100
Realisation upon disposal of a joint venture	-	-	NM	16,491	-	NM
(Under)/Over provision of prior years' tax	(10)	(90)	(89)	1,954	860	>100
Write-back/(impairment) of trade and other receivables	213	(24)	NM	158	947	(83)

NM: Not Meaningful



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

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2017

	Group		Company	
	30 Jun 17 S\$'000	31 Dec 16 S\$'000	30 Jun 17 S\$'000	31 Dec 16 S\$'000
<u>NON-CURRENT ASSETS</u>				
Property, plant and equipment	156,566	156,359	-	-
Intangible assets	22,298	23,910	-	-
Intangible assets arising from service concession arrangements	-	1,083,682	-	-
Subsidiaries	-	-	278,874	278,958
Joint ventures	42,344	42,344	-	-
Associates	155,142	143,573	16,208	15,952
Other investments	5,583	-	-	-
Financial receivables	905,205	1,036,869	-	-
Trade and other receivables, including derivatives	5,773	3,751	952,159	1,163,449
Deferred tax assets	4,765	54,466	-	-
	<u>1,297,676</u>	<u>2,544,954</u>	<u>1,247,241</u>	<u>1,458,359</u>
<u>CURRENT ASSETS</u>				
Gross amounts due for contract work	56,506	69,656	-	-
Inventories	44,078	42,460	-	-
Financial receivables	-	8,439	-	-
Trade and other receivables	248,649	423,925	742,761	681,478
Cash and cash equivalents	191,132	321,781	35,157	185,482
Assets held for sale	1,711,325	432,118	-	-
	<u>2,251,690</u>	<u>1,298,379</u>	<u>777,918</u>	<u>866,960</u>
<u>CURRENT LIABILITIES</u>				
Trade and other payables, including derivatives	406,202	577,828	134,552	29,829
Loans and borrowings	201,730	292,139	154,224	240,597
Tax payable	12,146	22,663	3,860	4,071
Liabilities held for sale	664,623	91,006	-	-
	<u>1,284,701</u>	<u>983,636</u>	<u>292,636</u>	<u>274,497</u>
Net current assets	966,989	314,743	485,282	592,463
<u>NON-CURRENT LIABILITIES</u>				
Trade and other payables - derivatives	28,596	14,520	-	-
Loans and borrowings	1,106,922	1,291,413	572,010	585,289
Deferred tax liabilities	6,533	4,749	-	-
	<u>1,142,051</u>	<u>1,310,682</u>	<u>572,010</u>	<u>585,289</u>
Net assets	1,122,614	1,549,015	1,160,513	1,465,533



STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017 (cont'd)

	Group		Company	
	30 Jun 17 S\$'000	31 Dec 16 S\$'000	30 Jun 17 S\$'000	31 Dec 16 S\$'000
<u>EQUITY</u>				
Share capital	607,258	607,258	607,258	607,258
Perpetual capital securities	494,798	790,280	494,798	790,280
Perpetual capital securities – treasury	-	(5,000)	-	(5,000)
Treasury shares	(85,929)	(85,929)	(85,929)	(85,929)
Capital reserve	13,828	16,720	8,041	11,373
Foreign currency translation reserve	(31,767)	(7,152)	-	-
Hedging reserve	(65,670)	(24,207)	-	-
Employees' share option reserve	25,628	25,392	25,628	25,392
Retained earnings	146,869	210,327	110,717	122,159
Total equity attributable to owners of the Company	1,105,015	1,527,689	1,160,513	1,465,533
Non-controlling interests	17,599	21,326	-	-
Total equity	1,122,614	1,549,015	1,160,513	1,465,533
<i>Group net borrowings (S\$'000) ^{N1}</i>	1,117,520	1,261,771	n.a	n.a
<i>Group net gearing (times)</i>	1.00x	0.81x	n.a	n.a

^{N1} Group net borrowings exclude borrowings classified as liabilities held for sale.



NOTES TO STATEMENTS OF FINANCIAL POSITION

1(b)(ii) Group's borrowings and debt securities ^{N1}

30 Jun 17		31 Dec 16	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
(i) Amount repayable in one year or less, or on demand			
-	201,730	1,049	291,090
(ii) Amount repayable after one year			
405,318	701,604	562,783	728,630

Details of any collateral

Secured bank loans of the Group were secured over specific project assets of subsidiaries under project financing arrangement.

^{N1} Group's borrowings and debt securities exclude borrowings classified as liabilities held for sale.

1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the second quarter and half year ended 30 June 2017

	Quarter 30 June		Group	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
(Loss)/Profit for the period	(25,785)	4,205	(25,357)	12,268
Adjustments for:				
Amortisation/write-off of intangible assets	990	13,711	1,727	19,771
Depreciation	3,150	3,835	6,184	7,279
Employees' share option expense	32	44	236	(73)
Fair value loss on derivative financial instruments	-	1,124	-	1,124
Net finance costs	19,787	14,593	40,806	28,931
Realisation upon disposal of a joint venture	-	-	(16,491)	-
Share of (profits)/loss of associates and joint ventures, net of income tax	(1,450)	505	(2,864)	3,386
Tax expense/(credit)	604	948	1,673	(1,338)
(Write-back)/Impairment of trade and other receivables	(213)	24	(158)	(947)
	(2,885)	38,989	5,756	70,401
Change in inventories	(4,654)	253	(2,644)	3,173
Change in gross amounts due for contract work	4,293	2,118	13,149	12,979
Change in trade and other receivables	(5,878)	(29,040)	40,347	(20,014)
Change in trade and other payables	(27,504)	83,819	(138,188)	172,358
Cash (used in)/from operating activities before service concession arrangement projects	(36,628)	96,139	(81,580)	238,897
Change in financial receivables from service concession arrangements	(45,175)	(181,326)	(83,328)	(371,560)
Cash used in operating activities after service concession arrangement projects	(81,803)	(85,187)	(164,908)	(132,663)
Income tax paid	(4,998)	(1,615)	(8,815)	(2,823)
Net cash used in operating activities	(86,801)	(86,802)	(173,723)	(135,486)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the second quarter and half year ended 30 June 2017(cont'd)

	Group			
	Quarter 30 June		Half year 30 June	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from investing activities				
Acquisition of property, plant and equipment	(4,146)	(5,992)	(10,421)	(12,992)
Acquisition of intangible assets	-	(351)	(212)	(1,023)
Acquisition of and additional interests in joint ventures	-	(3,344)	-	(33,344)
Acquisition of and additional interests in associates	(13,526)	(1,788)	(13,526)	(1,788)
Dividends received from an associate	600	630	1,185	1,230
Interest received	805	722	3,232	1,142
Net proceeds from sale of property, plant and equipment	15	-	312	12
Net proceeds from liquidation of subsidiary	-	-	-	3,731
Net proceeds from disposal of other investments	-	-	-	553
Net proceeds from disposal of a joint venture	-	-	190,763	-
Repayment of loan from a joint venture	-	-	79,577	-
Net cash (used in)/from investing activities	(16,252)	(10,123)	250,910	(42,479)
Cash flows from financing activities				
Net proceeds from perpetual capital securities	-	494,885	-	494,885
Contribution from non-controlling interests	-	1,759	5,559	1,979
Dividends paid	(28,807)	(19,886)	(37,358)	(32,816)
Restricted bank balances	2,221	(36,835)	(21,913)	(36,835)
Interest paid	(19,170)	(13,813)	(42,894)	(31,073)
Proceeds from borrowings	153,868	219,013	630,394	254,644
Redemption of perpetual capital securities	-	-	(295,000)	-
Repayment of borrowings	(194,756)	(271,304)	(367,522)	(327,165)
Net cash (used in)/from financing activities	(86,644)	373,819	(128,734)	323,619
Net (decrease)/increase in cash and cash equivalents	(189,697)	276,894	(51,547)	145,654
Cash and cash equivalents at beginning of the period	390,670	165,636	260,322	298,478
Effect of exchange rate fluctuations on cash held	3,594	(1,991)	(4,208)	(3,593)
Cash and cash equivalents at end of the period [Note 1(c)(i)]	204,567	440,539	204,567	440,539



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:

	Group	
	30 Jun 17	30 Jun 16
	S\$'000	S\$'000
Cash and cash equivalents in the statements of financial position	191,132	494,126
Cash and cash equivalents included in assets held for sale	87,374	5,412
Bank overdrafts used for cash management purposes	-	(21,852)
Restricted bank balances	(73,939)	(37,147)
Cash and cash equivalents in the statement of cash flows	204,567	440,539



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
At 1.1.2017	607,258	790,280	(5,000)	(85,929)	16,720	(7,152)	(24,207)	25,392	210,327	1,527,689	21,326	1,549,015
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	(24,285)	(24,285)	(1,072)	(25,357)
Other comprehensive income												
Foreign currency translation differences for foreign operations	-	-	-	-	-	(5,303)	-	-	-	(5,303)	(499)	(5,802)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	-	(41,301)	-	-	(41,301)	(7,715)	(49,016)
Disposal of a joint venture	-	-	-	-	(189)	(15,422)	-	-	-	(15,611)	-	(15,611)
Share of other comprehensive income of associates and joint ventures	-	-	-	-	-	(3,890)	(162)	-	-	(4,052)	-	(4,052)
Total comprehensive income for the period	-	-	-	-	(189)	(24,615)	(41,463)	-	(24,285)	(90,552)	(9,286)	(99,838)
Transactions with owners, recognised directly in equity												
Contributions by and distributions to owners												
Dividends	-	-	-	-	-	-	-	-	(37,358)	(37,358)	-	(37,358)
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	5,559	5,559
Redemption of perpetual capital securities	-	(295,482)	5,000	-	(4,518)	-	-	-	-	(295,000)	-	(295,000)
Value of employee services received for issue of share options	-	-	-	-	-	-	-	236	-	236	-	236
Transfer to capital reserve	-	-	-	-	1,815	-	-	-	(1,815)	-	-	-
Total transactions with owners	-	(295,482)	5,000	-	(2,703)	-	-	236	(39,173)	(332,122)	5,559	(326,563)
At 30.06.2017	607,258	494,798	-	(85,929)	13,828	(31,767)	(65,670)	25,628	146,869	1,105,015	17,599	1,122,614



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
At 1.1.2016	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	-	-	-	-	-	-	-	9,944	9,944	2,324	12,268
Other comprehensive income											
Foreign currency translation differences for foreign operations	-	-	-	-	(11,872)	-	-	-	(11,872)	(492)	(12,364)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	(38,794)	-	-	(38,794)	-	(38,794)
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	-	-	-	-	(5,919)	(111)	-	-	(6,030)	-	(6,030)
Total comprehensive income for the period	-	-	-	-	(17,791)	(35,967)	-	9,944	(43,814)	1,832	(41,982)
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Dividends	-	-	-	-	-	-	-	(32,816)	(32,816)	-	(32,816)
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	1,979	1,979
Issuance of perpetual capital securities	-	494,885	-	-	-	-	-	-	494,885	-	494,885
Value of employee services received for issue of share options	-	-	-	-	-	-	(73)	-	(73)	-	(73)
Transfer to capital reserve	-	-	-	2,315	-	-	-	(2,315)	-	-	-
Total transactions with owners	-	494,885	-	2,315	-	-	(73)	(35,131)	461,996	1,979	463,975
At 30.06.2016	607,258	963,981	(85,929)	16,046	(17,322)	(51,252)	24,996	247,872	1,705,650	17,194	1,722,844



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
At 1.1.2017	607,258	790,280	(5,000)	(85,929)	11,373	-	25,392	122,159	1,465,533
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	-	27,102	27,102
Total comprehensive income for the period	-	-	-	-	-	-	-	27,102	27,102
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Dividends	-	-	-	-	-	-	-	(37,358)	(37,358)
Redemption of perpetual capital securities	-	(295,482)	5,000	-	(4,518)	-	-	-	(295,000)
Value of employee services received for issue of share options	-	-	-	-	-	-	236	-	236
Transfer to capital reserve	-	-	-	-	1,186	-	-	(1,186)	-
Total transactions with owners	-	(295,482)	5,000	-	(3,332)	-	236	(38,544)	(332,122)
At 30.06.2017	607,258	494,798	-	(85,929)	8,041	-	25,628	110,717	1,160,513
At 1.1.2016	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	-	-	-	-	-	-	-	6,283	6,283
Other comprehensive income									
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	(4,215)	-	-	(4,215)
Net change in fair value of cash flow hedges transferred to profit and loss	-	-	-	-	-	2,938	-	-	2,938
Total comprehensive income for the period	-	-	-	-	-	(1,277)	-	6,283	5,006
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Dividends	-	-	-	-	-	-	-	(32,816)	(32,816)
Issuance of perpetual capital securities	-	494,885	-	-	-	-	-	-	494,885
Value of employee services received for issue of share options	-	-	-	-	-	-	(73)	-	(73)
Transfer to capital reserve	-	-	-	-	1,837	-	-	(1,837)	-
Total transactions with owners	-	494,885	-	-	1,837	-	(73)	(34,653)	461,996
At 30.06.2016	607,258	963,981	-	(85,929)	10,700	-	24,996	119,680	1,640,686



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

Changes in the Company's share capital

The movements in the Company's issued and fully paid-up share capital during the second quarter ended 30 Jun 2017 were as follows:

Issued share capital

	No. of shares	Amount S\$'000
Ordinary shares		
At 1 Apr 2017 and 30 Jun 2017	785,284,989	128,760
Preference shares		
At 1 Apr 2017 and 30 Jun 2017	4,000,000	392,569
Issued share capital at 30 Jun 2017 (Note A)		521,329

As at 30 Jun 2017, the number of ordinary shares in issue were 785,284,989 (30 Jun 2016: 785,284,989), excluding 79,246,000 (30 Jun 2016: 79,246,000) 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 30 Jun 2017 were 4,000,000 (30 Jun 2016: 4,000,000).

Note A:

Per Statement of Financial Position	S\$'000
- Share capital	607,258
- Treasury shares	(85,929)
Issued share capital as at 30 Jun 2017	521,329

Outstanding share options under the Scheme

	No. of options
At 1 Apr 2017	28,883,000
Options granted	5,885,000
Forfeited/lapsed	(855,000)
At 30 Jun 2017	33,913,000

As at 30 Jun 2017, the number of outstanding share options under the Schemes were 33,913,000 (30 Jun 2016: 26,881,000).

Perpetual capital securities

	Amount S\$'000
At 1 Apr 2017 and 30 Jun 2017	494,798

As at 30 Jun 2017, perpetual capital securities ("perps") relates to the \$500 mil 6.00% per annum perps, issued on 27 May 2016.

Perpetual capital securities (cont'd)

As at 30 Jun 2016, perpetual capital securities comprised of:

- \$300 mil 5.75% per annum, issued on 23 Jan 2014;
- \$175 mil 4.80% per annum, issued on 29 Jul 2014. These were fully redeemed on 29 Jul 2016; and
- \$500 mil 6.00% per annum, issued on 27 May 2016.

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 Jun 2017 were 785,284,989 (31 Dec 2016: 785,284,989), excluding 79,246,000 (31 Dec 2016: 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 Jun 2017. The total number of issued preference shares as at 30 Jun 2017 were 4,000,000 (31 Dec 2016: 4,000,000).

The total amount of perpetual capital securities issued as at 30 Jun 2017 were \$500 mil (31 Dec 2016: \$795 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 Jun 2017.

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 2017. 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.

	Quarter 30 June			Half year 30 June		
	2017	2016	Change %	2017	2016	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 ¹	(4.91 cts)	(1.58 cts)	>100	(6.62 cts)	(2.22 cts)	>100
- Weighted average number of shares	785,284,989	785,284,989	-	785,284,989	785,284,989	-
On a fully diluted basis of ordinary shares ¹	(4.91 cts)	(1.58 cts)	>100	(6.62 cts)	(2.22 cts)	>100
- Adjusted weighted average number of shares	<u>785,644,831</u>	<u>785,284,989</u>	-	<u>785,612,544</u>	<u>785,284,989</u>	-
<u>Excluding Tuaspring</u>						
(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 ²	(2.25 cts)	2.59 cts	NM	(0.52 cts)	4.30 cts	NM
- Weighted average number of shares	785,284,989	785,284,989	-	785,284,989	785,284,989	-
On a fully diluted basis of ordinary shares ²	(2.25 cts)	2.59 cts	NM	(0.52 cts)	4.30 cts	NM
- Adjusted weighted average number of shares	<u>785,644,831</u>	<u>785,284,989</u>	-	<u>785,612,544</u>	<u>785,284,989</u>	-

¹ adjusted for dividends attributable to perpetual preference shares and perpetual capital securities for the half year ended 30 June 2017 (1H2017) of \$27.7mil and quarter ended 30 June 2017 (2Q2017) of \$13.5mil. Excluding these adjustments, the loss per share would have been 3.09 cents for the 1H2017 and 3.20 cents for 2Q2017.

² adjusted for dividends attributable to perpetual preference shares and perpetual capital securities for the half year ended 30 June 2017 (1H2017) of \$27.7mil and quarter ended 30 June 2017 (2Q2017) of \$13.5mil. Excluding these adjustments, the earnings/(loss) per share would have been 3.01 cents for the 1H2017 and (0.53 cents) for 2Q2017.

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:

	Group		Company	
	30 Jun 17 Cents	31 Dec 16 Cents	30 Jun 17 Cents	31 Dec 16 Cents
Based on 785,284,989 (31 Dec 2016: 785,284,989) ordinary shares in issue	28.9	45.1	33.8	34.5

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) Revenue, costs and earnings

Group's revenue in the second quarter ("2Q2017") and first half year ("1H2017") was lower by 65% and 62% at \$81.8 mil and \$173.3 mil respectively, compared to the corresponding period in 2016 due mainly to lower revenue from the Engineering, Procurement and Construction ("EPC") activities in the TuasOne waste-to-energy ("WTE") project in Singapore and the Qurayyat Independent Water Project ("IWP") in the Sultanate of Oman, in line with the respective planned construction phases of these projects.

The lower EPC revenue during the quarter resulted in loss attributable to the shareholders of the Company, excluding Tuaspring Integrated Water and Power Plant ("Tuaspring"), of \$4.2 mil for 2Q2017. 1H2017 was overall profitable with profit attributable to the shareholders of the Company ("PATMI") of \$23.6 mil.

Results of Tuaspring contributed loss of \$20.9 mil in 2Q2017 and \$47.9 mil in 1H2017. This was largely due to the continuing weak power market in Singapore. Following the planned partial divestment of Tuaspring, this asset has been classified as Held for Sale and amortisation of the asset has ceased since the start of the year. Including Tuaspring results, the PATMI for the Group was a loss of \$25.1 mil and \$24.3 mil for 2Q2017 and 1H2017 respectively.

Other income for the Group of \$13.2 mil and \$44.8 mil for 2Q2017 and 1H2017 respectively, largely included interest income on the shareholder's loan extended to Tuaspring, the results of which have been presented separately. In addition, for 1H2017, the Group recorded a gain of \$16.5 mil following the disposal of the Group's 50% stake in its joint venture, Galaxy Newspring Pte Ltd ("Galaxy"), in Mar 2017.

Staff costs increased in 2Q2017 and 1H2017, compared to the corresponding periods in 2016, largely due to the TuasOne WTE project entering a manpower-intensive phase of the construction schedule.

Depreciation, amortisation and impairment decreased in 2Q2017 and 1H2017 partially due to the cessation of depreciation and amortisation of the non-current assets in Tianjin Dagang, following the Group's plan to divest its entire equity interest in Tianjin Dagang. This was offset by the increased depreciation on newly acquired machinery.

Other expenses decreased largely due to lower professional fees, offset by higher exchange loss.

Increase in finance costs for the periods reported related mainly to the additional drawdown for the Group's project financing.



Sector Review

Municipal sector continued to be the main contributor to the Group's revenue, accounting for approximately 81% or \$66.3 mil of the total revenue in 2Q2017 (2Q2016: 98% or \$224.6 mil). For 1H2017, municipal revenue made up 84% or \$145.4 mil (1H2016: 98% or \$445.3 mil) of the total revenue.

The increase in the industrial revenue to \$14.5 mil for 2Q2017, representing 18% of the Group's revenue, was largely due to an EPC project in the Kingdom of Saudi Arabia. This project started in Jun 2016 and has since gained momentum in its development. For 1H2017, this sector made up 15% or \$25.5 mil and 2% or \$6.6mil of the Group's revenue for 1H2017 and 1H2016 respectively.

Geographical Review

The Singapore market continued to be a key market contributing 58% or \$47.6 mil and 62% or \$106.2 mil of the Group's total revenue in 2Q2017 and 1H2017 respectively. In 2016, Singapore market contributed 59% and 63% of total revenue in 2Q2016 and 1H2016 respectively. The lower revenue from the Singapore market is mainly due to the lower EPC activities in the current phase of the TuasOne WTE project.

Revenue from Middle East & North Africa ("MENA") region was 31% or \$25.4 mil in 2Q2017, a decline from 33% or \$76.0 mil in 2Q2016. For 1H2017, MENA contributed 28% or \$49.0 mil, compared to 31% or \$139.1 mil in 1H2016, mainly contributed by the Qurayyat IWP project.

The Group's China market contributed 9% or \$7.0 mil and 8% or \$14.3 mil of the total revenue in 2Q2017 and 1H2017 respectively. Revenue from China made up of 6% or \$15.1 mil and 5% or \$24.8 mil of the total revenue in 2Q2016 and 1H2016 respectively, mainly contributed from the Tianjin Dagang plant.

Rest of World ("ROW") accounted for 2% in 2Q2017 and 1H2017 respectively. For 2016, ROW contributed 2% and 1% to the total revenue in 2Q2016 and 1H2016 respectively.

8(b) Statements of Financial Position Analysis

The Group's shareholder's equity decreased from \$1.5 bil as at 31 Dec 2016 to \$1.1 bil as at 30 Jun 2017. The decrease was mainly contributed by the redemption of perpetual capital securities of \$295.0 mil in Jan 2017, hedging loss from the interest rate swaps for the Group's project finance loans, dividends paid and the operating loss for the period.

Subsequent to the Group's initiation to partially divest its equity interest in Tuaspring, the identified assets and liabilities of Tuaspring were classified as assets/liabilities held for sale. As at 30 Jun 2017, the assets and liabilities held for sale related largely to Tuaspring and Tianjin Dagang. The Galaxy portfolio was no longer included in the assets held for sale following the completion of divestment in Mar 2017.

Decrease in non-current assets was mainly due to the reclassification of non-current assets of Tuaspring to assets held for sale (current assets).

This resulted in a corresponding increase in current assets, which was partially offset by a decrease in trade receivables as a result of lower EPC activities.

Increase in current liabilities was mainly due to the reclassification of the non-current liabilities of Tuaspring to liabilities held for sale. This increase was partially offset by the repayment of bank borrowings and the net settlement of trade payment for the TuasOne WTE and Qurayyat projects.

The reclassification of Tuaspring resulted in a corresponding decrease in non-current liabilities. This decrease was offset by the drawdown of the long-term secured project finance loans for the TuasOne WTE and Qurayyat IWP projects.



8(c) Statement of Cash Flows

For 2Q2017 and 1H2017, net cash of \$86.8 mil and \$173.7 mil respectively were used in the Group's operating activities, mainly towards the Group's investments in projects with service concession arrangements. Excluding cash used in these projects, net cash outflows from the Group's operating activities were \$36.6 mil and \$81.6 mil respectively.

In 2Q2017, the Group injected additional capital amounting to \$13.5 mil into Tahlyat Myah Magtaa SPA, a 47% associate. This injection did not result in a change to its shareholding. This injection contributed to the net cash used in investing activities of \$16.3 mil in 2Q2017. Cash from investing activities of \$250.9 mil in 1H2017 was mainly due to the net proceeds from the disposal of Galaxy of \$190.8 mil and the repayment of the short-term loan extended to Galaxy of \$79.6 mil, following the completion of the divestment.

Net cash used in financing activities of \$86.6 mil and \$128.7 mil in 2Q2017 and 1H2017 respectively were mainly for the redemption of \$295.0 mil perpetual capital securities and repayment of bank loans, offset by the proceeds from secured project finance loans for the Group's projects.

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.

Continued weakness in the Singapore power market is expected to adversely affect the Group's performance for the rest of 2017 and we expect losses in the next two quarters.

The Qurayyat IWP in Oman is scheduled to commence operations in the second half of the year, after completing testing and commissioning. Contract negotiation for the Ain Sokhna Integrated Water and Power Plant in Egypt is ongoing, although progress is slower than expected. To date, the Group has bid for projects with total contract value of \$1.8 bil, pending tender results.

As previously announced, the Group is in the process of divesting its full interest in the Tianjin Dagang desalination plant in China, as well as a partial divestment in Tuaspring in Singapore. Progress updates will be disclosed when available.

To strengthen its infrastructure business, the Group is leveraging on its leadership position in the water sector by exploring opportunities including the option of strategic partnerships and investors.

In the past two years, Hyflux's consumer business, including wellness and lifestyle appliances and the ELO range of products, has generated good growth. This is a high growth segment with potential to cater to the exploding middle class in Asia, which is experiencing an increase in affluence and purchasing power to address health and wellness concerns. The Group is exploring a separate listing of the Hyflux consumer business with the view to unlock the value of this business for the existing Hyflux shareholders, including the option of dividend in specie. This will provide better visibility and stronger management focus to this segment, which is distinctly different from its traditional municipal and industrial segments. More details will be announced at a later date.



11. Dividend

(a) Current financial period reported on.

Any dividend recommended for the current financial period reported on?

In April 2017, the Company declared a tax-exempt (one-tier) dividend to holders of perpetual capital securities, calculated on the basis of 181 days from (and including) 27 November 2016 to (but excluding) 27 May 2017 (being the relevant dividend period). The said preference dividend of \$14.9 mil was paid on 29 May 2017.

Except for the above, no dividend is recommended for the current financial period reported on.

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

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

Name of dividend	Ordinary – Interim
Dividend type	Cash
Dividend rate	0.20 cents per ordinary share
Tax rate	One-tier tax exempt

(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. Confirmations pursuant to Listing Rules.

(a) Confirmation pursuant to Rule 705(5) of the Listing Manual

The directors of the Company confirm that to the best of their knowledge, nothing has come to the attention of the board of directors which may render the financial results for the quarter ended 30 June 2017 to be false or misleading in any material aspect.

(b) Confirmation pursuant to Rule 720(1) of the Listing Manual

The Company has received undertakings from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1).

BY ORDER OF THE BOARD

Lim Poh Fong
Company Secretary
3 August 2017