



NEWS RELEASE

HYFLUX POSTS 1Q2008 NET EARNINGS OF S\$5.7 MILLION ON REVENUE OF S\$89.6 MILLION

Key Highlights:

- **Profit After Tax and Minority Interest (PATMI) is 395% higher versus 1Q2007 at S\$5.7 million**
- **Revenue at S\$89.6 million increased by 412% versus 1Q2007**
- **Earnings per share at 1.10 cents is 400% higher versus 1Q2007**
- **Eight additional water plants of capacity 295,000m³/day clinched in China**
- **Won the bid against global competition, for the world's largest seawater desalination plant in Magtaa, Algeria using our proprietary membrane technology**
- **Order book now stands at S\$1.5 billion**

"This quarter underscores our fulfillment in delivering projects announced in the previous year. We are excited about our robust growth particularly in our key markets in China and in the Middle East and North Africa (MENA) region.

We had a number of key developments that further strengthen our leadership position as a global environmental player and we will continue to build on our human capital capabilities and research and development infrastructure by focusing our efforts on projects that will leverage on our proven desalination expertise.

Our municipal sales increased significantly to S\$70.3 million in 1Q2008 from S\$8.7 million in 1Q2007. We also registered strong growth in the Industrial sector with revenue of S\$19.1 million in 1Q2008 from S\$8.7 million in 1Q2007. China and MENA continue to

be the key growth drivers, contributing 40% and 56% of the total revenue for 1Q2008 respectively,” said Ms Lum, Group CEO, President and Managing Director.

Singapore, 13 May 2008 – Main Board-listed Hyflux Ltd (“Hyflux” or “The Group”), a leading regional player in the integrated environmental solutions specialising in membrane technologies, today reported net earnings of S\$5.7 million on revenue of S\$89.6 million for the quarter ended 31 March 2008 (“1Q2008”).

The Group’s performance has been enhanced significantly by revenue in the municipal sector in 1Q2008 as compared to 1Q2007. The increase was largely contributed by sales in China and the Middle East and North Africa (“MENA”) region. Industrial sales also increased this quarter as compared to the previous corresponding quarter.

Financial Review

MENA and China were the main growth drivers, accounting for 96% of total revenue in 1Q2008. Hyflux has been awarded more than 40 projects covering wastewater treatment and water recycling across China.

MENA is a key market for the Group as it offers vast opportunities for desalination plants to be built in meeting the rapid pace of economic development. We expect strong growth from this region following two large desalination plants, water and oil recycling projects clinched in 2007.

“We choose to go to markets which are ready where the governments are willing to work with private direct investors. Our pioneering efforts in both China and MENA have been bolstered by the governments’ emphasis to build more water treatment and recycling plants and our entry into these markets has been timely in taking advantage of some of these initiatives.

In addition, we have been recognised for our track record in managing large-scale projects, and we have been positioned as a credible and reliable player that is familiar with the negotiation of such partnership platform in other countries,” said Ms Lum.

The Group maintains strong cost control mechanisms and whilst raw material and consumables costs at S\$68.7 million have broadly increased in line with revenue, operating profit and cashflow have been enhanced.

Personnel expenses are in line with the Group's planned investments in human capital to support growth. Headcount increased from approximately 800 to 1,300, and cost increased from S\$5.0 million to S\$9.3 million.

Overall, the net impact of the above resulted in profit after tax and minority interests for the Group of S\$5.7 million for 1Q2008, which is five times higher as compared to 1Q2007.

The Group's cash position stood at S\$98.0 million as at 31 March 2008.

Earnings per share increased five times to 1.10 cents in 1Q2008 from 0.22 cents in 1Q2007.

Recent Development

We successfully won the bid to build the world's largest reverse osmosis membrane desalination plant in Magtaa, Oran region, western Algeria amidst intense competition from five other contenders comprising water organisations from Spain and other reputable international players from United Kingdom, Japan and USA.

Commenting on the win, Ms Lum said: "Our proven track record in delivering large-scale desalination projects, coupled with our proprietary membrane technology and our ability to offer total integrated solutions are the key to winning the bid. This win also demonstrates Hyflux's innovation in membrane technology. An unprecedented record, the project also marks the world's single largest ultrafiltration plant which leverages on our award-winning proprietary Kristal™ membrane."

Prospects

Fundamentals of environmental and water industries remained favorable and outlook in the medium term continue to be positive.

Municipal sector in China and MENA remained robust as the group continues to secure water and seawater desalination projects in these two key regions. Subsidiaries of the group are engaged in engineering, procurement and construction as well as in the operation and maintenance of these plants, which will generate recurring revenue stream in the next 25 to 30 years.

In China, pipeline of water projects remained steady with the announcement of 8 additional water plants secured in Jiangxi, Hunan, Jiangsu, Liaoning, Anhui and Shandong provinces from January 2008 to April 2008.

In MENA, the Group has successfully won the bid for the world's largest seawater desalination plant in Magtaa, Oran region, Western Algeria. This significant win will further strengthen the Group's position in MENA region. The construction of our first seawater desalination project in Tlemcen, Algeria, is progressing according to schedule.

Projects in our industrial and energy sectors are making good progress.

Taking into account the current economic uncertainty, the Group closely monitors and manages any factors that may have an impact on our operations.

– End –

About Hyflux Ltd

Founded in 1989, Hyflux Ltd has rapidly grown to become a global environmental technological company specialising in membrane technologies, with operations in Singapore & Southeast Asia, China, the Middle East & North Africa, and India.

Listed on the Singapore Stock Exchange, Hyflux is today an integrated solutions provider offering services that include process design and optimisation, pilot testing,

fabrication, and installation, engineering, procurement & construction. It is also engaged in the commissioning, operation & maintenance of a wide range of water treatment & liquid separation plants on a turnkey or Design-Build-Own-Operate (“DBOO”) arrangement.

In 2007, the Group received two awards namely, 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) from Frost and Sullivan.

In 2006, Hyflux was awarded Water Company of the Year by the UK’s Global Water Intelligence at the Global Water Awards. It was also named a Forbes Asia’s Best Under a Billion Company in 2006 and 2005.

For more information, please visit www.hyflux.com

For media queries, please contact:

Claire Ng (Ms)
Senior Manager, Group Communications & Relations
Hyflux Ltd
DID: (65) 6580 6814
HP: (65) 9145 5599
Email: claire_ng@hyflux.com

Mary Chan (Ms)
Senior Executive, Group Communications & Relations
Hyflux Ltd
DID: (65) 6372 6224
HP: (65) 8112 3925
Email: mary_chan@hyflux.com