1Q FY2010 QUARTERLY RESULTS REVIEW

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Agenda

- Overview
- Quarterly Financial Results Review

Overview

- Improvement in Earnings: A reflection of revenue growth, better cost management and productivity gains
- New Application: Contract win for Singapore's largest MBR plant will build Hyflux's track record in MBR and open up opportunities in existing markets
- Water Industry Outlook: Outlook for global water industry remains strong as demand for clean, safe water for consumption continues to grow

Steady Revenue Growth

S$ mln	1Q 10	1Q 09	+/ -%
Revenue	101.3	88.2	15%
PBT	7.0	6.8	2%
Profit attributable to shareholders	6.4	5.1	25%

Key highlights

- Group revenue rose due to the continuation of EPC activities on the world's largest seawater RO desalination plant in Magtaa, Algeria.
- Earnings growth is a result of cost management and productivity gains.

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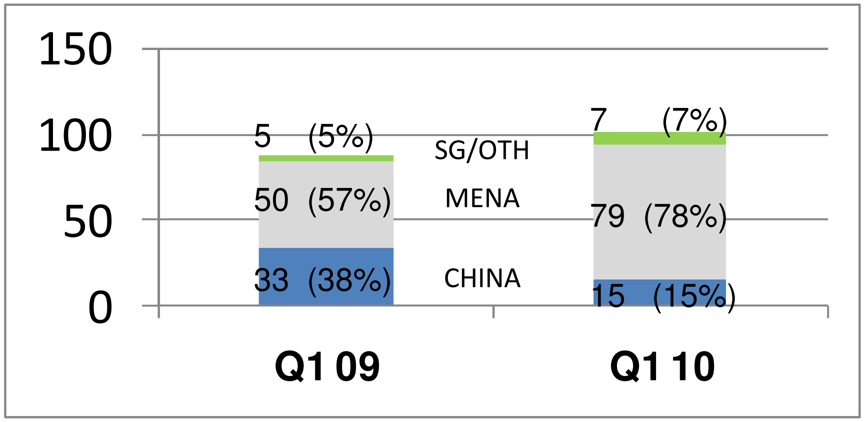
Revenue Breakdown

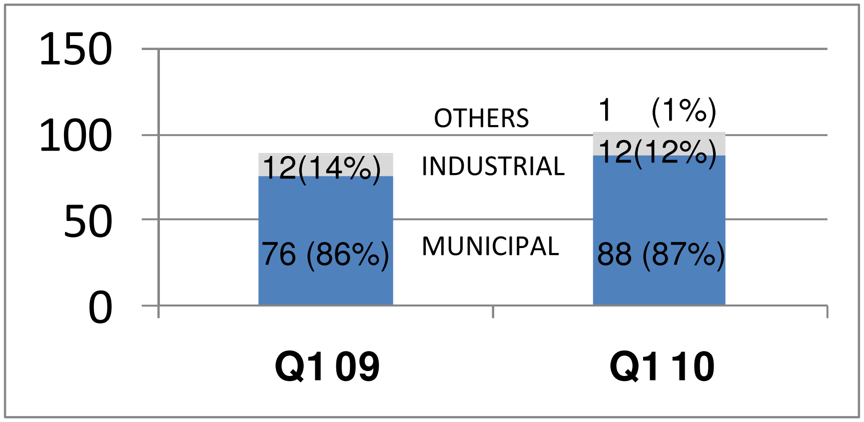
Revenue by Country

S$mln



Revenue by Sector

S$mln



Key highlights

With the progressive EPC recognition of Tlemcen and Magtaa, MENA's proportion of group revenue has climbed to 78%.

Key highlights

Municipal sales continue to be the key driver with execution of the MENA projects.

Industrial sales continued to remain slow due to weak economic activities.

Overall Expenses Hold Steady

S$ mln	Q1 10	Q1 09	+/-%
Raw Materials & Consumables	59	60	(1%)
Staff Costs	13	13	1%
Depreciation & Amortisation	3	2	38%
Other Exp	15	5	221%
Finance Costs	4	3	16%
Total Operating & Fin Exp	94	83	14%

Key highlights

Raw materials and consumables used decreased marginally despite increased revenue, due to cost management measures.

Finance costs increased because of higher loans and borrowings to support the Group's operational growth.

Other expenses increased as a result of higher professional fees, utilities charges and net foreign exchange impact.

Healthy Gearing

S$ mln	31 Mar 2010	31 Dec 2009
Equity	419	393
LT Assets	525	523
LT Liabilities	409	361
Current Liabilities	334	318
Net Current Assets	303	231
Net Gearing	0.59x	0.59x

Key highlights

The rise in Equity was mainly attributable to the changes in share capital arising from the issuance of shares under the ESOS Scheme and Warrant Subscription Agreements and net profit for 1Q 2010.

Long-term Liabilities rose largely because of the increase in loans and borrowings to support the Group's operations.

Current Liabilities increased mainly due to the increase in trade-related payables.

Current Assets rose mainly as a result of higher amounts due for contract work, and cash and cash equivalents.

Net gearing is stable at 0.59X.

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Stronger Cash Flow

S$ mln	Q1 10	Q1 09
CF Operations	(34)	(50)
CF Investing	(2)	(33)
CF Financing	68	64
Net Cash Changes	33	(19)
Cash & Equivalents	199	75

Key highlights

Low cashflow from operations was a result of working capital requirements.

Cash used in investing activities was mainly for capital expenditure on property, plant and equipment and intangible assets which was offset by dividends received from associates.

Margin Trend

	Q1 10	Q1 09
Gross Margin	**41%**	**32%**
Net Margin	**6.3%**	**5.8%**

Key highlights

Increase in gross margin as a result of continued cost management measures and productivity gains.

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