



HYFLUX LTD

Registration number : 200002722Z

Unaudited Financial Statements For The Third Quarter And Nine Months Ended 30 September 2007

The Directors of Hyflux Ltd wish to announce the unaudited results of the Group for the third quarter and nine months ended 30 September 2007.

1 (a)(i) CONSOLIDATED PROFIT AND LOSS ACCOUNT for the third quarter and nine months ended 30 September 2007

	Third Quarter			Nine Months		
	1 Jul 07 to 30 Sep 07 S\$'000	1 Jul 06 to 30 Sep 06 S\$'000	+ / (-) %	1 Jan 07 to 30 Sep 07 S\$'000	1 Jan 06 to 30 Sep 06 S\$'000	+ / (-) %
Revenue	51,929	29,437	76%	104,040	100,616	3%
Raw materials and consumables used	(32,812)	(17,986)	82%	(60,753)	(51,833)	17%
Personnel expenses	(7,520)	(5,583)	35%	(18,898)	(15,158)	25%
Cost of share-based payment	(591)	(667)	(11%)	(2,134)	(2,475)	(14%)
Other operating expenses	(3,709)	(3,015)	23%	(10,868)	(10,369)	5%
Depreciation and amortisation	(2,032)	(1,276)	59%	(5,531)	(3,618)	53%
Gain on sale of partial interest in a joint venture [Note 1(a)(ii)]	-	-	NM	8,185	-	NM
Gain on sale of a subsidiary and an associate [Note 1(a)(ii)]	-	-	NM	-	1,655	(100%)
Gain on sale of property, plant and equipment	97	11	NM	209	30	NM
Finance income	286	336	(15%)	895	1,394	(36%)
Finance expenses	(1,310)	(1,306)	-	(3,064)	(3,787)	(19%)
Fair value (loss) / gain on derivative financial instruments	(299)	(48)	NM	(3,361)	114	NM
Share of results of associates*	-	(51)	(100%)	(88)	(998)	(91%)
Negative goodwill on acquisition of business	-	2,950	(100%)	2,620	2,950	(11%)
Other non-operating income / (expenses)	1,420	(721)	NM	2,024	(2,608)	NM
Profit before taxation	5,459	2,081	162%	13,276	15,913	(17%)
Tax expense	(345)	(889)	(61%)	(1,543)	(2,525)	(39%)
Profit after taxation	5,114	1,192	329%	11,733	13,388	(12%)
Attributable to:						
Minority interests	912	(688)	NM	1,765	(1,077)	NM
Shareholders of the Company	4,202	1,880	124%	9,968	14,465	(31%)
	5,114	1,192	329%	11,733	13,388	(12%)

NM: Not meaningful

* Amount less than \$1,000 in period from 1 July 2007 to 30 September 2007

NOTES TO CONSOLIDATED PROFIT AND LOSS ACCOUNT

1 (a)(ii) Profit before taxation of the Group is arrived at after (charging) / crediting the following : -

	1 Jul 07 to 30 Sep 07 S\$'000	1 Jul 06 to 30 Sep 06 S\$'000	1 Jan 07 to 30 Sep 07 S\$'000	1 Jan 06 to 30 Sep 06 S\$'000
Reversal of / (allowance for) doubtful debts - trade	778	-	622	(1,224)
Allowances for inventory obsolescence	(3)	-	(45)	-
Write-off for inventory obsolescence	-	-	(113)	-
Foreign exchange gain / (loss) (unrealised)	1,107	471	1,040	(1,267)
Foreign exchange gain / (loss) (realised)	(340)	202	(380)	(327)
	<u>(340)</u>	<u>202</u>	<u>(380)</u>	<u>(327)</u>

Gain on sale of partial interest in a joint venture is arrived as follows : -

	S\$'000	S\$'000	S\$'000	S\$'000
Cash received from sale	-	-	17,717	-
Less:				
Cost of investment disposed of	-	-	(8,000)	-
Post acquisition profits of investment disposed of	-	-	(1,389)	-
Legal and other professional fees incurred pursuant to the disposal	-	-	(143)	-
Gain on sale of partial interest in a joint venture	<u>-</u>	<u>-</u>	<u>8,185</u>	<u>-</u>

Gain on sale of a subsidiary and an associate is arrived as follows: -

	S\$'000	S\$'000	S\$'000	S\$'000
Sales proceeds	-	-	-	12,201
Less:				
Cost of investment disposed of	-	-	-	(10,000)
Post-acquisition profits of investment disposed of	-	-	-	(33)
Exchange difference	-	-	-	(409)
Legal and other professional fees incurred pursuant to the disposal	-	-	-	(104)
Gain on sale of a subsidiary and an associate	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,655</u>

1 (b)(i) BALANCE SHEETS

	Group		Company	
	30 Sep 07 S\$'000	31 Dec 06 S\$'000	30 Sep 07 S\$'000	31 Dec 06 S\$'000
<u>NON-CURRENT ASSETS</u>				
Property, plant and equipment	105,309	48,908	8,559	4,347
Intangible assets	47,004	38,982	3,876	3,408
Investment in subsidiaries	-	-	112,361	104,654
Investment in joint ventures	-	-	-	20,000
Investment in associates	24,540	5,202	12,197	-
Long term investments	7,081	5,997	899	899
Lease receivables	41,644	141,336	-	-
Other receivables	60	3,979	16,160	14,515
Deferred tax assets	857	505	-	-
Total non-current assets	226,495	244,909	154,052	147,823
<u>CURRENT ASSETS</u>				
Gross amounts due for contract work	80,993	50,723	21,975	14,031
Inventories	17,474	11,193	13,091	8,506
Trade receivables	40,960	30,734	6,373	1,165
Lease receivables	539	757	-	-
Other receivables, deposits and prepayments	68,014	25,526	4,397	3,427
Due from related parties (trade)	21,446	15,741	20,632	15,929
Due from related parties (non-trade)	127	1,433	117,785	31,145
Short-term loans	-	98	-	-
Derivative financial instruments	-	3,758	-	228
Cash and fixed deposits	68,367	55,827	15,650	4,694
Total current assets	297,920	195,790	199,903	79,125
<u>CURRENT LIABILITIES</u>				
Trade payables	62,601	35,277	2,450	1,012
Other payables and accruals	25,404	11,377	1,709	2,007
Advances from customers	20,292	3,358	2,062	2,062
Interest bearing loans and borrowings	1,287	33,663	-	30,902
Derivative financial instruments	54	4,995	-	-
Finance lease liabilities	189	576	-	-
Deferred income	357	10,436	-	-
Due to related parties (trade)	-	-	613	30
Due to related parties (non-trade)	108	1,273	19,539	9,952
Tax payable	269	973	-	-
Total current liabilities	110,561	101,928	26,373	45,965
Net current assets	187,359	93,862	173,530	33,160
<u>NON-CURRENT LIABILITIES</u>				
Interest bearing loans and borrowings	174,650	115,001	172,467	36,518
Finance lease liabilities	217	-	-	-
Deferred tax liabilities	5,205	4,136	159	159
Total non-current liabilities	180,072	119,137	172,626	36,677
Net assets	233,782	219,634	154,956	144,306

	<u>Group</u>		<u>Company</u>	
	<u>30 Sep 07</u> <u>S\$'000</u>	<u>31 Dec 06</u> <u>S\$'000</u>	<u>30 Sep 07</u> <u>S\$'000</u>	<u>31 Dec 06</u> <u>S\$'000</u>
<u>EQUITY ATTRIBUTABLE TO</u>				
<u>SHAREHOLDERS OF THE COMPANY</u>				
Share capital	94,319	91,142	94,319	91,142
Capital reserve	987	987	-	-
Foreign currency translation reserve	(4,054)	(4,550)	-	-
Hedging reserve	(4,670)	(7,839)	-	563
Employee share option reserve	8,422	6,288	8,422	6,288
Revenue reserve	118,005	115,054	52,215	46,313
Shareholders' equity	213,009	201,082	154,956	144,306
Minority interests	20,773	18,552	-	-
Total equity	233,782	219,634	154,956	144,306
<i>Group net borrowings (S\$)</i>	107,976	93,413	n.a.	n.a.
<i>Group net gearing (times)</i>	0.46x	0.43x	n.a.	n.a.

NOTES TO BALANCE SHEETS

1 (b)(ii) Group's borrowings and debt securities

Amount repayable in one year or less, or on demand

30 Sep 07		31 Dec 06	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
748	728	2,543	31,696

Amount repayable after one year

30 Sep 07		31 Dec 06	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
2,401	172,466	78,483	36,518

Details of any collateral

Certain subsidiaries of the Group have provided corporate guarantees to the financial institutions for the loans extended to the Company. A subsidiary's bank loan is secured by a lien over its inventory and receivables and partially guaranteed by a director of the subsidiary and financial institution.

1 (c) CONSOLIDATED CASHFLOW STATEMENT
for the third quarter and nine months ended 30 September 2007

	Third Quarter			Nine Months		
	1 Jul 07 to 30 Sep 07 S\$'000	1 Jul 06 to 30 Sep 06 S\$'000	+ / (-) %	1 Jan 07 to 30 Sep 07 S\$'000	1 Jan 06 to 30 Sep 06 S\$'000	+ / (-) %
Cash flows from operating activities						
Profit before taxation	5,459	2,081		13,276	15,913	
Adjustments:						
Cost of share-based payment	591	667		2,134	2,475	
Fair value loss / (gain) on derivative financial instruments	299	48		3,361	(114)	
Gain on sale of partial interest in joint venture	-	-		(8,185)	-	
Gain on sale of a subsidiary and an associate	-	-		-	(1,655)	
Gain on sale of property, plant and equipment	(97)	(11)		(209)	(30)	
Share of results of associates	-	51		88	998	
Depreciation and amortisation	2,032	1,276		5,531	3,618	
Finance expense	1,310	1,306		3,064	3,787	
Finance income	(286)	(336)		(895)	(1,394)	
Negative goodwill on acquisition of business	-	(2,950)		(2,620)	(2,950)	
(Reversal of) / allowance for doubtful debts - trade	(778)	-		(622)	1,224	
Allowance for inventory obsolescence	3	-		158	-	
Unrealised profit from associates	-	545		-	545	
Government grants	-	-		-	424	
Operating cash flows before working capital changes	<u>8,533</u>	<u>2,677</u>	NM	<u>15,081</u>	<u>22,841</u>	(34%)
Working Capital Changes :						
Inventories	(554)	2,822		(6,439)	1,834	
Gross amounts due for contract work	(15,611)	5,716		(30,753)	(20,655)	
Trade receivables	(2,605)	(3,619)		(7,168)	2,378	
Other receivables, deposits and prepayments	(731)	6,826		(43,367)	3,434	
Due from related parties	(1,368)	2,112		(5,410)	11,584	
Trade payables	19,380	(7,028)		27,744	(15,260)	
Other payables and accruals	885	(4,596)		308	(4,565)	
Advance from customers	(6,283)	(3,204)		16,933	(3,648)	
Deferred income	(8,014)	164		(10,078)	545	
Derivative financial instruments	(57)	-		(57)	166	
Total working capital changes	<u>(14,958)</u>	<u>(807)</u>	NM	<u>(58,287)</u>	<u>(24,187)</u>	NM
Cash (used in) / generated from operating activities	<u>(6,425)</u>	1,870		<u>(43,206)</u>	(1,346)	
Tax paid	<u>(246)</u>	<u>(662)</u>		<u>(1,214)</u>	<u>(1,242)</u>	
Net cash flows (used in) / from operating activities	<u>(6,671)</u>	<u>1,208</u>	NM	<u>(44,420)</u>	<u>(2,588)</u>	NM

	Third Quarter			Nine Months		
	1 Jul 07 to	1 Jul 06 to	+ / (-) %	1 Jan 07 to	1 Jan 06 to	+ / (-) %
	30 Sep 07	30 Sep 06		30 Sep 07	30 Sep 06	
S\$'000	S\$'000		S\$'000	S\$'000		
Cash flows from investing activities						
Purchase of property, plant and equipment	(24,913)	(29,850)		(32,188)	(29,572)	
Construction in progress	1,923	-		(6,826)	-	
Acquisition of intangible assets	(2,263)	(2,139)		(6,590)	(7,729)	
Cash outflow from sales of a subsidiary and an associate <small>[Note 1 (c)(ii)]</small>	-	-		-	(4,521)	
Proceeds from partial sale of interest in a joint venture <small>[Note 1 (c)(i)]</small>	-	-		16,058	-	
Proceeds from disposal of property, plant and equipment	97	42		209	96	
Long term investments	-	2,253		(1,083)	2,253	
Short term investments	-	-		-	2,000	
Investment in associate	(3,221)	(4,309)		(4,705)	(4,309)	
Acquisition of subsidiaries, net of cash acquired <small>[Note 1 (c)(iii)]</small>	-	(6,874)		-	(10,522)	
Acquisition of business <small>[Note 1 (c)(iv)]</small>	-	-		(6,921)	-	
Due from related parties	-	8,233		-	243	
Interest received	286	336		895	1,394	
Government grants received	-	-		-	229	
Net cash used in investing activities	(28,091)	(32,308)	(13%)	(41,151)	(50,438)	(18%)
Cash flows from financing activities						
Proceeds from issuance of new shares under Employee's Share Option Scheme	1,770	372		3,177	1,807	
Proceeds from / (repayment of) short-term loans	358	14,598		(31,490)	7,062	
Proceeds from / (repayment of) long-term loans	54,043	(6,939)		135,739	(1,705)	
Repayment of finance lease obligations	(44)	-		(171)	-	
Interest paid	(1,310)	(1,306)		(3,064)	(3,787)	
Payments of dividends	-	-		(7,017)	(6,963)	
Net cash flows from / (used in) financing activities	54,817	6,725	NM	97,174	(3,586)	NM
Net increase / (decrease) in cash and cash equivalents	20,055	(24,375)		11,603	(56,612)	
Cash and cash equivalents at beginning of the period	49,168	61,135		55,827	96,412	
Effect of exchange rate changes	(856)	(773)		937	(3,813)	
Cash and cash equivalents at end of the period	68,367	35,987	90%	68,367	35,987	90%

NOTES TO CONSOLIDATED CASHFLOW STATEMENT

1 (c)(i) The values of assets and liabilities of joint venture disposed were as follows :

	1 Jul 07 to 30 Sep 07 S\$'000	1 Jul 06 to 30 Sep 06 S\$'000	1 Jan 07 to 30 Sep 07 S\$'000	1 Jan 06 to 30 Sep 06 S\$'000
Current assets	-	-	4,248	-
Non-current assets	-	-	39,667	-
Current liabilities	-	-	(2,827)	-
Non-current liabilities	-	-	(31,699)	-
Net assets sold	-	-	9,389	-
Gain on partial disposal	-	-	8,185	-
Professional fees incurred	-	-	143	-
Cash proceeds from sale	-	-	17,717	-
Less: Professional fees incurred	-	-	(143)	-
Less: Cash in joint venture	-	-	(1,516)	-
Cash inflow on partial sale of interest in a joint venture	-	-	16,058	-

1 (c)(ii) The values of assets and liabilities of a subsidiary and an associate disposed were as follows :

	1 Jul 07 to 30 Sep 07 S\$'000	1 Jul 06 to 30 Sep 06 S\$'000	1 Jan 07 to 30 Sep 07 S\$'000	1 Jan 06 to 30 Sep 06 S\$'000
Current assets	-	-	-	23,505
Non-current assets	-	-	-	7,218
Current liabilities	-	-	-	(17,128)
Non-current liabilities	-	-	-	(5)
Minority interest	-	-	-	(3,044)
Net assets sold	-	-	-	10,546
Gain on sale of subsidiary	-	-	-	1,655
Cash proceeds from sale	-	-	-	12,201
Cash proceeds from sale of subsidiary	-	-	-	2,686
Cash proceeds from sale of associate	-	-	-	9,515
Total cash proceeds	-	-	-	12,201
Less: Cash in subsidiary	-	-	-	(16,722)
Cash outflow on sale of a subsidiary and an associate	-	-	-	(4,521)

1 (c)(iii)The fair values of the identifiable assets and liabilities of subsidiaries acquired were as follows :

	1 Jul 07 to 30 Sep 07 S\$'000	1 Jul 06 to 30 Sep 06 S\$'000	1 Jan 07 to 30 Sep 07 S\$'000	1 Jan 06 to 30 Sep 06 S\$'000
Cash	-	2,693	-	3,157
Current assets	-	11,823	-	13,737
Non-current assets	-	16,991	-	36,430
Current liabilities	-	(7,513)	-	(26,057)
Non-current liabilities	-	(5,312)	-	(6,410)
Minority interest	-	(5,356)	-	(5,822)
Net assets acquired	-	13,326	-	15,035
Positive goodwill on consolidation	-	237	-	2,640
Negative goodwill on consolidation	-	(2,950)	-	(2,950)
Purchase consideration	-	10,613	-	14,725
Less: Deposits	-	(1,046)	-	(1,046)
Less: Cash of subsidiaries acquired	-	(2,693)	-	(3,157)
Cash outflow on acquisition of subsidiaries	-	6,874	-	10,522

1 (c)(iv)The values of assets and liabilities of business acquired were as follows :

	1 Jul 07 to 30 Sep 07 S\$'000	1 Jul 06 to 30 Sep 06 S\$'000	1 Jan 07 to 30 Sep 07 S\$'000	1 Jan 06 to 30 Sep 06 S\$'000
Current assets	-	-	24,364	-
Non-current liabilities	-	-	(873)	-
Net assets acquired	-	-	23,491	-
Negative goodwill on acquisition of business	-	-	(2,620)	-
Purchase consideration	-	-	20,871	-
Less: Payable for acquisition of a business	-	-	(13,950)	-
Cash outflow on acquisition of business	-	-	6,921	-

1 (d)(i) STATEMENTS OF CHANGES IN EQUITY

Attributable to shareholders of the Company

	Issued share capital S\$'000	Share premium S\$'000	Capital reserve S\$'000	Foreign currency translation reserve S\$'000	Hedging reserve S\$'000	Employee share option reserve S\$'000	Revenue reserve S\$'000	Total S\$'000	Minority interests S\$'000	Total equity S\$'000
Group - Third Quarter 2007										
At 1.7.2007	92,549	-	987	(2,923)	(4,864)	7,831	113,803	207,383	19,649	227,032
Issue of shares for cash under Employees' Share Option Scheme	1,770	-	-	-	-	-	-	1,770	-	1,770
Net fair value gain of derivative financial instruments	-	-	-	-	194	-	-	194	-	194
Foreign currency translation differences	-	-	-	(1,131)	-	-	-	(1,131)	212	(919)
Cost of share-based payment	-	-	-	-	-	591	-	591	-	591
Net income recognised directly in equity	1,770	-	-	(1,131)	194	591	-	1,424	212	1,636
Net profit for the period	-	-	-	-	-	-	4,202	4,202	912	5,114
Total recognised income and expenses for the period	1,770	-	-	(1,131)	194	591	4,202	5,626	1,124	6,750
At 30.9.2007	94,319	-	987	(4,054)	(4,670)	8,422	118,005	213,009	20,773	233,782
Group - Nine Months 2007										
At 1.1.2007	91,142	-	987	(4,550)	(7,839)	6,288	115,054	201,082	18,552	219,634
Issue of shares for cash under Employees' Share Option Scheme	3,177	-	-	-	-	-	-	3,177	-	3,177
Net fair value gain of derivative financial instruments	-	-	-	-	3,732	-	-	3,732	-	3,732
Recognised in profit and loss account on maturity of financial instruments	-	-	-	-	(563)	-	-	(563)	-	(563)
Foreign currency translation differences	-	-	-	496	-	-	-	496	456	952
Cost of share-based payment	-	-	-	-	-	2,134	-	2,134	-	2,134
Net income recognised directly in equity	3,177	-	-	496	3,169	2,134	-	8,976	456	9,432
Net profit for the period	-	-	-	-	-	-	9,968	9,968	1,765	11,733
Total recognised income and expenses for the period	3,177	-	-	496	3,169	2,134	9,968	18,944	2,221	21,165
Dividends	-	-	-	-	-	-	(7,017)	(7,017)	-	(7,017)
At 30.9.2007	94,319	-	987	(4,054)	(4,670)	8,422	118,005	213,009	20,773	233,782

Attributable to shareholders of the Company

	Issued share capital S\$'000	Share premium S\$'000	Capital reserve S\$'000	Foreign currency translation reserve S\$'000	Hedging reserve S\$'000	Employee share option reserve S\$'000	Revenue reserve S\$'000	Total S\$'000	Minority interests S\$'000	Total equity S\$'000
Group - Third Quarter 2006										
At 1.7.2006	89,570	-	987	(3,109)	(3,741)	4,946	110,568	199,221	4,547	203,768
Issue of shares for cash under Employees' Share Option Scheme	372	-	-	-	-	-	-	372	-	372
Net fair value gain of derivative financial instruments	-	-	-	-	(2,444)	-	-	(2,444)	-	(2,444)
Foreign currency translation differences	-	-	-	142	-	-	-	142	1,847	1,989
Cost of share-based payment	-	-	-	-	-	667	-	667	-	667
Net income recognised directly in equity	372	-	-	142	(2,444)	667	-	(1,263)	1,847	584
Net profit for the period	-	-	-	-	-	-	1,880	1,880	(688)	1,192
Total recognised income and expenses for the period	372	-	-	142	(2,444)	667	1,880	617	1,159	1,776
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	5,356	5,356
At 30.9.2006	89,942	-	987	(2,967)	(6,185)	5,613	112,448	199,838	11,062	210,900
Group - Nine Months 2006										
At 1.1.2006	25,728	62,693	987	(617)	(7,143)	2,852	104,946	189,446	7,723	197,169
Effects of Companies (Amendment) Act 2005	62,407	(62,407)	-	-	-	-	-	-	-	-
Issue of shares for cash under Employees' Share Option Scheme	1,807	(286)	-	-	-	286	-	1,807	-	1,807
Net fair value gain of derivative financial instruments	-	-	-	-	958	-	-	958	-	958
Foreign currency translation differences	-	-	-	(2,350)	-	-	-	(2,350)	1,638	(712)
Cost of share-based payment	-	-	-	-	-	2,475	-	2,475	-	2,475
Net income recognised directly in equity	64,214	(62,693)	-	(2,350)	958	2,761	-	2,890	1,638	4,528
Net profit for the period	-	-	-	-	-	-	14,465	14,465	(1,077)	13,388
Total recognised income and expenses for the period	64,214	(62,693)	-	(2,350)	958	2,761	14,465	17,355	561	17,916
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	5,822	5,822
Disposal of a subsidiary	-	-	-	-	-	-	-	-	(3,044)	(3,044)
Dividends	-	-	-	-	-	-	(6,963)	(6,963)	-	(6,963)
At 30.9.2006	89,942	-	987	(2,967)	(6,185)	5,613	112,448	199,838	11,062	210,900

Attributable to shareholders of the Company

	Issued share capital S\$'000	Share premium S\$'000	Hedging reserve S\$'000	Employee share option reserve S\$'000	Revenue reserve S\$'000	Total S\$'000
<u>Company - Third Quarter 2007</u>						
At 1.7.2007	92,549	-	-	7,831	44,519	144,899
Issue of shares for cash under Employees' Share Option Scheme	1,770	-	-	-	-	1,770
Cost of share-based payment	-	-	-	591	-	591
Net income recognised directly in equity	1,770	-	-	591	-	2,361
Net profit for the period	-	-	-	-	7,696	7,696
Total recognised income and expenses for the period	1,770	-	-	591	7,696	10,057
At 30.9.2007	94,319	-	-	8,422	52,215	154,956
<u>Company - Nine Months 2007</u>						
At 1.1.2007	91,142	-	563	6,288	46,313	144,306
Issue of shares for cash under Employees' Share Option Scheme	3,177	-	-	-	-	3,177
Recognised in profit and loss account on maturity of financial instruments	-	-	(563)	-	-	(563)
Cost of share-based payment	-	-	-	2,134	-	2,134
Net income recognised directly in equity	3,177	-	(563)	2,134	-	4,748
Net profit for the period	-	-	-	-	12,919	12,919
Total recognised income and expenses for the period	3,177	-	(563)	2,134	12,919	17,667
Dividends	-	-	-	-	(7,017)	(7,017)
At 30.9.2007	94,319	-	-	8,422	52,215	154,956

Attributable to shareholders of the Company

Issued share capital	Share premium	Hedging reserve	Employee share option reserve	Revenue reserve	Total
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000

Company - Third Quarter 2006

At 1.7.2006	89,570	-	640	4,946	48,273	143,429
Issue of shares for cash under Employees' Share Option Scheme	372	-	-	-	-	372
Net fair value gain of derivative financial instruments	-	-	(78)	-	-	(78)
Cost of share-based payment	-	-	-	667	-	667
Net income recognised directly in equity	372	-	(78)	667	-	961
Net profit for the period	-	-	-	-	(496)	(496)
Total recognised income and expenses for the period	372	-	(78)	667	(496)	465
At 30.9.2006	89,942	-	562	5,613	47,777	143,894

Company - Nine Months 2006

At 1.1.2006	25,728	62,693	379	2,852	56,570	148,222
Effects of Companies (Amendment) Act 2005	62,407	(62,407)	-	-	-	-
Issue of shares for cash under Employees' Share Option Scheme	1,807	(286)	-	286	-	1,807
Net fair value gain of derivative financial instruments	-	-	183	-	-	183
Cost of share-based payment	-	-	-	2,475	-	2,475
Net income recognised directly in equity	1,807	(286)	183	2,761	-	4,465
Net profit for the period	-	-	-	-	(1,830)	(1,830)
Total recognised income and expenses for the period	1,807	(286)	183	2,761	(1,830)	2,635
Dividends	-	-	-	-	(6,963)	(6,963)
At 30.9.2006	89,942	-	562	5,613	47,777	143,894

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 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

1. For the three months ended 30 September 2007, 963,000 new ordinary shares were issued pursuant to options exercised under the Hyflux Employees Shares Options Scheme ("Scheme"). For the nine months ended 30 September 2007, 3,475,500 shares were issued pursuant to the Scheme.
2. For the nine months ended 30 September 2007, 5,580,000 options were granted under the Scheme, of which 3,430,000 were granted in 3Q2007.
3. As at 30 September 2007, the number of outstanding and unexercised Options granted under the Scheme was 23,547,468 (30 September 2006: 20,087,843).

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Review Engagement 2410, Review of Interim Financial Information Performed by Independent Auditors of the Entity

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 their 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

Not applicable.

6. **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	Third Quarter		Nine Months	
	1 Jul 07 to 30 Sep 07 Cents	1 Jul 06 to 30 Sep 06 Cents	1 Jan 07 to 30 Sep 07 Cents	1 Jan 06 to 30 Sep 06 Cents
Earnings per ordinary share after deducting any provision for preference dividends were:				
Based on the weighted average of 520,631,193 (30 Sep 2006: 515,831,860) ordinary shares in issue; and	0.80	0.36	1.91	2.80
On a fully diluted basis of 526,609,928 (30 Sep 2006: 523,630,310) ordinary shares	0.80	0.36	1.89	2.76

7. **Net asset value (for the Issuer and Group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.**

	30 Sep 07 Cents	31 Dec 06 Cents
Net assets value per ordinary share of:		
Group	40.8	38.8
Company	29.7	27.8

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) Profit and Loss Account Analysis

Third Quarter

Revenue

The Group's revenue increased by 76% to \$51.9 million in 3QFY2007.

Industrial sales increased by 96% to \$39.2 million, and municipal sales increased by 85% to \$12.4 million this quarter.

China continued to be the main revenue driver, contributing approximately 68% of total revenue in 3QFY2007. Sales in the Middle East and North Africa ("MENA") accounted for 27% of total revenue in this quarter.

Costs and Expenses

Raw materials and consumables increased in line with the sales volume and the escalating cost of construction materials for industrial and EPC projects in this quarter.

Personnel expenses increased as the Group continues to invest in human capital which is necessary to support the Group's expansion plans into China, India, MENA and oil recycling businesses.

Depreciation and amortisation increased this quarter due to the increase in property, plant and equipment and intangible assets from the previous corresponding quarter.

The Group recorded other non-operating income of \$1.4 million in 3QFY2007 as compared to the non-operating expenses recorded in the previous corresponding quarter. This was mainly due to the unrealised foreign exchange gain recorded on the translation of a loan facility denominated in US dollar as a result of the weakening US dollar.

The effective tax rate for this quarter was 6%, which was lower than the statutory tax rate due to the tax exemptions and incentives enjoyed by certain entities of the Group.

Overall, the net impact of the above resulted in net profit for the Group of \$5.1 million in 3QFY2007.

Earnings Per Share

The increase in basic earnings per share and fully diluted earnings per share in 3QFY2007 was due to higher profits generated as compared to the preceding corresponding period.

Nine Months

Revenue

The Group's revenue increased by 3% to \$104.0 million for the nine months ended 30 September 2007.

Industrial sales were higher by 24% to \$82.4 million for the current nine-month period, whilst municipal sales were lower by 33% to \$20.0 million.

China, the main revenue driver, contributed approximately 71% of total revenue for the current nine months, whilst sales in MENA accounted for 20% of total revenue.

Costs and Expenses

Raw materials and consumables increased mainly due to the increase in the sales volume and the escalating cost of construction materials for industrial and EPC projects in this financial period.

Personnel expenses increased as the Group continues to invest in human capital which is necessary to support the Group's expansion plans into China, India, MENA and oil recycling businesses.

Depreciation and amortisation increased in this financial period due to the increase in property, plant and equipment and intangible assets from the previous financial period.

During the nine months ended 30 September 2007, the Group recorded approximately \$8.2 million gain on partial sale of its 50% joint venture, SingSpring Pte Ltd ("SingSpring") which owns a seawater desalination plant. Subsequent to the divestment in February 2007, the Group holds 30% interest in the desalination plant via SingSpring Trust.

The finance income decreased due to the decrease in interest income earned.

The fair value loss on derivative financial instruments arose mainly from the transfer of approximately \$3.2 million of the hedging reserve to the profit and loss account upon the divestment of SingSpring in February 2007.

For the nine months ended 30 September 2007, the Group recognised a negative goodwill amounting to approximately \$2.6 million resulting from the acquisition of a business in June 2007.

The Group recorded other non-operating income of approximately \$2.0 million this financial period, as compared to the non-operating expenses recorded in the previous corresponding financial period. This was mainly due to the unrealised foreign exchange gain recorded on the translation of a loan facility denominated in US dollar as a result of the weakening US dollar.

The effective tax rate for this financial period was 12%, which was lower than the statutory tax rate due to the tax exemptions and incentives enjoyed by certain entities of the Group.

Overall, the net impact of the above resulted in net profit for the Group of \$11.7 million for the nine months ended 30 September 2007.

Earnings Per Share

The decrease in basic earnings per share and fully diluted earnings per share as compared to the preceding corresponding period was due to the lower profit for the nine months ended 30 September 2007.

8(b) Balance Sheets Analysis

Group

Non-current assets decreased due to the divestment of the SingSpring desalination plant in February 2007, which resulted in a decrease in lease receivables of approximately \$100.0 million. This decrease was offset by an increase in property, plant and equipment and intangible assets of approximately \$56.4 million and \$8.1 million respectively with the expansion of overseas businesses.

The increase in investment in associate was due to the acquisition of two new associates during this financial period, and due to the change in status of the Group's investment in the SingSpring plant from a joint venture to an associate as a result of the divestment in SingSpring in February 2007.

Non-current liabilities increased by 51% to \$180.1 million from \$119.1 million. The net increase was due to the additional \$135.7 million drawdown of bank loan during this financial period, which was offset against the repayment of short-term loans, the purchase of property, plant and equipment and investments in associates.

Shareholders equity increased by \$11.9 million or 6% to \$213.0 million from \$201.1 million as at 31 December 2006. New shares of approximately \$3.2 million were issued during the financial period, whilst the employee share option reserve increased by \$2.1 million.

The net debt to equity ratio for the Group increased to 0.46 as at 30 September 2007 from 0.43 as at 31 December 2006 due to increased Group borrowings during this financial period.

Company

Non-current assets increased by 4% to \$154.1 million from \$147.8 million mainly due to the increase in investments in a subsidiary resulting from additional capital contributions.

Increase in current assets of \$120.8 million to \$199.9 million from \$79.1 million was mainly due to shareholder's loan of approximately \$86.7 million granted to subsidiaries. In line with increased operating activities, the inventory balance increased by \$4.6 million and trade receivables increased by \$5.2 million. Cash and fixed deposits increased by \$11.0 million due to the additional drawdown of bank loan during this financial period.

Current liabilities decreased to \$26.4 million from \$46.0 million as at 31 December 2006 mainly due to the repayment of bank loan of approximately \$30.9 million. The overall decrease in current liabilities was offset by the increase in trade payables of \$1.4 million due to operating activities.

Non-current liabilities increased to \$172.6 million from \$36.7 million as a result of the additional drawdown of bank loan during this financial period.

Shareholders' equity for the Company increased by \$10.7 million to \$155.0 million from \$144.3 million as at 31 December 2006. New shares of approximately \$3.2 million were issued during the financial period, whilst the employee share option reserve increased by \$2.1 million.

Cashflow Statement Analysis

The Group's cash position as of 30 September 2007 was \$68.4 million, up by \$32.4 million compared to 30 September 2006.

The higher net cash used in operations for the third quarter and nine months ended 30 September 2007 was due mainly to increased working capital requirements.

Cash used in investing activities for this financial period was mainly on the acquisition of property, plant and equipment and associates.

The increase in cash generated from financing activities as compared to the preceding corresponding period was due to the additional bank loan drawn down.

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 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 fundamentals of environmental and water industries remain favourable and the Group is expected to benefit from these strong industry fundamentals.

With reference to the Company's recent announcement made on 11 October 2007, the proposed establishment of Hyflux Water Trust ("HWT") will position the Group for sustainable growth. HWT is expected to further enhance the Group's growth potential by unlocking capital, realizing the intrinsic values of its assets and enable the Group to re-invest the capital into new projects and expansion.

Our industrial and energy sectors continue to make promising progress. The Group has achieved a significant milestone entering into the field of clean energy collaborating with BP International Ltd ("BP") and the Dalian Institute of Chemical Physics ("DICP") to jointly develop and commercialize the use of Zeolite Dewatering Membranes in the production of biofuels.

Our used-oil recycling business continues to make progress in Saudi Arabia, China, the Philippines and Vietnam.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared/recommendeded, a statement to that effect

Not applicable

13. Confirmation by the Board

The directors of the Company confirm that, to the best of their knowledge, nothing has come to their attention which may render the 3QFY2007 financial results to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Yang Ai Chian
Company Secretary
12 November 2007