



NEWS RELEASE

HYFLUX REPORTS 5% INCREASE IN 3Q NET PROFIT OF S\$18.1 MILLION

- **MENA region turns in a strong performance**
- **Cost management exerts positive impact on bottomline and margins grow**

Singapore, 4 November 2009 – Mainboard-listed Hyflux Ltd (“Hyflux” or “The Group”) today reported a 5% rise in profit after tax and minority interests (PATMI) of S\$18.1 million on the back of group revenue of S\$126.5 million.

In the corresponding period in FY2008, the Group’s PATMI was S\$17.3 million while revenue was S\$177.4 million.

Emphasis on project execution and cost management measures put in place during the year have resulted in the 5% increase in PATMI despite the 29% decline in group revenue.

The net margin for the third quarter of FY2009 was 14%, an improvement over the 10% net margin recorded in the corresponding quarter in FY2008.

Financial Review

The MENA region continued to perform strongly, accounting for 72% of group revenue in the third quarter of FY2009 or S\$90.9 million, due to the ramping up of engineering, procurement and construction (EPC) activities on the world’s largest membrane-based desalination plant in Magtaa, Algeria.

China accounted for 24% or S\$29.8 million of group revenue in the third quarter of FY2009. The lower revenue from China market contributed largely to the contraction in group revenue. In the corresponding period last year, the revenue contribution from China market showed the benefit of EPC contributions from the Tianjin Dagang Desalination Plant. The plant, the largest membrane-based desalination plant in China, has since been completed. In addition, weakness in the industrial segment reflected the slow pick-up in industrial activities in the country.

In line with the lower volume of sales during the period, raw materials and subcontractors' costs fell by 37% to \$81.7 million, while staff costs fell by 13% largely due to the corresponding reduction in the volume of contract work in China. The Group's cash position stood at S\$129.5 million as at 30 September 2009.

Commenting on the Group's performance for the third quarter, Ms Olivia Lum, Group CEO, President and Managing Director, said, "The growth of MENA validates our strategic intent to develop an additional geographical growth region for our business. Along with our continued focus on cost control, human capital development and in technology investments, we are well positioned to capture the growth opportunities going forward".

Outlook for FY2009

Despite the uneven recovery on the global economic front, the outlook for the environment and water industry remains positive.

The municipal sector will continue to be the key contributor to the Group's revenue, particularly in the MENA region where the Group's desalination projects are progressing well.

The performance of the industrial sector will be largely dependent on the rate of recovery of China's economy and the pick-up in industrial and manufacturing sectors.

The Group's core revenue streams from EPC and Operations and Maintenance ("O&M") activities will benefit from the strong pipeline of projects that it has on hand. The Group will continue to grow this pipeline by actively pursuing business prospects in its key markets of China and MENA region as well as in India and South East Asia.

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About Hyflux

Hyflux is one of the world's leading technology-driven environmental companies, with operations and projects in Southeast Asia, China, India, the Middle East and North Africa.

Hyflux's spirit of innovation and entrepreneurship drives its technological advancements in membranes, commercialisation of applications, project management, and operations and maintenance.

Hyflux is committed to providing cost-effective, reliable and sustainable solutions to its customers worldwide, from seawater desalination, water recycling, wastewater and potable water treatment, to renewable resources management in the fields of oil recycling and specialty materials. The company is building the world's largest membrane-based seawater desalination plant in Magtaa, Algeria. It has completed building China's largest membrane-based seawater desalination plant in Tianjin Dagang.

Hyflux was voted the Water Company of the Year in 2006 by Global Water Intelligence. It won Frost and Sullivan's Technology Innovation of the Year Award 2007- Desalination Technologies (Asia Pacific) and Technology Innovation of the Year Award 2007- Residential Water Treatment Equipment Market (Southeast Asia).

For more information, please visit www.hyflux.com

For media queries, please contact:

Seah Mei Kiang (Ms)

Corporate Communications, Hyflux Ltd

DID: (65) 6580 6814

Email: meikiang_seah@hyflux.com

Catherine Hu (Ms)

Corporate Communications, Hyflux Ltd

DID: (65) 580 6808

Email: catherine_hu@hyflux.com

Issued on behalf of: Hyflux Ltd
By: Citigate Dewe Rogerson iMAGE Pte Ltd
Contact: Dolores Phua (Ms) / Carol Wee (Ms)
Tel: (65) 6532 5122 (Office)
97508237 / 97305754 (Handphone)
Email: Dolores.phua@citigatedrimage.com
Carol.wee@citigatedrimage.com