



NEWS RELEASE

HYFLUX POSTS RECORD QUARTERLY REVENUE OF S\$108.1 MILLION AND NET EARNINGS INCREASE BY 290% TO S\$23.9 MILLION

Key Highlights:

- **Record quarterly revenue of S\$108.1 million, an increase of 139% compared to 2Q2007**
- **Profit After Tax (PAT) is 290% higher at S\$23.9 million compared to 2Q2007**
- **Earnings per share is 306% higher at 4.30 cents compared to 2Q2007**
- **Strong growth in municipal sectors in China and MENA**

“We focus on strengthening our presence in key markets in China and Middle East and North Africa (“MENA”) by continuing the momentum we have built since the previous year, to drive our growth.

Our raw material costs are in line with revenue and we continue to invest in human capital for growth.

Building upon our human capital capabilities - research and development, plant design and construction, project and site management – in these markets, we continue to reinforce our expertise as an integrated solutions provider in the highly competitive municipal sector.

Our municipal sales increased more than eight times to S\$86.7 million in 2Q2008 from S\$10.0 million in 2Q2007. China and MENA continue to be the key growth drivers, contributing 61% and 34% respectively to the total revenue for 2Q2008,” said Ms Olivia Lum, Group CEO, President and Managing Director.

Singapore, 6 August 2008 – Main Board-listed Hyflux Ltd (“Hyflux” or “The Group”), a leading global player in the integrated environmental solutions specialising in membrane technologies, today reported net earnings of S\$23.9 million on revenue of S\$108.1 million for the quarter ended 30 June 2008 (“2Q2008”).

The Group’s strong performance to date is largely attributed to increased sales in China and MENA, mainly in the municipal sector.

Financial Review

China and MENA were the main growth drivers for the Group, accounting for 95% of the total revenue. Hyflux has been awarded more than 40 projects covering wastewater treatment and water recycling across China, with primary focus in the Jiangsu, Tianjin, Hebei and Shandong provinces.

“MENA is a key market for the Group. Apart from China, MENA is actively looking at desalinated water for human consumption and industrial use. Our two desalination projects in Algeria – in particular our recent win to build the world’s largest desalination plant in Magtaa – have firmly positioned Hyflux as a global player with the essential engineering and technology know-how.

Our timely entry into the China and MENA markets gave us the head start and the resulting competitive advantage. Our strong partnerships with key governments in these markets are testimonials to our differentiated position as a credible and reliable brand,” said Ms Lum.

The Group’s raw material and consumables costs increased from S\$28.3 million to S\$55.9 million in 2Q2008 in line with the increase in sales volume. Personnel expenses of S\$12.9 million are in line with the increase in headcount to support growth.

The tax charge was lower than the amount that would arise by applying the Singapore corporate tax rate mainly due to the tax exemptions and incentives enjoyed by certain entities in the Group.

Overall, the net impact of the above resulted in profit after tax for the Group of S\$23.9 million for 2Q2008, which is almost four times higher as compared to 2Q2007.

The Group's cash position stood at S\$93.6 million as at 30 June 2008.

Earnings per share increased four times to 4.30 cents in 2Q2008 from 1.06 cents in 2Q2007.

Recent Development

Project agreements – for water sale and purchase, engineering, procurement and construction, and operations and maintenance – have been duly signed in the quarter following the successful bid to build the world's largest reverse osmosis membrane desalination plant in Algeria.

“The conclusion of the project agreements in this quarter marks a key milestone in the next growth phase for the Group and our focused efforts in delivering membrane-based solutions to the market,” added Ms Lum.

Prospects

Outlook of the environmental and water industries remains encouraging.

First half-year FY2008 results have been in line with the Group's expectation. Hyflux continues to experience strong growth in the municipal sectors in China and MENA. Desalination and water projects in these two regions are progressing on schedule.

As Hyflux takes appropriate steps in dealing with uncertainty in the world economy, global financial markets and volatile commodity prices, the Group remains optimistic in delivering earnings growth.

In July 2008, the Group announced the establishment of a S\$300 million Multicurrency Debt Issuance Programme with DBS Bank Ltd and Standard Chartered Bank as arrangers and initial dealers. The net proceeds from the issuance of notes will be used to finance the Group's investments or general corporate funding requirements.

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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 and Southeast Asia, China, the Middle East and 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 and construction. It is also engaged in the commissioning, operation and maintenance of a wide range of water treatment and 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

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