



NEWS RELEASE

HYFLUX REPORTS POSITIVE EARNINGS GROWTH MOMENTUM IN 2Q FY09

Key Highlights:

- Revenue increases by 24% to S\$134 million for 2QFY09
- PATMI for 2QFY09 expands by 15% to S\$26 million
- Potential business development in Libya for two large desalination plants

The Group's profit after tax and minority interests ("PATMI") for the second quarter in 2009 ("2QFY09") increased by 15% to S\$25.9 million, bringing its first half ("1HFY09") PATMI to a record of S\$31.0 million. In addition to sequential quarterly growth, this represents a 10% year-on-year growth over the corresponding period in 1HFY08. The better performance was due to the progressive completion of higher-valued projects, especially from the MENA market, with continued active project execution driving improved gross profit margins.

The municipal division, which accounted for 86% of Hyflux's revenue in 2QFY09, reported a 34% growth to S\$116.3 million. Industrial sales, which accounted for a smaller 13% of the Group's revenue, reversed its earlier contraction, improving to S\$17.7million in 2QFY09.

"We consistently focus on project execution including cost management and quality delivery. This has boosted our bottom line, and will put us in a good position, especially as we continue to broaden our global reach. To further strengthen our competitive edge, we remain committed to investments in R&D to ensure we stay ahead of the technology curve, which is integral to our value proposition. Despite the economic downturn, we have continued to develop and grow our human resource. With these initiatives, we believe we are positioned to take advantage of the long term growth potential in the water industry," said Ms Olivia Lum, Group CEO, President and Managing Director.

Singapore, August 6, 2009 – Main Board listed Hyflux Ltd (“Hyflux” or “The Group”), a leading global player in integrated environmental solutions and a specialist in membrane technologies, today reported PATMI of S\$25.9 million on revenue of S\$134.5 million for the quarter ended 30 June 2009 (“2QFY09”), an increase of 15% over the corresponding period in 2008.

Financial Review

Middle East North Africa (“MENA”) and China continue to be major revenue contributors, accounting for 60% and 38% of the Group’s total revenue respectively.

Raw materials and subcontractors’ costs rose to S\$72.5 million, from S\$55.7 million in 2QFY08, in line with the increase in revenue for the quarter. Staff costs rose in tandem with revenue to support the Group’s business expansion.

The increase in other expenses to S\$19.9 million in 2QFY09 from S\$8.0 million in 2QFY08 was mainly due to higher project related costs including project tender fees, bank charges, selling, travelling expenses and foreign exchange differences.

The Group’s cash position stood at S\$120.3 million as at 30 June 2009. The improvement in the cash position for this quarter was mainly due to the increase in operating profit and improvement in working capital for the period. Net gearing ratio also improved to 0.6 times.

Recent Developments

Hyflux completed the divestment of the Yangkou Rudong Waste Water treatment plant to Hyflux Water Trust (HWT) on 30 June 2009. This divestment to HWT represents the last of the 5 plants which were approved for acquisition by HWT’s unit holders in December 2008.

The Group entered into a Memorandum of Agreement in June 2009 with General Desalination Company of Libya. This agreement provides Hyflux the rights to negotiate for the Build, Operate and Transfer (“BOT”) development of two membrane-based seawater desalination plants in Libya. The proposal is for these two plants to use Hyflux’s award winning Kristal™ Ultra-Filtration pretreatment membranes and process technologies. The plants will be situated in the

largest cities in Libya, Tripoli and Benghazi, and their estimated plant capacities are 500,000 m³/day and 400,000m³/day respectively.

Outlook for FY 2009

We remain confident of the fundamental strength of the global water sector, particularly in the membrane-based seawater desalination segment where we believe that we can compete effectively. In addition, the outlook for the municipal sector remains encouraging as governments across the regions where we operate have continued to invest in environmental and water infrastructure. As we continue to execute our order book, the municipal water sector projects in MENA and China will provide core revenue streams for the Group. We will also continue to diligently source for new business opportunities in MENA, Southeast Asia, China and India.

The industrial division, although accounting for a smaller share of the Group's earnings, continues to remain an important business area. We are cautiously optimistic on the recovery of the sector.

Gross margins held steady in 2QFY09 due to our emphasis on project execution. Management will continue to strengthen Hyflux's competitive advantage by harnessing our strength in proprietary membrane technology and process engineering.

In tandem with its business expansion, Hyflux is committed to deepening and broadening its talent pool. Our human capital development program will help consolidate the Group's already strong position in China and MENA, and extend our reach to new markets with sustainable water programs.

With the increase in the Group's completed plants, our Operations and Maintenance ("O&M") order book has gone up to S\$694 million as at 30 Jun 2009 to include China's Tianjin Dagang desalination plant of 100,000m³/day capacity. Our Engineering, Procurement and Construction ("EPC") order book remained healthy at S\$952 million as at 30 Jun 2009. The combined order book has increased marginally from S\$1.5 billion as at end Dec 2008 to S\$1.6 billion as at end June 2009.

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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, alcohol fermentation and palm oil clarification. The company is building the world's largest membrane-based seawater desalination plant in Magtaa, Algeria.

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

For more information, please visit www.hyflux.com

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