



HYFLUX LTD
Registration number : 200002722Z

Unaudited Financial Statements For The Financial Year Ended 31 December 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 financial year ended 31 December 2017

	Group		Change %
	2017 S\$'000	2016 S\$'000 Restated	
Revenue	353,629	830,634	(57)
Other income	114,470	76,104	50
Changes in inventories of finished goods and work-in-progress	(3,127)	(7,413)	(58)
Raw materials and consumables used and subcontractors' costs	(215,335)	(532,679)	(60)
Staff costs	(94,590)	(82,661)	14
Depreciation, amortisation and impairment	(28,920)	(17,996)	61
Other expenses	(104,854)	(72,551)	45
Finance costs	(58,450)	(47,769)	22
Share of profit/(loss) of equity-accounted investees (net of tax)	91	(2,730)	NM
(Loss)/profit before tax	(37,086)	142,939	NM
Tax credit/(expense)	3,416	(18,841)	NM
(Loss)/profit for the year excluding Tuaspring¹	(33,670)	124,098	NM
Loss from Tuaspring (net of tax)	(81,890)	(114,490)	(28)
(Loss)/profit for the year	(115,560)	9,608	NM
(Loss)/profit (excluding Tuaspring) attributable to:			
Owners of the Company	(34,462)	118,323	NM
Non-controlling interests	792	5,775	(86)
(Loss)/profit for the year excluding Tuaspring	(33,670)	124,098	NM
(Loss)/profit attributable to:			
Owners of the Company	(116,352)	3,833	NM
Non-controlling interests	792	5,775	(86)
(Loss)/profit for the year	(115,560)	9,608	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 financial year ended 31 December 2017

	Group		Change %
	2017 S\$'000	2016 S\$'000 Restated	
(Loss)/profit for the year	(115,560)	9,608	NM
Other comprehensive loss:			
<u>Items that are or may be subsequently reclassified to profit or loss</u>			
Foreign currency translation differences	(7,510)	(9,324)	(19)
Effective portion of changes in fair value of cash flow hedges	(30,265)	(4,447)	>100
Gain on disposal of a joint venture	(15,611)	-	NM
Share of other comprehensive income of equity-accounted investees	(11,537)	1,936	NM
Net change in fair value of cash flow hedges transferred to profit or loss	-	2,938	NM
Other comprehensive loss for the year, excluding Tuaspring¹	(64,923)	(8,897)	>100
Other comprehensive loss of Tuaspring	(13,776)	(7,457)	85
Total comprehensive loss for the year	(194,259)	(6,746)	>100
Total comprehensive loss attributable to:			
Owners of the Company	(185,614)	(12,710)	>100
Non-controlling interests	(8,645)	5,964	NM
Total comprehensive loss for the year	(194,259)	(6,746)	>100

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		Change %
	2017 S\$'000	2016 S\$'000 Restated	
(Impairment loss on)/write-back of inventory	(2,188)	15	NM
Gain/(loss) on sale of property, plant and equipment	40,363	(80)	NM
Impairment loss on property, plant and equipment	(2,522)	-	NM
Impairment loss on an investment in associate	(6,678)	-	NM
(Impairment loss on)/write-back of trade and other receivables (net)	(6,521)	447	NM
Interest income	51,143	63,887	(20)
Net foreign currency exchange loss	(5,443)	(1,034)	>100
Provison for contract costs	(21,327)	-	NM
Gain on disposal of a joint venture	16,491	-	NM
Over/(under) provision of prior years' tax	<u>1,700</u>	<u>(911)</u>	NM

NM: Not Meaningful



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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2017

	Group		Company	
	31 Dec 17	31 Dec 16	31 Dec 17	31 Dec 16
	S\$'000	S\$'000	S\$'000	S\$'000
		Restated		
<u>NON-CURRENT ASSETS</u>				
Property, plant and equipment	121,115	183,767	-	-
Intangible assets	21,023	23,910	-	-
Intangible assets arising from service concession arrangements	-	1,083,682	-	-
Subsidiaries	-	-	298,874	278,958
Joint ventures	39,634	42,344	-	-
Associates	151,030	143,573	16,475	15,952
Financial receivables	1,157,945	1,222,845	-	-
Trade and other receivables, including derivatives	3,000	3,751	895,791	1,163,449
Deferred tax assets	17,115	54,466	-	-
	1,510,862	2,758,338	1,211,140	1,458,359
<u>CURRENT ASSETS</u>				
Gross amounts due for contract work	42,895	69,656	-	-
Inventories	48,999	44,774	-	-
Financial receivables	6,219	14,555	-	-
Trade and other receivables	248,791	427,748	791,197	681,478
Cash and cash equivalents	314,168	332,169	97,269	185,482
Assets held for sale	1,481,291	195,163	-	-
	2,142,363	1,084,065	888,466	866,960
<u>CURRENT LIABILITIES</u>				
Trade and other payables, including derivatives	491,526	579,789	76,826	29,829
Loans and borrowings	352,462	304,927	290,346	240,597
Tax payable	8,894	22,663	5,090	4,071
Liabilities held for sale	579,187	169	-	-
	1,432,069	907,548	372,262	274,497
Net current assets	710,294	176,517	516,204	592,463
<u>NON-CURRENT LIABILITIES</u>				
Trade and other payables - derivatives	35,895	14,520	-	-
Loans and borrowings	1,173,195	1,367,500	503,550	585,289
Deferred tax liabilities	4,504	4,749	-	-
	1,213,594	1,386,769	503,550	585,289
Net assets	1,007,562	1,548,086	1,223,794	1,465,533



STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 (cont'd)

	Group		Company	
	31 Dec 17 S\$'000	31 Dec 16 S\$'000 Restated	31 Dec 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	15,009	16,720	9,222	11,373
Foreign currency translation reserve	(39,982)	(7,152)	-	-
Hedging reserve	(60,450)	(24,207)	-	-
Employees' share option reserve	25,771	25,392	25,771	25,392
Retained earnings	25,540	209,398	172,674	122,159
Total equity attributable to owners of the Company	982,015	1,526,760	1,223,794	1,465,533
Non-controlling interests	25,547	21,326	-	-
Total equity	1,007,562	1,548,086	1,223,794	1,465,533
<i>Group net borrowings (S\$'000)</i> ^{N1}	1,211,489	1,340,258	n.a	n.a
<i>Group net gearing (times)</i>	1.20x	0.87x	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}

31 Dec 17		31 Dec 16	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
		Restated	Restated

(i) Amount repayable in one year or less, or on demand

-	352,462	1,049	303,878
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(ii) Amount repayable after one year

489,247	683,948	562,783	804,717
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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 31 December 2017

	Group	
	2017	2016
	S\$'000	S\$'000
		Restated
Cash flows from operating activities		
(Loss)/profit for the year	(115,560)	9,608
Adjustments for:		
Amortisation of transaction costs related to borrowings	3,609	3,187
Amortisation/write-off of intangible assets	5,348	47,125
Impairment loss on/(write-back) of inventory	2,188	(15)
Depreciation	16,847	15,378
Employees' share option expense	379	323
Change in fair value of derivative financial instruments	-	(2,433)
(Gain)/loss on sale of property, plant and equipment	(40,363)	80
Impairment loss on an investment in associate	6,678	-
Impairment loss on property, plant and equipment	2,522	-
Net finance costs	85,001	58,371
Provision for contract costs	21,327	-
Gain on disposal of a joint venture	(16,491)	-
Share of (profit)/loss of equity-accounted investees, net of tax	(91)	2,730
Tax credit	(22,842)	(8,803)
Impairment loss on/(write-back of) trade and other receivables (net)	6,521	(447)
	(44,927)	125,104
Changes in:		
Inventories	(7,335)	6,851
Gross amounts due for contract work	26,761	3,922
Trade and other receivables	49,558	(4,627)
Trade and other payables	(75,876)	283,354
Cash (used in)/from operating activities before service concession arrangements	(51,819)	414,604
Change in financial receivables from service concession arrangements	(151,120)	(683,618)
Cash used in operating activities after service concession arrangements	(202,939)	(269,014)
Tax paid	(11,184)	(2,986)
Net cash used in operating activities	(214,123)	(272,000)



CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2017

	Group	
	2017	2016
	S\$'000	S\$'000
		Restated
Cash flows from investing activities		
Acquisition of property, plant and equipment	(15,596)	(35,002)
Acquisition of intangible assets	(386)	(1,248)
Dividends received from an equity-accounted investee	2,475	2,430
Investments in equity-accounted investees	(24,505)	(42,659)
Interest received	4,957	2,414
Loans to joint ventures	-	(76,377)
Proceeds from sale of property, plant and equipment	95,596	52
Proceeds from liquidation of subsidiary	-	3,731
Proceeds from disposal of other investments	-	553
Proceeds from disposal of a joint venture	190,763	-
Repayment of loan from a joint venture	79,577	-
Net cash from/(used in) investing activities	332,881	(146,106)
Cash flows from financing activities		
Proceeds from perpetual capital securities	-	494,794
Contribution from non-controlling interests	12,769	1,979
Dividends paid	(64,510)	(74,330)
Restricted bank balances	(15,309)	(51,161)
Interest paid	(87,719)	(64,083)
Proceeds from borrowings	814,499	947,870
Redemption of perpetual capital securities	(295,000)	(175,000)
Repurchase of perpetual capital securities	-	(4,962)
Repayment of borrowings	(412,370)	(691,449)
Net cash (used in)/from financing activities	(47,640)	383,658
Net increase/(decrease) in cash and cash equivalents	71,118	(34,448)
Cash and cash equivalents at beginning of the period	260,322	298,478
Effect of exchange rate fluctuations on cash held	(7,065)	(3,708)
Cash and cash equivalents at end of the period	324,375	260,322
[Note 1(c)(i)]		



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	
	31 Dec 17	31 Dec 16
	S\$'000	S\$'000
Cash and cash equivalents in the statements of financial position	314,168	332,169
Cash and cash equivalents included in assets held for sale	77,162	4,979
Bank overdrafts used for cash management purposes	-	(23,839)
Restricted bank balances	(66,955)	(52,987)
Cash and cash equivalents in the statement of cash flows	324,375	260,322



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 financial year ended 31 December 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 1.1.2017, as restated	607,258	790,280	(5,000)	(85,929)	16,720	(7,152)	(24,207)	25,392	209,398	1,526,760	21,326	1,548,086
Total comprehensive income for the year												
Profit for the year	-	-	-	-	-	-	-	-	(116,352)	(116,352)	792	(115,560)
Other comprehensive income												
Foreign currency translation differences	-	-	-	-	-	(5,928)	-	-	-	(5,928)	(1,582)	(7,510)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	-	(36,186)	-	-	(36,186)	(7,855)	(44,041)
Disposal of a joint venture	-	-	-	-	(189)	(15,422)	-	-	-	(15,611)	-	(15,611)
Share of other comprehensive income of equity-accounted investees	-	-	-	-	-	(11,480)	(57)	-	-	(11,537)	-	(11,537)
Total comprehensive income for the year	-	-	-	-	(189)	(32,830)	(36,243)	-	(116,352)	(185,614)	(8,645)	(194,259)
Transactions with owners, recognised directly in equity												
Contributions by and distributions to owners												
Dividends	-	-	-	-	-	-	-	-	(64,510)	(64,510)	-	(64,510)
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	12,866	12,866
Redemption of perpetual capital securities	-	(295,482)	5,000	-	(4,518)	-	-	-	-	(295,000)	-	(295,000)
Value of employee services received	-	-	-	-	-	-	-	379	-	379	-	379
Transfer to capital reserve	-	-	-	-	2,996	-	-	-	(2,996)	-	-	-
Total transactions with owners	-	(295,482)	5,000	-	(1,522)	-	-	379	(67,506)	(359,131)	12,866	(346,265)
At 31.12.2017	607,258	494,798	-	(85,929)	15,009	(39,982)	(60,450)	25,771	25,540	982,015	25,547	1,007,562



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

For the financial year ended 31 December 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	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 year												
Profit for the year	-	-	-	-	-	-	-	-	4,762	4,762	5,775	10,537
Reinstatement - Held for Sale	-	-	-	-	-	-	-	-	(929)	(929)	-	(929)
Profit for the year, as restated									3,833	3,833	5,775	9,608
Other comprehensive income												
Foreign currency translation differences	-	-	-	-	-	(9,571)	-	-	-	(9,571)	247	(9,324)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	-	(11,846)	-	-	(11,846)	(58)	(11,904)
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 equity-accounted investees	-	-	-	-	-	1,950	(14)	-	-	1,936	-	1,936
Total comprehensive income for the year	-	-	-	-	-	(7,621)	(8,922)	-	3,833	(12,710)	5,964	(6,746)
Transactions with owners, recognised directly in equity												
Contributions by and distributions to owners												
Dividends	-	-	-	-	-	-	-	-	(74,330)	(74,330)	-	(74,330)
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	-	-	-	-	-	-	-	323	-	323	-	323
Transfer to capital reserve	-	-	-	-	4,341	-	-	-	(4,341)	-	-	-
Total transactions with owners	-	321,184	(5,000)	-	2,989	-	-	323	(78,671)	240,825	1,979	242,804
At 31.12.2016, as restated	607,258	790,280	(5,000)	(85,929)	16,720	(7,152)	(24,207)	25,392	209,398	1,526,760	21,326	1,548,086



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

For the financial year ended 31 December 2017

	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 year									
Profit for the year	-	-	-	-	-	-	-	117,392	117,392
Total comprehensive income for the period	-	-	-	-	-	-	-	117,392	117,392
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Dividends	-	-	-	-	-	-	-	(64,510)	(64,510)
Redemption of perpetual capital securities	-	(295,482)	5,000	-	(4,518)	-	-	-	(295,000)
Value of employee services received	-	-	-	-	-	-	379	-	379
Transfer to capital reserve	-	-	-	-	2,367	-	-	(2,367)	-
Total transactions with owners	-	(295,482)	5,000	-	(2,151)	-	379	(66,877)	(359,131)
At 31.12.2017	607,258	494,798	-	(85,929)	9,222	-	25,771	172,674	1,223,794
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 year									
Profit for the year	-	-	-	-	-	-	-	52,301	52,301
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)	-	52,301	51,024
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Dividends	-	-	-	-	-	-	-	(74,330)	(74,330)
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	-	-	-	-	-	-	323	-	323
Transfer to capital reserve	-	-	-	-	3,862	-	-	(3,862)	-
Total transactions with owners	-	321,184	(5,000)	-	2,510	-	323	(78,192)	240,825
At 31.12.2016	607,258	790,280	(5,000)	(85,929)	11,373	-	25,392	122,159	1,465,533



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

Changes in the Company's share capital

The movements in the Company's issued and fully paid-up share capital during the fourth quarter ended 31 Dec 2017 were as follows:

Issued share capital

	No. of shares	Amount S\$'000
Ordinary shares		
At 1 Oct 2017 and 31 Dec 2017	785,284,989	128,760
Preference shares		
At 1 Oct 2017 and 31 Dec 2017	4,000,000	392,569
Issued share capital at 31 Dec 2017 (<i>Note A</i>)		<u>521,329</u>

As at 31 Dec 2017, the number of ordinary shares in issue 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.

The total number of issued 6% Cumulative Non-convertible Non-voting Perpetual Class A Preference Shares (preference shares) as at 31 Dec 2017 were 4,000,000 (31 Dec 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 31 Dec 2017	<u>521,329</u>

Outstanding share options

	No. of options
At 1 Jan 2017	30,303,000
Options granted	5,885,000
Forfeited/lapsed	(4,082,000)
At 31 Dec 2017	<u>32,106,000</u>

As at 31 Dec 2017, the number of outstanding share options were 32,106,000 (31 Dec 2016: 30,303,000).

Perpetual capital securities

	Amount S\$'000
At 1 Oct 2017 and 31 Dec 2017	<u>494,798</u>

As at 31 Dec 2017, perpetual capital securities ("perps") relate to the \$500 mil 6.00% per annum perps, issued on 27 May 2016.

Perpetual capital securities (cont'd)

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

The total amount of perpetual capital securities issued as at 31 Dec 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 year ended 31 Dec 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.

	Group		
	2017	2016 Restated	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	(21.79 cts)	(7.63 cts)	>100
- Weighted average number of shares	785,284,989	785,284,989	-
On a fully diluted basis of ordinary shares ¹	(21.79 cts)	(7.63 cts)	>100
- Adjusted weighted average number of shares	<u>785,284,989</u>	<u>785,360,760</u>	-

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	(11.37 cts)	6.95 cts	NM
- Weighted average number of shares	785,284,989	785,284,989	-
On a fully diluted basis of ordinary shares ²	(11.37 cts)	6.95 cts	NM
- Adjusted weighted average number of shares	<u>785,284,989</u>	<u>785,360,760</u>	-

¹ adjusted for dividends attributable to perpetual preference shares and perpetual capital securities of \$54.8mil. Excluding these adjustments, the loss per share would have been 14.82 cents for FY2017

² adjusted for dividends attributable to perpetual preference shares and perpetual capital securities of \$54.8mil. Excluding these adjustments, the loss per share would have been 4.39 cents for FY2017.

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	
	31 Dec 17	31 Dec 16	31 Dec 17	31 Dec 16
	Cents	Cents	Cents	Cents
		Restated		
Based on 785,284,989 (31 Dec 2016: 785,284,989) ordinary shares in issue	14.1	45.0	41.7	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 reported for FY2017 of \$353.6 mil (excluding Tuaspring Integrated Water and Power Project or "Tuaspring") was lower by approximately 57% as compared to last year. 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.

Loss attributable to the shareholders of the Company, excluding Tuaspring, was \$34.5 mil for FY2017 as compared to a profit of \$118.3 mil last year.

Tuaspring has been classified as Held for Sale since the announcement for the planned partial divestment of Tuaspring earlier this year. The power market in Singapore remained weak and Tuaspring continued to report losses of \$81.9 mil in FY2017 against \$114.5 mil last year.

Including Tuaspring results, the Group recorded a loss of \$116.4 mil for FY2017 against a restated profit of \$3.8 mil last year. The restatement of the FY2016 results was due to the reinstatement of depreciation charge for Tianjin Dagang. While the Group remains committed to the divestment of Tianjin Dagang, the sale process has extended beyond one year and no longer meets the reporting criteria to be classified as Held for Sale.

Other income for the Group of \$114.5 mil for FY2017 was higher than last year mainly attributable to a gain of \$16.5 mil from the disposal of the Group's 50% stake in its joint venture, Galaxy Newspring Pte Ltd ("Galaxy"), in Mar 2017 and a gain from disposal of fixed assets of \$40.2 mil arising from the sale and partial leaseback of the Tuas manufacturing facility. The increase was offset by lower interest income on shareholder's loan extended to Tuaspring, the results of which are presented separately.

Staff costs increased in FY2017, due largely to the TuasOne WTE project, currently in a manpower-intensive phase of construction.

Higher other expenses recorded at \$104.9 mil arose mainly due to costs incurred for certain projects, provision for doubtful receivables following assessment of certainty of collectability, higher machinery rental for projects and forex loss.

Depreciation, amortisation and impairment of \$28.9 mil increased due to the impairment of the carrying cost of an investment in an associate amounting to \$6.7 mil.



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

Sector Review

Municipal sector, being the main contributor to the Group's revenue, accounted for approximately 82% or \$292.0 mil of the total revenue in FY2017 (FY2016: 97% or \$806.1 mil).

Industrial revenue for FY2017 was \$56.4 mil, which accounted for 17% of the Group's revenue (FY2016: 2% or \$19.5 mil). This was largely contributed from an EPC project in the Kingdom of Saudi Arabia.

Geographical Review

The Singapore market, the key market of the Group, contributed 64% or \$226.8 mil in FY2017 (FY2016: 63% or \$520.4 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 25% or \$88.7 mil in FY2017, lower than last year which contributed 30% or \$252.5 mil in FY2016, mainly contributed by lower EPC activities in the Qurayyat IWP project.

China market contributed 10% or \$33.9 mil of the Group's total revenue in FY2017, mainly contributed from the Tianjin Dagang plant.

Rest of World accounted for 1% of total revenue in FY2017 and FY2016 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 \$1.0 bil as at 31 Dec 2017. The decrease was mainly contributed by the redemption of perpetual capital securities of \$295.0 mil in Jan 2017 and the losses incurred from operations for the year.

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. Tianjin Dagang ceased to be classified as Held for Sale as it no longer meets the requirement under FRS 105 Non-current Assets Held for Sale and Discontinued Operations. As at 31 Dec 2017, the assets and liabilities held for sale related largely to Tuaspring. 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 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 \$3.7 bil as at 31 Dec 2017 mainly attributable to impairment in net carrying value of investment in associate and related receivables, 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 \$2.6 bil as at 31 Dec 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

Net cash of \$214.1 mil were used in the Group's operating activities in FY2017, 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 outflow from operating activities of \$51.8 mil for FY2017 and a net cash inflow from operating activities of \$414.6 mil for FY2016.

Cash from investing activities of \$332.9 mil in FY2017 was mainly due to the proceeds of \$95 mil from the sale and partial leaseback of the industrial buildings, 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 \$47.6 mil 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.

The oversupply of gas in the Singapore market has resulted in depressed electricity prices sold by power generation companies to the national grid. This continued weakness in the Singapore power market is expected to pose challenges for the Group's performance in 2018. Unless the Singapore power market shows improvement, the Group expects to continue recording losses in 2018.

Despite the near-term challenges in the Singapore power market, the Tuaspring plant is still a world-class Integrated Water and Power Project with a 25-year service concession up to 2038. The largest asset on our balance sheet, Tuaspring was funded through a mix of project financing and corporate financing, including the 6% Cumulative Perpetual Class A Preference Shares (Preference Shares) which is due for first call date redemption in Apr 2018. While the process has taken longer than initially expected, we remain committed to the partial divestment of Tuaspring at an acceptable price. In light of the delay in divestment, the Group is unlikely to complete any divestment deal ahead of the first call date in Apr 2018 for redemption of its Preference Shares. Consequently, it is likely that redemption will be deferred until divestment of Tuaspring is concluded, with the coupon yield for the Preference Shares stepping up from 6% to 8% in the meantime, at an additional \$8 mil per annum.

At the end of 2017, the Group recorded total cash balance of \$314.2 mil, excluding another \$77.2 mil of cash reported under Assets Held for Sale. In addition, we will be able to progressively draw down on unutilised committed project finance loans of approximately \$400 mil to support completion of our ongoing projects. We are also due to collect some receivables for our EPC work done in the MENA region.

Operationally, the focus is on execution of the TuasOne WTE project in Singapore, which is on track for completion in 2019. The Qurayyat IWP project in Oman is in the final stages of testing and commissioning. Contract negotiations for the Ain Sokhna Integrated Water and Power Project in Egypt, which is converting from an EPC contract to a Build, Operate and Transfer structure, is in progress. The Group is still actively pursuing new infrastructure projects, although tender results for a number of projects in the pipeline have been further delayed, which is not unusual for such municipal tenders.



The Group has also been recently approached by several potential investors interested in strategic collaboration, with intention to inject additional funds for the Group's growth activities. One of the main attractions for these investors is the Group's strong track record in the seawater desalination sector, which is an important competitive advantage for securing international water projects. These discussions are currently taking place. More details will be shared when developments reach a more conclusive stage.

Finally, the proposed dividend *in specie* of the HyfluxShop business was completed on 15 Feb 2018. Hyflux Ltd continues to be the single largest corporate shareholder with 30.4% stake in HyfluxShop.

11. Dividend

(a) Current financial period reported on.

Any dividend recommended for the current financial period reported on?

On 27 Nov 2017, the Company paid a tax-exempt (one-tier) dividend of \$15.1 mil to holders of perpetual capital securities, calculated on the basis of 184 days from (and including) 27 May 2017 to (but excluding) 27 Nov 2017 (being the relevant dividend period).

On 28 Dec 2017, the Company proposed a dividend *in specie* on the basis of 1 share of HyfluxShop Holdings Pte Ltd for every 10 Hyflux Ordinary Shares. The proposed distribution of dividend *in specie* was approved by the Company's shareholders at the Extraordinary General Meeting held on 1 Feb 2018 and completed on 15 Feb 2018.

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

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

Name of dividend	Final
Dividend type	Cash
Dividend rate	0.25 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. Operating segments

Information about reportable segments

	Municipal		Industrial		All other segments		Total	
	2017 S\$'000	2016 S\$'000 Restated	2017 S\$'000	2016 S\$'000 Restated	2017 S\$'000	2016 S\$'000 Restated	2017 S\$'000	2016 S\$'000 Restated
External revenue	292,012	806,065	56,407	19,459	5,210	5,110	353,629	830,634
Interest income	49,895	62,900	421	321	827	666	51,143	63,887
Finance costs	(52,465)	(45,038)	(4,815)	(871)	(1,170)	(1,860)	(58,450)	(47,769)
Depreciation, amortisation and impairment	(21,100)	(12,202)	(5,522)	(2,318)	(2,298)	(3,476)	(28,920)	(17,996)
Reportable segment loss before tax	(25,297)	145,799	(9,296)	1,060	(2,584)	(1,190)	(37,177)	145,669
Share of profit/(loss) of equity-accounted investees (net of tax)	1,574	(3,841)	-	-	(1,483)	1,111	91	(2,730)
Tax credit/(expenses)	3,045	(18,920)	(1,310)	(414)	1,681	493	3,416	(18,841)
Reportable segment assets ¹	3,293,984	3,443,684	122,090	168,126	46,487	44,676	3,462,561	3,656,486
Interests in joint ventures	305	308	-	-	39,329	42,036	39,634	42,344
Interests in associates	140,043	143,573	-	-	10,987	-	151,030	143,573
Capital expenditure	10,632	28,019	1,259	2,349	4,091	5,882	15,982	36,250
Reportable segment liabilities ¹	2,523,606	2,173,296	96,101	81,389	25,956	39,632	2,645,663	2,294,317

¹ Included Assets and Liabilities Held for Sale



Geographical information

31 December 2017

	Revenue S\$'000	Non-current assets S\$'000
Singapore	226,766	745,403
Middle East and North Africa	88,728	393,632
People's Republic of China	33,876	320,415
Others	4,259	51,411
	353,629	1,510,862

31 December 2016

	Revenue S\$'000 Restated	Non-current assets S\$'000 Restated
Singapore	520,442	1,975,279
Middle East and North Africa	252,528	397,220
People's Republic of China	48,788	342,472
Others	8,876	43,367
	830,634	2,758,338

14. Breakdown of sales

	2017 S\$'000	2016 S\$'000 Restated	Increase/ (decrease)
Sales reported for the first half year	173,285	453,875	(62)
Profit after tax before non-controlling interests reported for the first half year, excluding Tuaspring	22,549	63,480	(64)
Sales reported for the second half year	180,344	376,759	(52)
(Loss)/profit after tax before non-controlling interests reported for the second half year, excluding Tuaspring	(56,219)	60,618	NM



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

	Latest Full Year 2017 S\$'000	Previous Full Year 2016 S\$'000
Ordinary	1,963	9,423
Preference shares	23,996	24,063
Perpetual capital securities	<u>38,551</u>	<u>40,844</u>
Total	<u><u>64,510</u></u>	<u><u>74,330</u></u>

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

No IPT mandate has been obtained from shareholders.

17. 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).

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

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

BY ORDER OF THE BOARD

Lim Poh Fong
Company Secretary
27 February 2018