



HYFLUX LTD

Registration number : 200002722Z

Unaudited Financial Statements For The Third Quarter and Nine Months Ended 30 September 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 third quarter and nine months ended 30 September 2017

	Group					
	Quarter ended 30 Sep			Nine months ended 30 Sep		
	2017	2016	Change	2017	2016	Change
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Revenue	98,019	248,546	(61)	271,304	702,421	(61)
Other income	13,456	21,041	(36)	58,187	54,538	7
Changes in inventories of finished goods and work-in-progress	1,679	(2,889)	NM	1,425	(4,698)	NM
Raw materials and consumables used and subcontractors' costs	(54,768)	(158,153)	(65)	(132,302)	(460,338)	(71)
Staff costs	(23,008)	(22,074)	4	(70,425)	(60,315)	17
Depreciation, amortisation and impairment	(4,627)	(4,567)	1	(12,287)	(13,181)	(7)
Other expenses	(17,635)	(20,430)	(14)	(53,474)	(55,684)	(4)
Finance costs	(14,448)	(11,797)	22	(42,568)	(34,866)	22
Share of profit/(loss) of associates and joint ventures, net of income tax	229	1,665	(86)	3,093	(1,721)	NM
(Loss)/Profit before income tax	(1,103)	51,342	NM	22,953	126,156	(82)
Tax credit/(expense)	3,134	(8,440)	NM	1,627	(19,774)	NM
Profit for the period excluding Tuaspring¹	2,031	42,902	(95)	24,580	106,382	(77)
Results of Tuaspring, net of income tax	(26,591)	(30,834)	(14)	(74,497)	(82,046)	(9)
(Loss)/Profit for the period	(24,560)	12,068	NM	(49,917)	24,336	NM
Profit (excluding Tuaspring) attributable to:						
Owners of the Company	524	41,139	(99)	24,145	102,295	(76)
Non-controlling interests	1,507	1,763	(15)	435	4,087	(89)
Profit for the period excluding Tuaspring	2,031	42,902	(95)	24,580	106,382	(77)



CONSOLIDATED INCOME STATEMENT

For the third quarter and nine months ended 30 September 2017 (cont'd)

	Group					
	Quarter ended 30 Sep			Nine months ended 30 Sep		
	2017	2016	Change	2017	2016	Change
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
(Loss)/Profit attributable to:						
Owners of the Company	(26,067)	10,305	NM	(50,352)	20,249	NM
Non-controlling interests	1,507	1,763	(15)	435	4,087	(89)
(Loss)/Profit for the period	(24,560)	12,068	NM	(49,917)	24,336	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 third quarter and nine months ended 30 September 2017

	Group					
	Quarter ended 30 Sep			Nine months ended 30 Sep		
	2017	2016	Change	2017	2016	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
(Loss)/Profit for the period	(24,560)	12,068	NM	(49,917)	24,336	NM
Other comprehensive loss:						
<u>Items that are or may be subsequently reclassified to profit or loss</u>						
Foreign currency translation differences	(174)	(1,657)	(89)	(5,976)	(14,021)	(57)
Effective portion of changes in fair value of cash flow hedges	3,460	(44,557)	NM	(26,519)	(48,771)	(46)
Realisation upon disposal of a joint venture	-	-	NM	(15,611)	-	NM
Share of foreign currency translation differences of equity-accounted investees	(4,849)	2,104	NM	(8,901)	(3,926)	>100
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	NM	-	2,938	NM
Other comprehensive loss for the period, excluding Tuaspring¹	(1,563)	(44,110)	(96)	(57,007)	(63,780)	(11)
Other comprehensive income/(loss) of Tuaspring	5,036	(8,130)	NM	(14,001)	(42,710)	(67)
Total comprehensive loss for the period	(21,087)	(40,172)	(48)	(120,925)	(82,154)	47
Total comprehensive loss attributable to:						
Owners of the Company	(22,715)	(30,957)	(27)	(113,267)	(74,771)	51
Non-controlling interests	1,628	(9,215)	NM	(7,658)	(7,383)	4
Total comprehensive loss for the period	(21,087)	(40,172)	(48)	(120,925)	(82,154)	47

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 comprehensive income has been presented to show the results of Tuaspring separately from other operations. Correspondingly, the comparative statement of comprehensive income has been re-presented.



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 ended 30 Sep			Nine months ended 30 Sep		
	2017	2016	Change	2017	2016	Change
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Interest income	12,662	15,959	(21)	38,176	46,920	(19)
Gain/(loss) on sale of property, plant and equipment	215	(53)	NM	213	(51)	NM
Net foreign currency exchange loss	(2,434)	(1,941)	25	(6,329)	(1,998)	>100
Realisation upon disposal of a joint venture	-	-	NM	16,491	-	NM
Overprovision of prior years' tax	-	8	NM	1,954	868	>100
Write-back/(impairment) of trade and other receivables	452	(64)	NM	610	883	(31)

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 2017

	Group		Company	
	30 Sep 17 S\$'000	31 Dec 16 S\$'000	30 Sep 17 S\$'000	31 Dec 16 S\$'000
<u>NON-CURRENT ASSETS</u>				
Property, plant and equipment	154,056	156,359	-	-
Intangible assets	21,620	23,910	-	-
Intangible assets arising from service concession arrangements	-	1,083,682	-	-
Subsidiaries	-	-	278,874	278,958
Joint ventures	42,342	42,344	-	-
Associates	150,075	143,573	16,340	15,952
Other investments	5,583	-	-	-
Financial receivables	955,690	1,036,869	-	-
Trade and other receivables, including derivatives	2,614	3,751	957,151	1,163,449
Deferred tax assets	4,194	54,466	38	-
	1,336,174	2,544,954	1,252,403	1,458,359
<u>CURRENT ASSETS</u>				
Gross amounts due for contract work	34,912	69,656	-	-
Inventories	45,703	42,460	-	-
Financial receivables	-	8,439	-	-
Trade and other receivables	282,870	423,925	731,508	681,478
Cash and cash equivalents	221,994	321,781	99,095	185,482
Assets held for sale	1,705,901	432,118	-	-
	2,291,380	1,298,379	830,603	866,960
<u>CURRENT LIABILITIES</u>				
Trade and other payables, including derivatives	432,513	577,828	127,778	29,829
Loans and borrowings	230,880	292,139	187,700	240,597
Tax payable	3,472	22,663	-	4,071
Liabilities held for sale	662,042	91,006	-	-
	1,328,907	983,636	315,478	274,497
Net current assets	962,473	314,743	515,125	592,463
<u>NON-CURRENT LIABILITIES</u>				
Trade and other payables - derivatives	26,227	14,520	-	-
Loans and borrowings	1,164,457	1,291,413	604,483	585,289
Deferred tax liabilities	6,310	4,749	-	-
	1,196,994	1,310,682	604,483	585,289
Net assets	1,101,653	1,549,015	1,163,045	1,465,533



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

	Group		Company	
	30 Sep 17	31 Dec 16	30 Sep 17	31 Dec 16
	S\$'000	S\$'000	S\$'000	S\$'000
EQUITY				
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	14,418	16,720	8,632	11,373
Foreign currency translation reserve	(36,086)	(7,152)	-	-
Hedging reserve	(57,999)	(24,207)	-	-
Employees' share option reserve	25,719	25,392	25,719	25,392
Retained earnings	120,212	210,327	112,567	122,159
Total equity attributable to owners of the Company	1,082,391	1,527,689	1,163,045	1,465,533
Non-controlling interests	19,262	21,326	-	-
Total equity	1,101,653	1,549,015	1,163,045	1,465,533
<i>Group net borrowings (S\$'000)</i> ^{N1}	1,173,343	1,261,771	n.a	n.a
<i>Group net gearing (times)</i>	1.07x	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 Sep 17		31 Dec 16	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(i) Amount repayable in one year or less, or on demand	-	230,880	1,049	291,090
(ii) Amount repayable after one year	433,648	730,809	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 third quarter and nine months ended 30 September 2017

	Group			
	Quarter ended 30 Sep		Nine months ended 30 Sep	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
(Loss)/Profit for the period	(24,560)	12,068	(49,917)	24,336
Adjustments for:				
Amortisation/write-off of intangible assets	728	13,837	2,455	33,608
Depreciation	3,893	3,929	10,077	11,208
Employees' share option expense	91	52	327	(21)
Fair value loss on derivative financial instruments	-	(3,557)	-	(2,433)
(Loss)/gain on sale of property, plant and equipment	(215)	53	(213)	51
Net finance costs	21,902	13,161	62,708	42,092
Realisation upon disposal of a joint venture	-	-	(16,491)	-
Share of (profits)/loss of associates and joint ventures, net of income tax	(229)	(1,665)	(3,093)	1,721
Tax (credit)/expense	(2,976)	1,443	(1,303)	105
(Write-back)/Impairment of trade and other receivables	(452)	64	(610)	(883)
	(1,818)	39,385	3,940	109,784
Change in inventories	(2,175)	2,702	(4,819)	5,875
Change in gross amounts due for contract work	21,594	(8,609)	34,743	4,370
Change in trade and other receivables	(22,055)	(2,491)	18,292	(22,505)
Change in trade and other payables	19,836	102,855	(118,354)	275,215
Cash from/(used in) operating activities before service concession arrangements	15,382	133,842	(66,198)	372,739
Change in financial receivables from service concession arrangements	(46,797)	(208,513)	(130,125)	(580,073)
Cash used in operating activities after service concession arrangements	(31,415)	(74,671)	(196,323)	(207,334)
Income tax paid	(5,609)	(1,288)	(14,424)	(4,111)
Net cash used in operating activities	(37,024)	(75,959)	(210,747)	(211,445)



CONSOLIDATED STATEMENT OF CASH FLOWS

For the third quarter and nine months ended 30 September 2017(cont'd)

	Group			
	Quarter ended 30 Sep		Nine months ended 30 Sep	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from investing activities				
Acquisition of property, plant and equipment	(2,116)	(7,221)	(12,537)	(20,214)
Acquisition of intangible assets	(83)	(21)	(295)	(1,044)
Acquisition of and additional interests in joint ventures	-	-	-	(33,344)
Acquisition of and additional interests in associates	-	(7,527)	(13,526)	(9,315)
Dividends received from an associate	660	600	1,845	1,830
Interest received	817	727	4,049	1,869
Loans to joint ventures	-	(76,377)	-	(76,377)
Net proceeds from sale of property, plant and equipment	284	40	596	52
Net proceeds from liquidation of subsidiary	-	-	-	3,732
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	(438)	(89,779)	250,472	(132,258)
Cash flows from financing activities				
Net proceeds from perpetual capital securities	-	(91)	-	494,794
Contribution from non-controlling interests	-	-	5,559	1,979
Dividends paid	-	(14,361)	(37,358)	(47,177)
Restricted bank balances	(390)	(10,563)	(22,303)	(47,398)
Interest paid	(23,792)	(17,390)	(66,686)	(48,463)
Proceeds from borrowings	101,769	344,962	732,163	599,606
Redemption of perpetual capital securities	-	(175,000)	(295,000)	(175,000)
Repurchase of perpetual capital securities	-	(4,962)	-	(4,962)
Repayment of borrowings	(12,824)	(230,820)	(380,346)	(557,985)
Net cash from/(used in) financing activities	64,763	(108,225)	(63,971)	215,394
Net increase/(decrease) in cash and cash equivalents	27,301	(273,963)	(24,246)	(128,309)
Cash and cash equivalents at beginning of the period	204,567	440,539	260,322	298,478
Effect of exchange rate fluctuations on cash held	(1,581)	(1,082)	(5,789)	(4,675)
Cash and cash equivalents at end of the period [Note 1(c)(i)]	230,287	165,494	230,287	165,494

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 Sep 17	30 Sep 16
	S\$'000	S\$'000
Cash and cash equivalents in the statements of financial position	221,994	231,194
Cash and cash equivalents included in assets held for sale	82,025	4,978
Bank overdrafts used for cash management purposes	-	(22,865)
Restricted bank balances	(73,732)	(47,813)
Cash and cash equivalents in the statement of cash flows	230,287	165,494



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

For the third quarter ended 30 September 2017

	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 01.07.2017	607,258	494,798	-	(85,929)	13,828	(31,767)	(65,670)	25,628	146,869	1,105,015	17,599	1,122,614
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	(26,067)	(26,067)	1,507	(24,560)
Other comprehensive income												
Foreign currency translation differences	-	-	-	-	-	561	-	-	-	561	(735)	(174)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	-	7,640	-	-	7,640	856	8,496
Disposal of a joint venture	-	-	-	-	-	-	-	-	-	-	-	-
Share of foreign currency translation differences of equity-accounted investees	-	-	-	-	-	(4,880)	31	-	-	(4,849)	-	(4,849)
Total comprehensive income for the period	-	-	-	-	-	(4,319)	7,671	-	(26,067)	(22,715)	1,628	(21,087)
Transactions with owners, recognised directly in equity												
Contributions by and distributions to owners												
Dividends	-	-	-	-	-	-	-	-	-	-	-	-
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	35	35
Redemption of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	-	-
Value of employee services received	-	-	-	-	-	-	-	91	-	91	-	91
Transfer to capital reserve	-	-	-	-	590	-	-	-	(590)	-	-	-
Total transactions with owners	-	-	-	-	590	-	-	91	(590)	91	35	126
At 30.09.2017	607,258	494,798	-	(85,929)	14,418	(36,086)	(57,999)	25,719	120,212	1,082,391	19,262	1,101,653



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

For the third quarter ended 30 September 2016

	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 1.7.2016	607,258	963,981	-	(85,929)	16,046	(17,322)	(51,252)	24,996	259,049	1,716,827	17,194	1,734,021
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	10,305	10,305	1,763	12,068
Other comprehensive income												
Foreign currency translation differences	-	-	-	-	-	(1,817)	-	-	-	(1,817)	160	(1,657)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	-	(41,549)	-	-	(41,549)	(11,138)	(52,687)
Share of foreign currency translation differences of equity-accounted investees	-	-	-	-	-	-	-	-	-	-	-	-
Share of foreign currency translation differences of equity-accounted investees	-	-	-	-	-	2,146	(42)	-	-	2,104	-	2,104
Total comprehensive income for the period	-	-	-	-	-	329	(41,591)	-	10,305	(30,957)	(9,215)	(40,172)
Transactions with owners, recognised directly in equity												
Contributions by and distributions to owners												
Dividends	-	-	-	-	-	-	-	-	(14,361)	(14,361)	-	(14,361)
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-
Transaction cost of issuance of perpetual capital securities	-	(91)	-	-	-	-	-	-	-	(91)	-	(91)
Redemption and repurchase of perpetual capital securities	-	(173,610)	(5,000)	-	(1,352)	-	-	-	-	(179,962)	-	(179,962)
Value of employee services received	-	-	-	-	-	-	-	52	-	52	-	52
Transfer to capital reserve	-	-	-	-	1,025	-	-	-	(1,025)	-	-	-
Total transactions with owners	-	(173,701)	(5,000)	-	(327)	-	-	52	(15,386)	(194,362)	-	(194,362)
At 30.09.2016	607,258	790,280	(5,000)	(85,929)	15,719	(16,993)	(92,843)	25,048	253,968	1,491,508	7,979	1,499,487



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

For nine months ended 30 September 2017

	Share capital	Perpetual capital securities	Perpetual capital securities – Treasury	Treasury shares	Capital reserve	Foreign currency translation reserve	Hedging reserve	Employee s' 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	-	-	-	-	-	-	-	-	(50,352)	(50,352)	435	(49,917)
Other comprehensive income												
Foreign currency translation differences	-	-	-	-	-	(4,742)	-	-	-	(4,742)	(1,234)	(5,976)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	-	(33,661)	-	-	(33,661)	(6,859)	(40,520)
Disposal of a joint venture	-	-	-	-	(189)	(15,422)	-	-	-	(15,611)	-	(15,611)
Share of foreign currency translation differences of equity-accounted investees	-	-	-	-	-	(8,770)	(131)	-	-	(8,901)	-	(8,901)
Total comprehensive income for the period	-	-	-	-	(189)	(28,934)	(33,792)	-	(50,352)	(113,267)	(7,658)	(120,925)
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	-	-	-	-	-	-	-	-	-	-	5,594	5,594
Redemption of perpetual capital securities	-	(295,482)	5,000	-	(4,518)	-	-	-	-	(295,000)	-	(295,000)
Value of employee services received	-	-	-	-	-	-	-	327	-	327	-	327
Transfer to capital reserve	-	-	-	-	2,405	-	-	-	(2,405)	-	-	-
Total transactions with owners	-	(295,482)	5,000	-	(2,113)	-	-	327	(39,763)	(332,031)	5,594	(326,437)
At 30.09.2017	607,258	494,798	-	(85,929)	14,418	(36,086)	(57,999)	25,719	120,212	1,082,391	19,262	1,101,653



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

For nine months ended 30 September 2016

	Share capital	Perpetual capital securities	Perpetual capital securities - Treasury shares	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, as restated	607,258	469,096	-	(85,929)	13,731	469	(15,285)	25,069	284,236	1,298,645	13,383	1,312,028
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	20,249	20,249	4,087	24,336
Other comprehensive income												
Foreign currency translation differences	-	-	-	-	-	(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 foreign currency translation differences of equity-accounted investees	-	-	-	-	-	(3,773)	(153)	-	-	(3,926)	-	(3,926)
Total comprehensive income for the period	-	-	-	-	-	(17,462)	(77,558)	-	20,249	(74,771)	(7,383)	(82,154)
Transactions with owners, recognised directly in equity												
Contributions by and distributions to owners												
Dividends	-	-	-	-	-	-	-	-	(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)
Value of employee services received	-	-	-	-	-	-	-	(21)	-	(21)	-	(21)
Transfer to capital reserve	-	-	-	-	3,340	-	-	-	(3,340)	-	-	-
Total transactions with owners	-	321,184	(5,000)	-	1,988	-	-	(21)	(50,517)	267,634	1,979	269,613
At 30.09.2016	607,258	790,280	(5,000)	(85,929)	15,719	(16,993)	(92,843)	25,048	253,968	1,491,508	7,979	1,499,487



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

For the third quarter ended 30 September 2017 and 30 September 2016

	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
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1.7.2017	607,258	494,798	-	(85,929)	8,041	-	25,628	110,717	1,160,513
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	-	2,441	2,441
Total comprehensive income for the period	-	-	-	-	-	-	-	2,441	2,441
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Dividends	-	-	-	-	-	-	-	-	-
Redemption of perpetual capital securities	-	-	-	-	-	-	-	-	-
Value of employee services received	-	-	-	-	-	-	91	-	91
Transfer to capital reserve	-	-	-	-	591	-	-	(591)	-
Total transactions with owners	-	-	-	-	591	-	91	(591)	91
At 30.09.2017	607,258	494,798	-	(85,929)	8,632	-	25,719	112,567	1,163,045
At 1.7.2016	607,258	963,981	-	(85,929)	10,700	-	24,996	119,680	1,640,686
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	-	12,742	12,742
Other comprehensive income									
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	-	-	-	-
Net change in fair value of cash flow hedges transferred to profit and loss	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	12,742	12,742
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Dividends	-	-	-	-	-	-	-	(14,361)	(14,361)
Transaction cost of issuance of perpetual capital securities	-	(91)	-	-	-	-	-	-	(91)
Redemption and repurchase of perpetual capital securities	-	(173,610)	(5,000)	-	(1,352)	-	-	-	(179,962)
Value of employee services received	-	-	-	-	-	-	52	-	52
Transfer to capital reserve	-	-	-	-	1,024	-	-	(1,024)	-
Total transactions with owners	-	(173,701)	(5,000)	-	(328)	-	52	(15,385)	(194,362)
At 30.09.2016	607,258	790,280	(5,000)	(85,929)	10,372	-	25,048	117,037	1,459,066



STATEMENT OF CHANGES IN EQUITY OF THE COMPANY (cont'd)

For nine months ended 30 September 2017 and 30 September 2016

	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	-	-	-	-	-	-	-	29,543	29,543
Total comprehensive income for the period	-	-	-	-	-	-	-	29,543	29,543
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	-	-	-	-	-	-	327	-	327
Transfer to capital reserve	-	-	-	-	1,777	-	-	(1,777)	-
Total transactions with owners	-	(295,482)	5,000	-	(2,741)	-	327	(39,135)	(332,031)
At 30.09.2017	607,258	494,798	-	(85,929)	8,632	-	25,719	112,567	1,163,045
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	-	-	-	-	-	-	-	19,025	19,025
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)	-	19,025	17,748
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Dividends	-	-	-	-	-	-	-	(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)
Value of employee services received	-	-	-	-	-	-	(21)	-	(21)
Transfer to capital reserve	-	-	-	-	2,861	-	-	(2,861)	-
Total transactions with owners	-	321,184	(5,000)	-	1,509	-	(21)	(50,038)	267,634
At 30.09.2016	607,258	790,280	(5,000)	(85,929)	10,372	-	25,048	117,037	1,459,066



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 2017 were as follows:

Issued share capital

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

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

Note A:

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

Outstanding share options

	No. of options
At 1 Jul 2017	33,913,000
Options granted	-
Forfeited/lapsed	<u>(872,000)</u>
At 30 Sep 2017	<u>33,041,000</u>

As at 30 Sep 2017, the number of outstanding share options were 33,041,000 (30 Sep 2016: 33,096,000).

Perpetual capital securities

	Amount S\$'000
At 1 Jul 2017 and 30 Sep 2017	<u>494,798</u>

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

- \$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.

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 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 Sep 2017. The total number of issued preference shares as at 30 Sep 2017 were 4,000,000 (31 Dec 2016: 4,000,000).

The total amount of perpetual capital securities issued as at 30 Sep 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 Sep 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 have 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 Sep			Nine months 30 Sep		
	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	(5.04 cts)	(1.05 cts)	>100	(11.67 cts)	(3.27 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	(5.04 cts)	(1.05 cts)	>100	(11.67 cts)	(3.26 cts)	>100
- Adjusted weighted average number of shares	785,284,989	785,362,170	-	785,332,177	785,557,382	-

Excluding Tuaspring

(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	(1.66 cts)	2.88 cts	NM	(2.18 cts)	7.18 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	(1.66 cts)	2.88 cts	NM	(2.18 cts)	7.18 cts	NM
- Adjusted weighted average number of shares	785,284,989	785,362,170	-	785,332,177	785,557,382	-

¹ adjusted for dividends attributable to perpetual preference shares and perpetual capital securities for the nine months ended 30 September 2017 (9M2017) of \$41.3mil and quarter ended 30 September 2017 (3Q2017) of \$13.5mil. Excluding these adjustments, the loss per share would have been 6.41 cents for the 9M2017 and 3.32 cents for 3Q2017.

² adjusted for dividends attributable to perpetual preference shares and perpetual capital securities for the nine months ended 30 September 2017 (9M2017) of \$41.3mil and quarter ended 30 September 2017 (3Q2017) of \$13.5mil. Excluding these adjustments, the earnings per share would have been 3.07 cents for the 9M2017 and 0.07 cents for 3Q2017.

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 asset value per ordinary share:

	Group		Company	
	30 Sep 17	31 Dec 16	30 Sep 17	31 Dec 16
	Cents	Cents	Cents	Cents
Based on 785,284,989 (31 Dec 2016: 785,284,989) ordinary shares in issue	26.2	45.1	34.0	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 third quarter ("3Q2017") of \$98.0 mil and nine months ended 30 Sep 2017 ("9M2017") of \$271.3 mil (excluding Tuaspring Integrated Water and Power Project or "Tuaspring"), were lower against comparative periods by approximately 61%. This was due mainly to lower revenue from the Engineering, Procurement and Construction ("EPC") activities, in line with the respective planned construction phases of the major projects in the TuasOne Waste-to-Energy ("WTE") Project in Singapore and the Qurayyat Independent Water Project ("IWP") in the Sultanate of Oman.

Profit attributable to the shareholders of the Company was \$0.5 mil for 3Q2017 and \$24.1 mil for 9M2017.

Tuaspring has been classified as Held for Sale since the announcement for the planned partial divestment of Tuaspring earlier this year. Weak power market in Singapore was not favourable to Tuaspring which reported a loss of \$26.6 mil in 3Q2017 and \$74.5 mil in 9M2017.

Including Tuaspring results, the Group recorded a loss of \$26.1 mil and \$50.4 mil for 3Q2017 and 9M2017 respectively.

Other income for the Group of \$13.5 mil and \$58.2 mil for 3Q2017 and 9M2017 respectively included interest income on the shareholder's loan extended to Tuaspring, the results of which have been presented separately. In addition, for 9M2017, 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 3Q2017 and 9M2017, compared to the corresponding periods in 2016, largely due to the TuasOne WTE project which entered into a manpower-intensive phase of the construction schedule.

Other expenses decreased due to lower project-related professional fees.

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

Sector Review

Municipal sector continued to be the main contributor to the Group's revenue, accounted for approximately 84% or \$82.2 mil of the total revenue in 3Q2017 (3Q2016: 97% or \$241.1 mil). For 9M2017, municipal revenue made up 84% or \$227.7 mil (9M2016: 98% or \$686.5 mil) of the total revenue.

Industrial revenue for 3Q2017 was \$14.4 mil, which accounted for 15% of the Group's revenue. This was largely contributed from an EPC project in the Kingdom of Saudi Arabia. For 9M2017, revenue from industrial sector contributed 15% or \$39.8 mil (9M2016: 2% or \$12.4 mil) of the Group's revenue.

Geographical Review

The Singapore market remained as the key market, contributing 73% or \$71.1 mil in 3Q2017 (3Q2016: 70% or \$174.1 mil) and 65% or \$177.3 mil in 9M2017 (9M2016: 65% or \$459.8 mil) of the Group's total revenue respectively. The lower revenue from the Singapore market was mainly due to the lower EPC activities in the TuasOne WTE project.

Revenue from Middle East & North Africa ("MENA") region was 19% or \$18.5 mil in 3Q2017, a decline from 25% or \$62.2 mil in 3Q2016. For 9M2017, MENA contributed 25% or \$67.5 mil, compared to 29% or \$201.3 mil in 9M2016, mainly contributed by the Qurayyat IWP project and Khurais project.

The Group's China market contributed 7% or \$7.3 mil and 8% or \$21.6 mil of the total revenue in 3Q2017 and 9M2017 respectively. Revenue from China made up of 4% or \$9.2 mil and 5% or \$34.0 mil of the total revenue in 3Q2016 and 9M2016 respectively, mainly contributed from the Tianjin Dagang plant.

Rest of World ("ROW") accounted for 1% and 2% in 3Q2017 and 9M2017 respectively. For 2016, ROW contributed 1% to the total revenue in 3Q2016 and 9M2016.

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 Sep 2017. The decrease was mainly contributed by the redemption of perpetual capital securities of \$295.0 mil in Jan 2017 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 Sep 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. The classification of Tuaspring as assets held for sale led to a shift from non-current assets and non-current liabilities to current assets and current liabilities respectively.

Total assets declined marginally from \$3.8 bil as at 31 Dec 2016 to \$3.6 bil as at 30 Sep 2017 mainly attributable to a decrease in receivables due to collection of loans and trade receivables from Galaxy and lower cash balance due to utilisation for operating activities, payment of interest and dividends and redemption of the perpetual capital securities of \$295.0 mil.

Total liabilities increased marginally from \$2.3 bil as at 31 Dec 2016 to \$2.5 bil as at 30 Sep 2017 due mainly to the drawdown of the long-term secured project financing loans, offset by net settlement of trade payables for the TuasOne WTE and Qurayyat projects.

8(c) Statement of Cash Flows

For 3Q2017 and 9M2017, net cash of \$37.0 mil and \$210.7 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, the Group has generated a net cash inflow from operating activities of \$15.4 mil for 3Q2017 and a net cash outflow from operating activities of \$66.2 mil for 9M2017.

In 3Q2017, the net cash used in investing activities mainly related to the setting up of the flagship ELO Water Therapy Centre in central Singapore. Cash from investing activities of \$250.5 mil in 9M2017 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 from financing activities of \$64.8 mil in 3Q2017 was from the proceeds from secured project finance loans for the Group's projects, net of repayment of bank loans. Net cash used in financing activities of \$64.0 mil in 9M2017 were mainly for the redemption of \$295.0 mil perpetual capital securities, repayment of bank loans, payments of dividends and interest during the period, 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.

In line with the outlook shared last quarter, the Singapore power market continues to adversely impact results for the Group, with losses expected for the rest of 2017.

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 partial divestment in the Tuaspring plant in Singapore. This is in line with the Group's asset light strategy, and progress updates will be announced when available.

The Qurayyat IWP project in Oman is in the final stages of testing and commissioning. Construction of the TuasOne WTE project in Singapore is on track. Contract negotiations for the Ain Sokhna Integrated Water and Power Project in Egypt, which is converting from an EPC to a Build, Operate and Transfer structure, is in progress.

Subsequent to the close of the third quarter, the Group announced the sale and partial leaseback of its Tuas manufacturing facility, with an estimated net gain on disposal of S\$39.6 mil. Completion of the transaction is pending approval of relevant authorities, upon which the Group expects to receive sale proceeds of S\$95.0 mil.

In addition, the Group launched its flagship ELO Water Therapy Centre in central Singapore. This is a significant milestone for the Group's consumer business.

The proposed spin-off of the consumer business, via dividend in specie, is in progress. Subsequent planned listing will unlock the value of this high growth business for Hyflux shareholders, and provide a dedicated management focus to this segment, which is distinctly different from its traditional municipal and industrial segments. More details will be shared in due course.



11. Dividend

(a) Current financial period reported on.

Any dividend recommended for the current financial period reported on?

In September 2017, 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 April 2017 to (but excluding) 25 October 2017 (being the relevant dividend period). The said preference dividend of \$12.0 mil was paid on 25 October 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?

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.

(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 September 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
9 November 2017