

*Hyflux*TM



2Q 2007 Results Review
14th August 2007

Financial Review 2Q 2007



**Presented by Grace Goh
Group CFO and EVP**

Financial Highlights

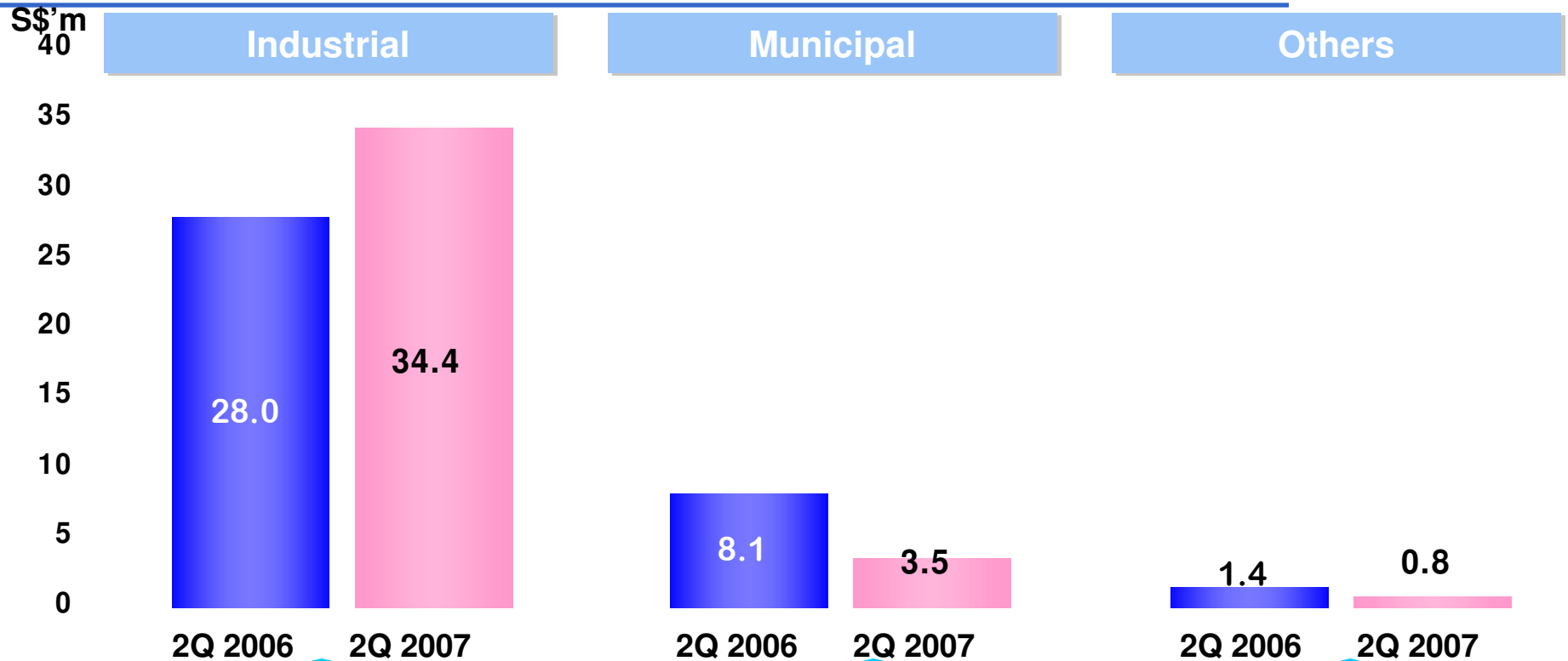
	2Q 2007	2Q 2006	+ / (-) %
Sales	\$38.8m	\$37.5m	3%
Operating profit/(loss) *	\$3.4m	\$3.5m	(3%)
Fair value gain/(loss) on financial instruments	(\$0.1m)	-	NM
Negative goodwill	\$2.6m	-	NM
PBT	\$5.2m	\$2.7m	93%
PAT	\$5.2m	\$2.4m	113%
EPS	0.87cents	0.58cents	50%
Net Debt-to-Equity Ratio (including PF loan)	0.32	0.25	28%

* Excludes one time and fair value gains

NM : Not meaningful

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Revenue by Sector



Industrial Sales ↑ 23% yoy

- Industrial sales was largely driven by milestone completion of projects
- 89% of 2Q 2007 Group revenue

Municipal Sales ↓ 57% yoy

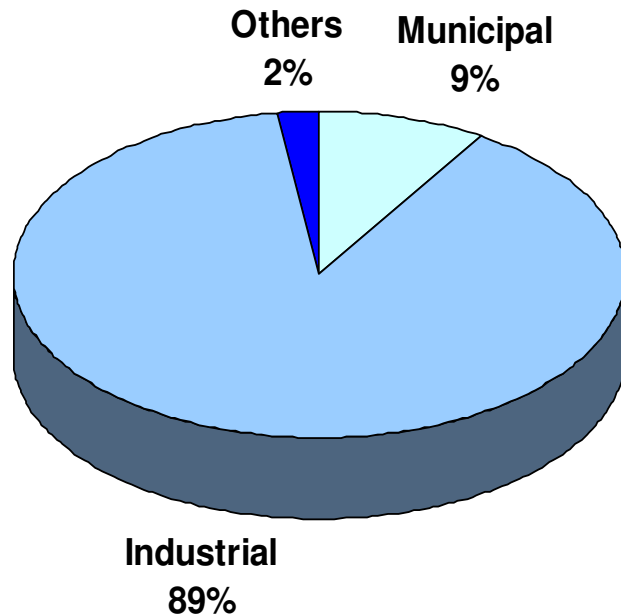
- SinoSpring - EPC revenue are fully eliminated upon consolidation
- Lower revenue from Singapore and Middle East
- 9% of 2Q 2007 Group revenue

Other Sales ↓ 39% yoy

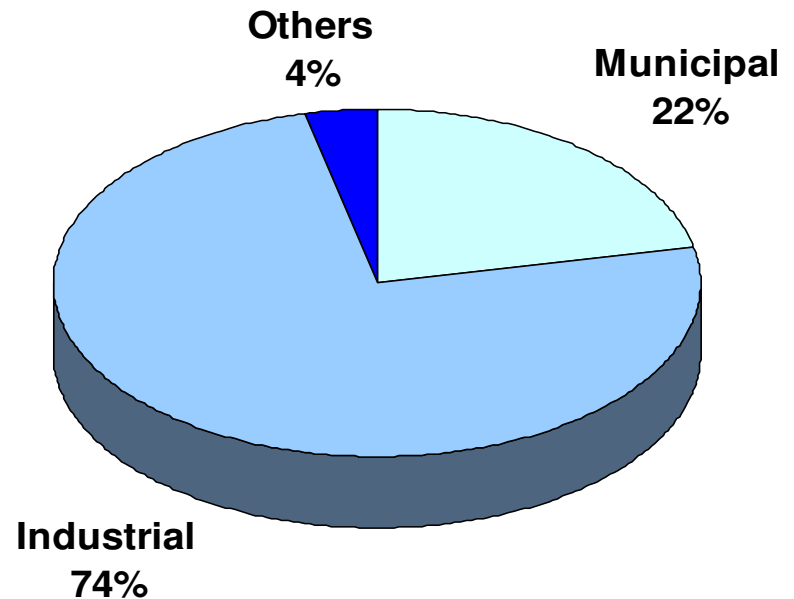
- lower sales in 2Q 2007

Revenue by Sector

2Q 2007

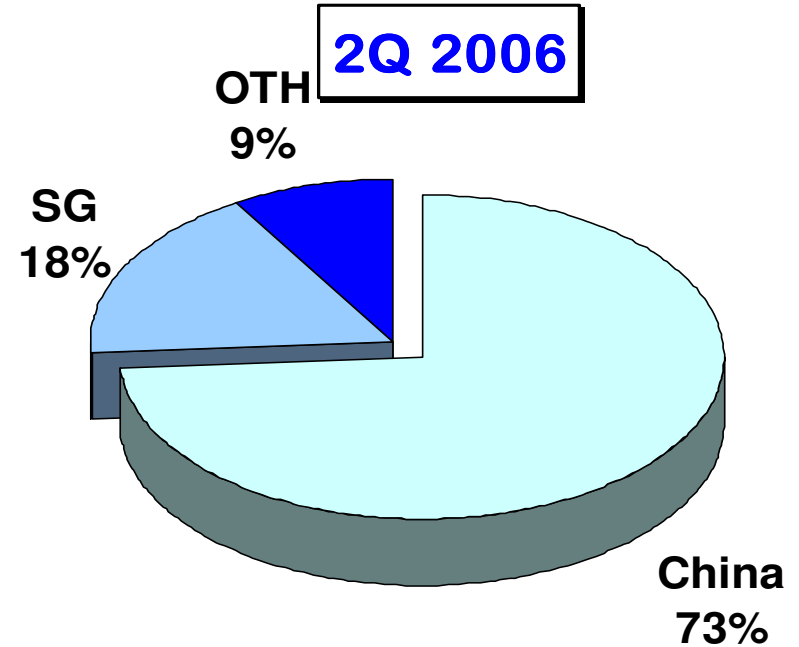
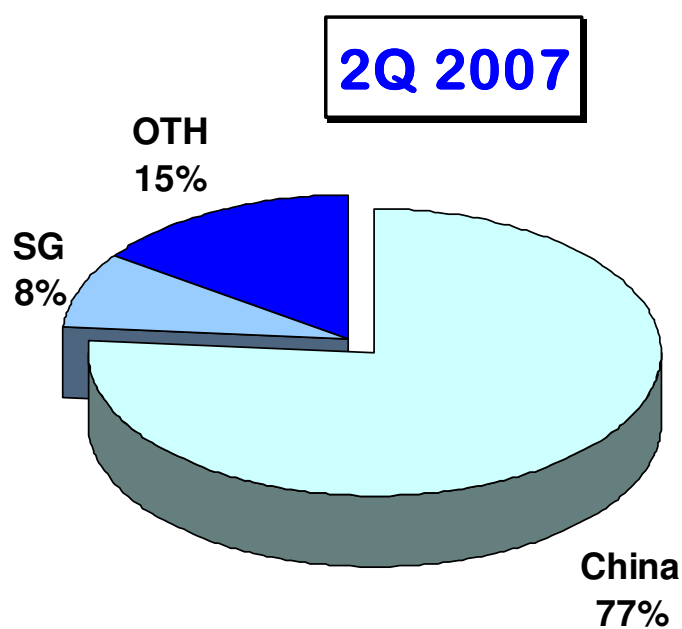


2Q 2006



Industrial sector major revenue contributor

Revenue by Country



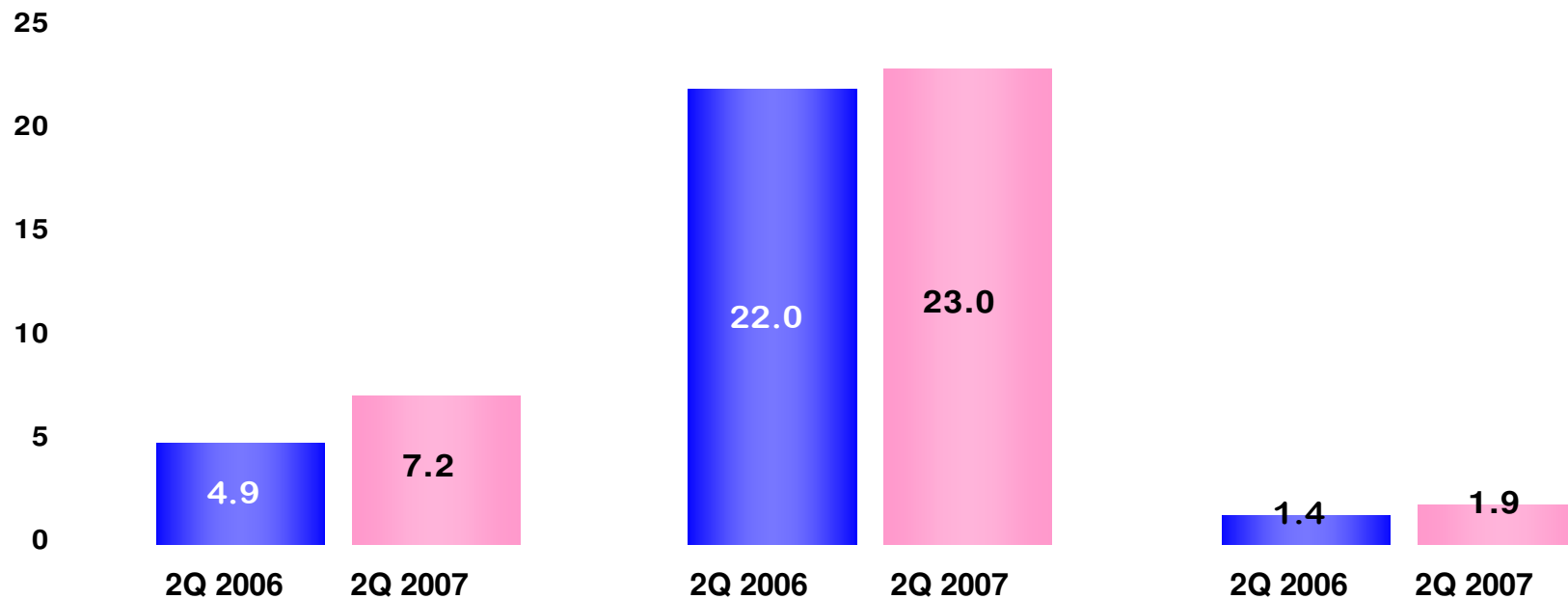
China continues to be a key growth driver

Personnel, COS and others

Personnel Expense +
Cost of Share based

Raw materials +
consumables

Depreciation +
Amortisation



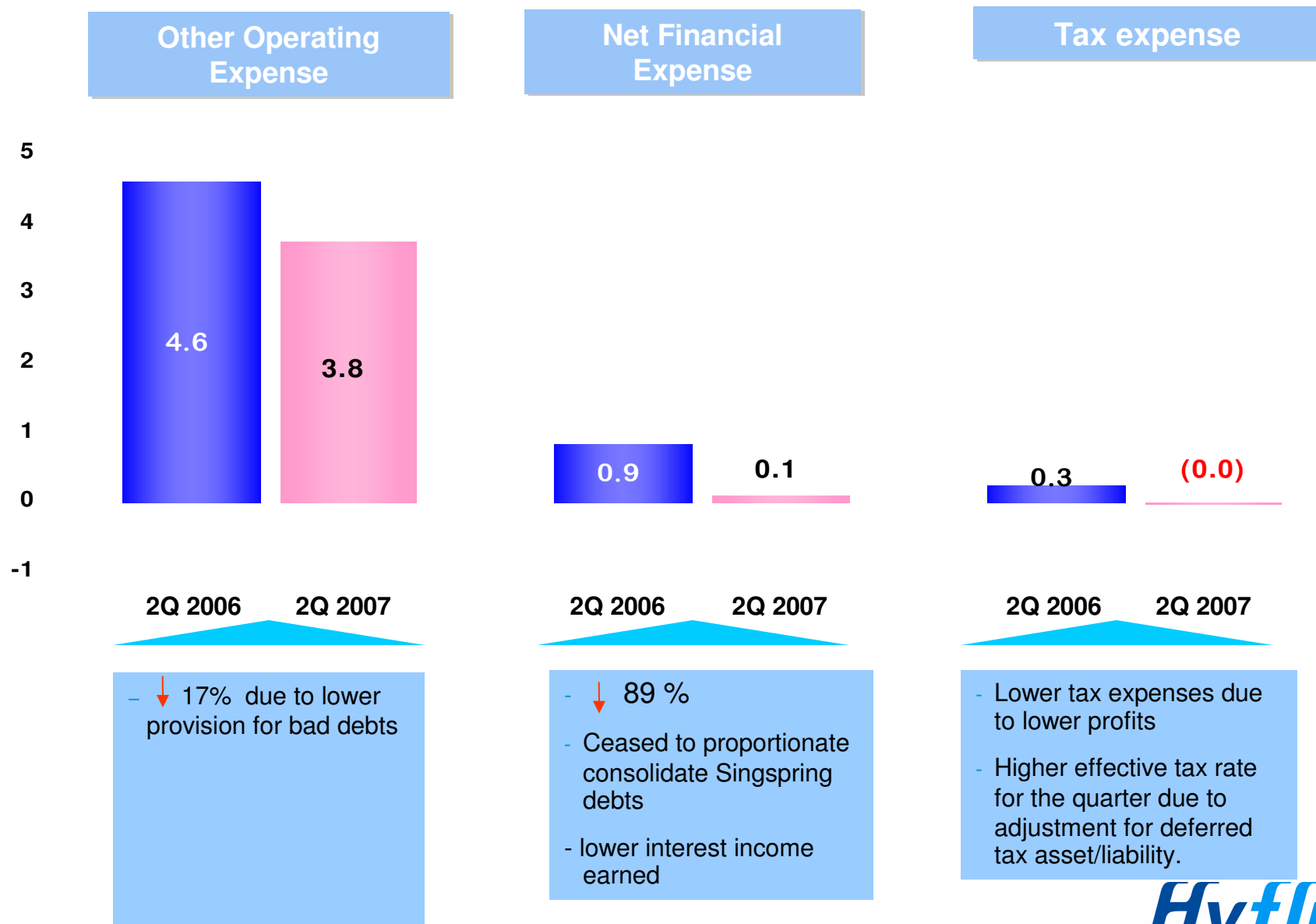
- Personnel expenses ↑ 52%
- Share-based ↑ 28%
- Invest in human capital to support Group's expansion plans

- ↑ 4% in line with higher revenue

- ↑ 40%
- Increase in plant and equipment, intangible assets

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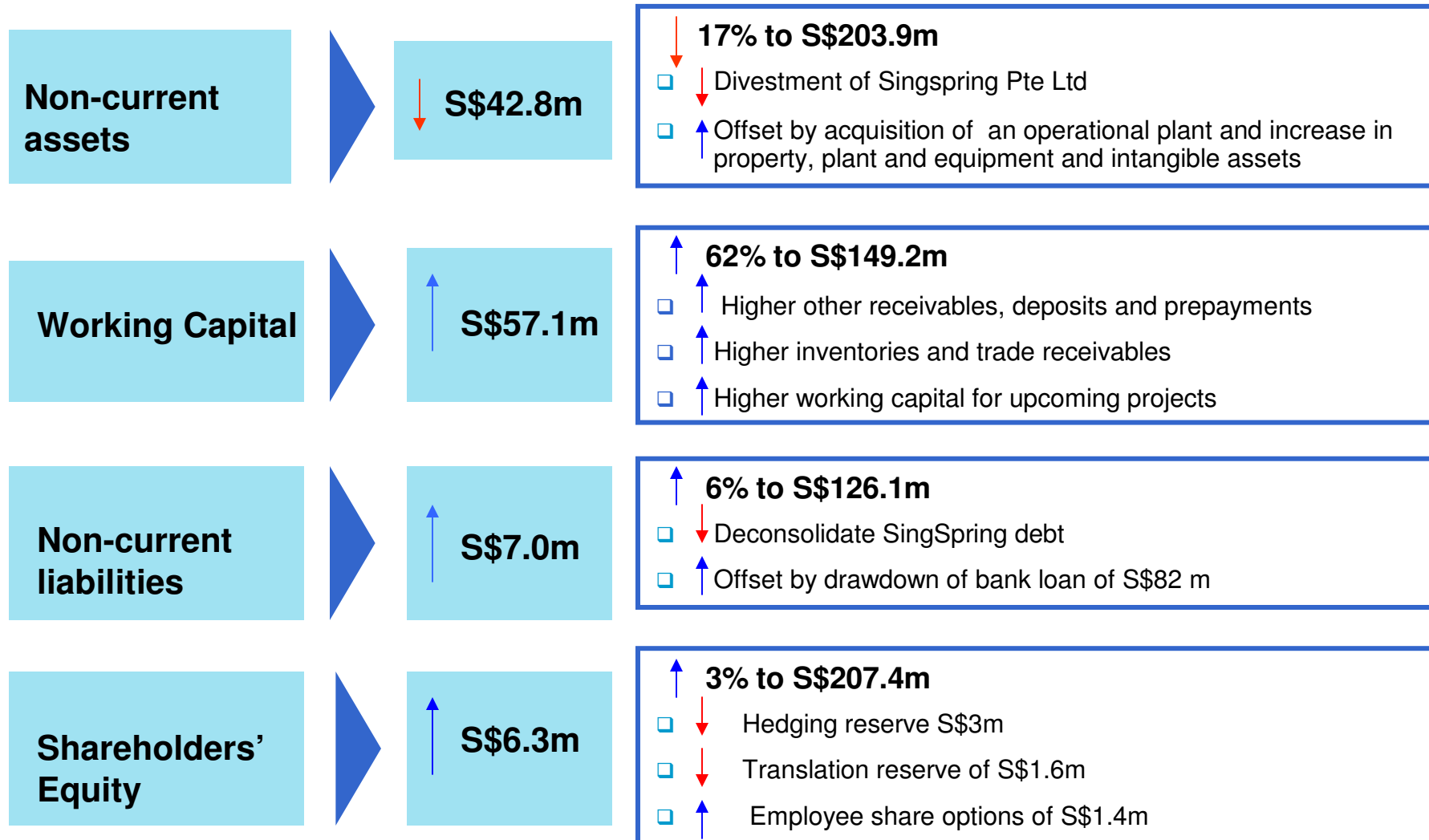
Cost/Expenses of the Group



Balance Sheet Analysis

In S\$m	1H 2007	FY 2006	Change	+ / (-)%
Total non-current assets	203.9	246.7	(42.8)	(17%)
Total current assets	255.0	194.5	60.5	31%
Net current assets	149.2	92.1	57.1	62%
Total non-current liabilities	126.1	119.1	7.0	6%
Total equity	227.0	219.6	7.4	3%

Healthy Balance Sheet



Cash Flow Analysis

In S\$m	2Q 2007	2Q 2006	Change
Profit before working capital changes adjusted for non cash item	6.0	7.7	(22%)
Cash (used in) / generated from operations	8.3	26.3	(68%)
Payment of tax	(0.4)	(0.5)	(20%)
Net cash (used in) / generated from operations	7.9	25.8	(70%)
Net cash used in investing activities	(46.0)	(12.5)	NM
Net cash (used in) / generated from financing activities	53.3	(11.2)	NM

NM : Not meaningful

Cash Flow Analysis – 2Q 2007

Net cash generated from operations

- **Decrease 69% to S\$7.9m**
 - Increase in working capital requirement

Net cash used in investing activities

- **Net cash used in investing activities of S\$46.0m**
 - Deposits for land and acquisition of business
 - Increase in property, land and equipment and construction in progress.

Net cash generated from financing activities

- **Net cash generated from financing activities of S\$53.3m**
 - Mainly due to draw-down of term loans for this financial period of S\$62m
 - Offset by dividend payment of S\$7m

Healthy Debt to Equity Ratio

Amts in S\$'million	Jun 07	Dec 06	Change
PF Loan	0.0	78.1	-78.1
Long Term	120.9	115.0	+5.9
Short Term	1.1	34.2	-33.1
Total Borrowings	122.0	149.2	-27.2
Less : Cash & cash equivalents	(49.2)	(55.8)	-6.6
Net Borrowings	72.8	93.4	-20.6
Net debt to equity ratio (including PF* Loan)	0.32	0.43	
Net debt to equity ratio (excluding PF* Loan)	Net Debt	Net Debt	

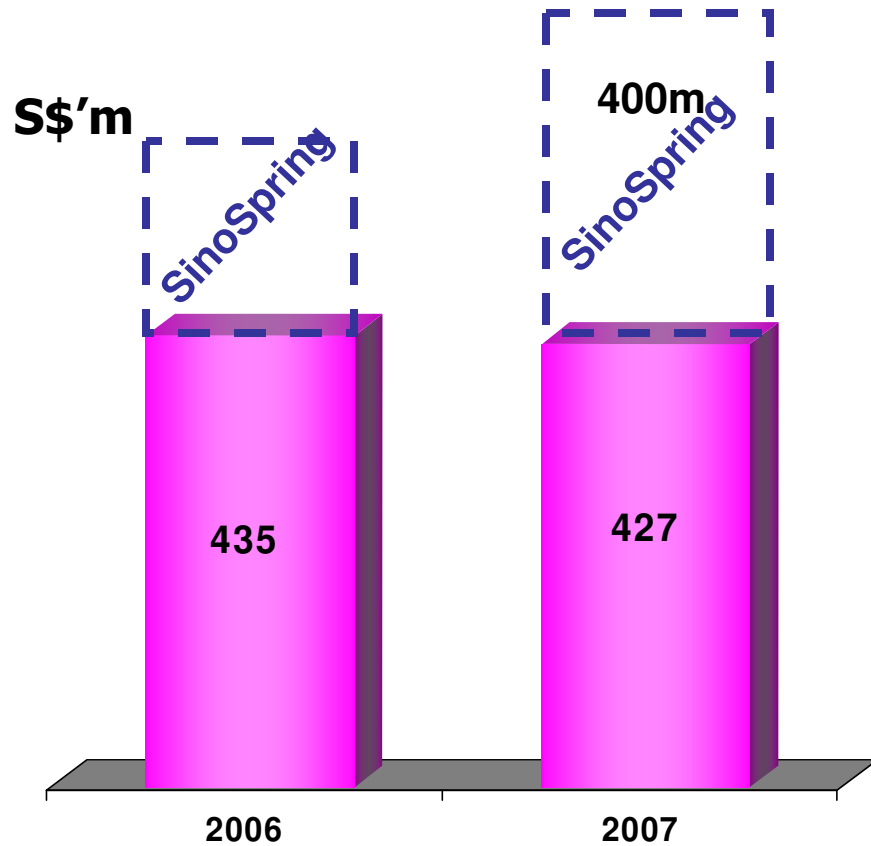
* PF – Non-recourse project financing



Order Book



Strong Pipeline of Order Book



Order Book - S\$827m

- Industrial / Others – S\$102m
- Algeria projects - \$325m
- EPC for SinoSpring projects : S\$400m

Growth in Order Book

- Robust growth in China municipal projects

Appendices



Financial Highlights

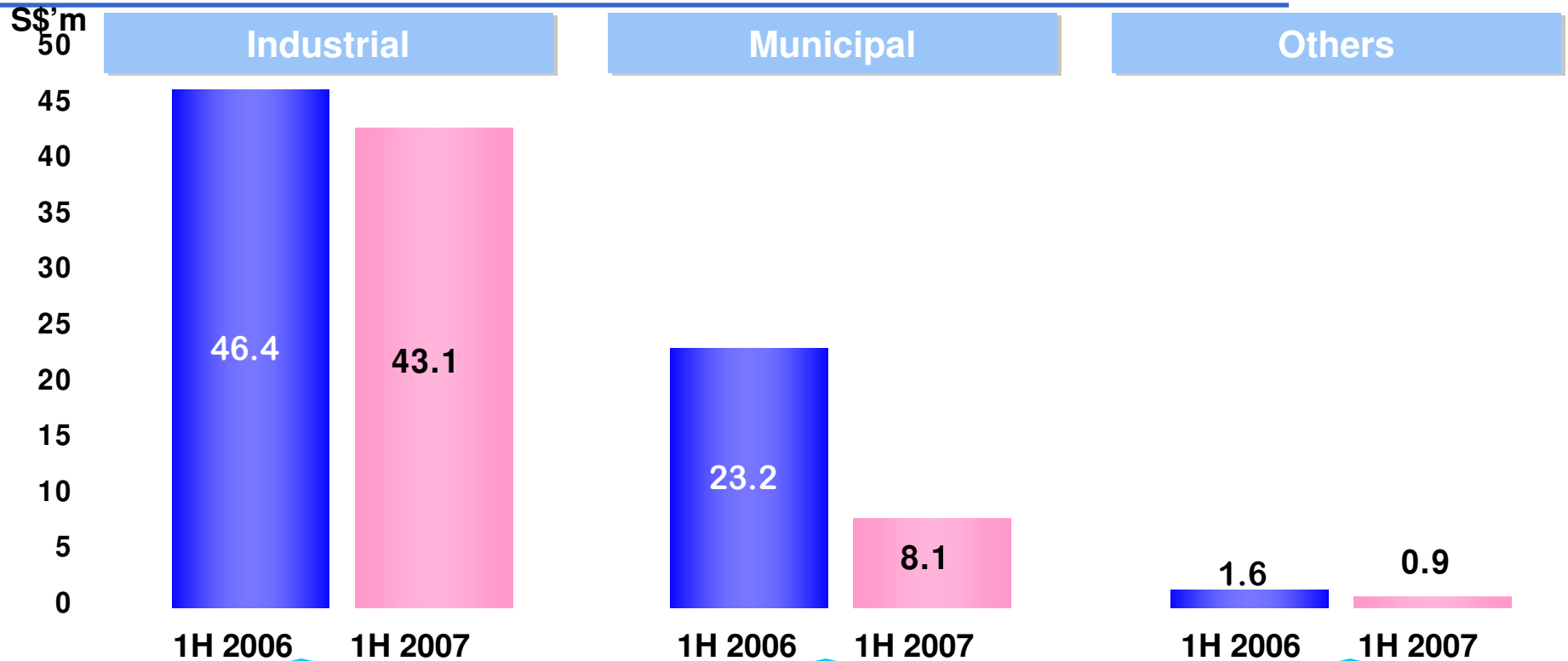
	1H 2007	1H 2006	+ / (-) %
Sales	S\$52.1m	S\$71.2m	(27%)
Operating profit/(loss) *	S\$1.2m	S\$14.4m	(17%)
Gain of sale in divestment	S\$8.2m	S\$1.7m	NM
Fair value gain/(loss) on financial instruments	(S\$3.1m)	S\$0.2m	NM
Negative goodwill	S\$2.6m	-	NM
PBT	S\$7.8m	S\$13.8m	(43%)
PAT	S\$6.6m	S\$12.2m	(46%)
EPS	1.11cents	2.44cents	(55%)
Net Debt-to-Equity Ratio (including PF loan)	0.32	0.25	28%

* Excludes one time and fair value gains

•NM : Not meaningful

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Revenue by Sector



Industrial Sales ↓ 7% yoy

- Tech license fee in 1Q06 of S\$5m
- Lead time lag between signing of contracts and delivery
- New contracts signed in 1H07
- 83% of 1H2007 Group revenue

Municipal Sales ↓ 65% yoy

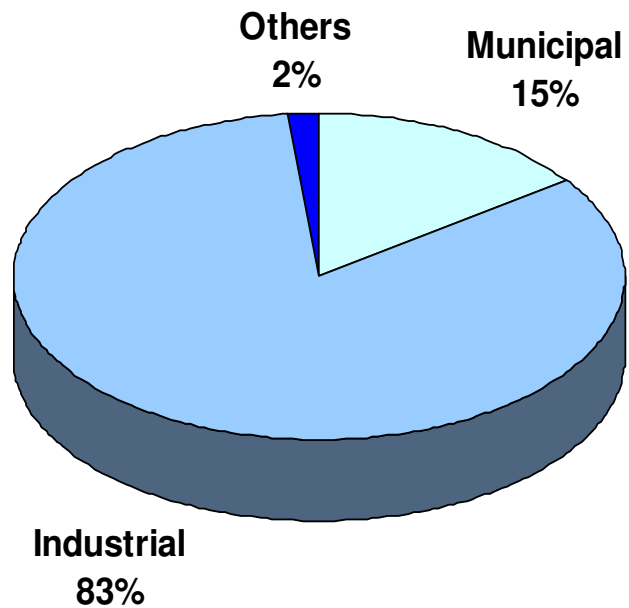
- SinoSpring - EPC revenue are fully eliminated upon consolidation
- Lower revenue from Singapore & Middle East
- 15% of 1H2007 Group revenue

Others sales ↓ 44% yoy

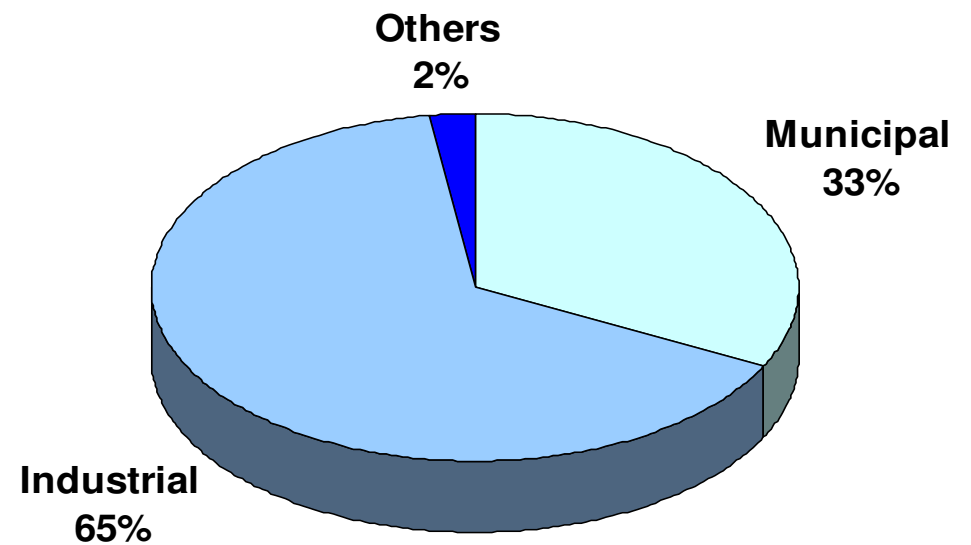
- Slow sales in 1H2007

Revenue by Sector

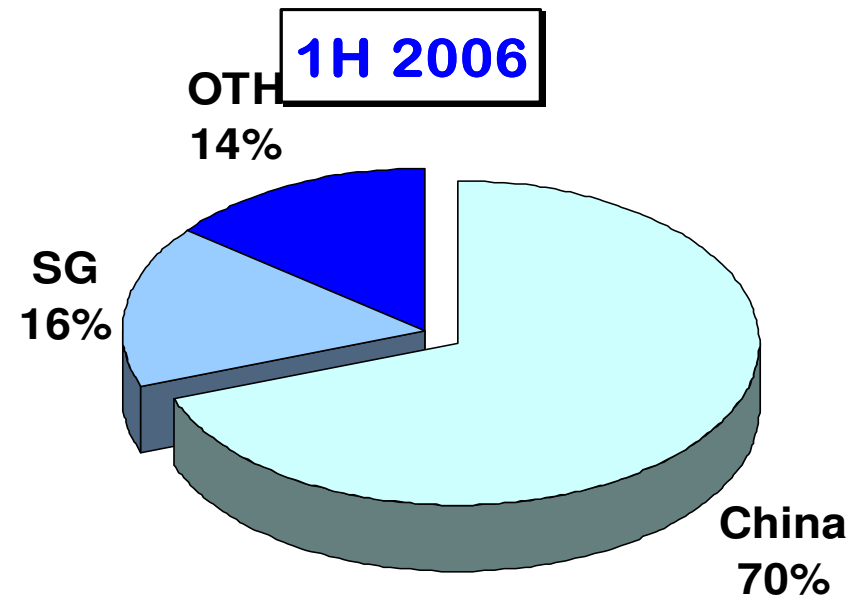
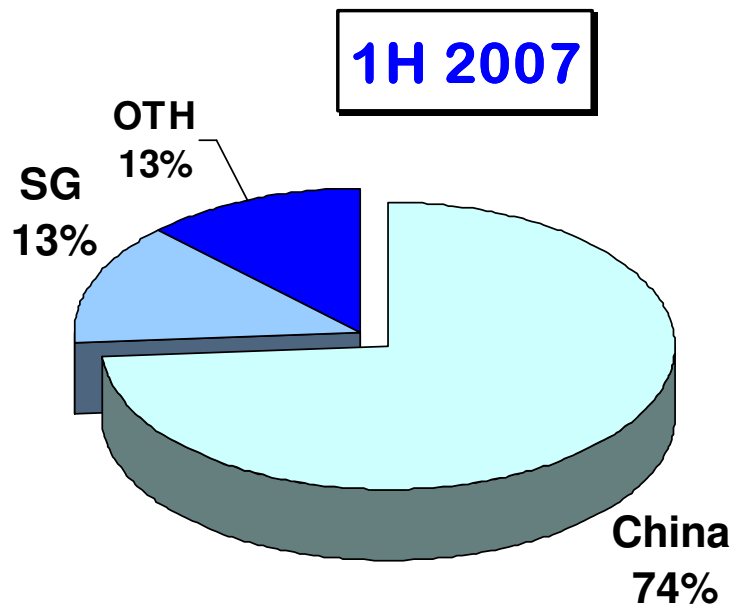
1H 2007



1H 2006



Revenue by Country

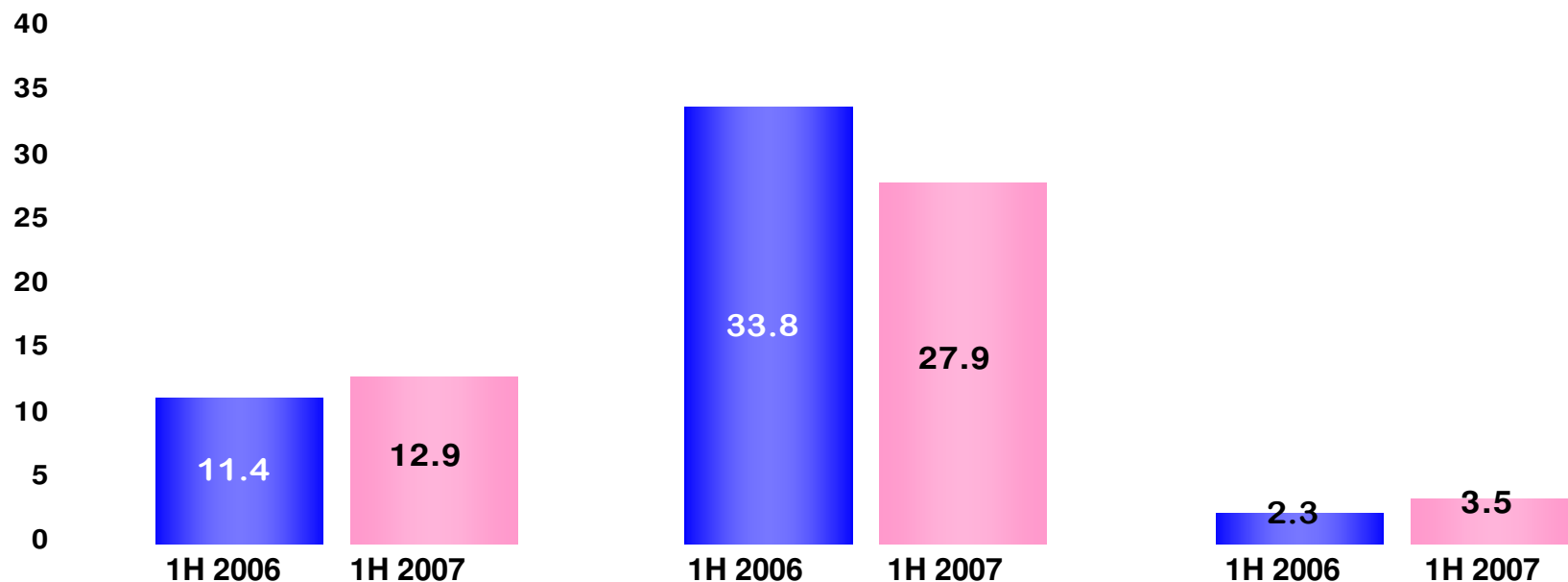


Personnel, COS and others

Personnel Expense +
Cost of Share based

Raw materials +
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Depreciation +
Amortisation



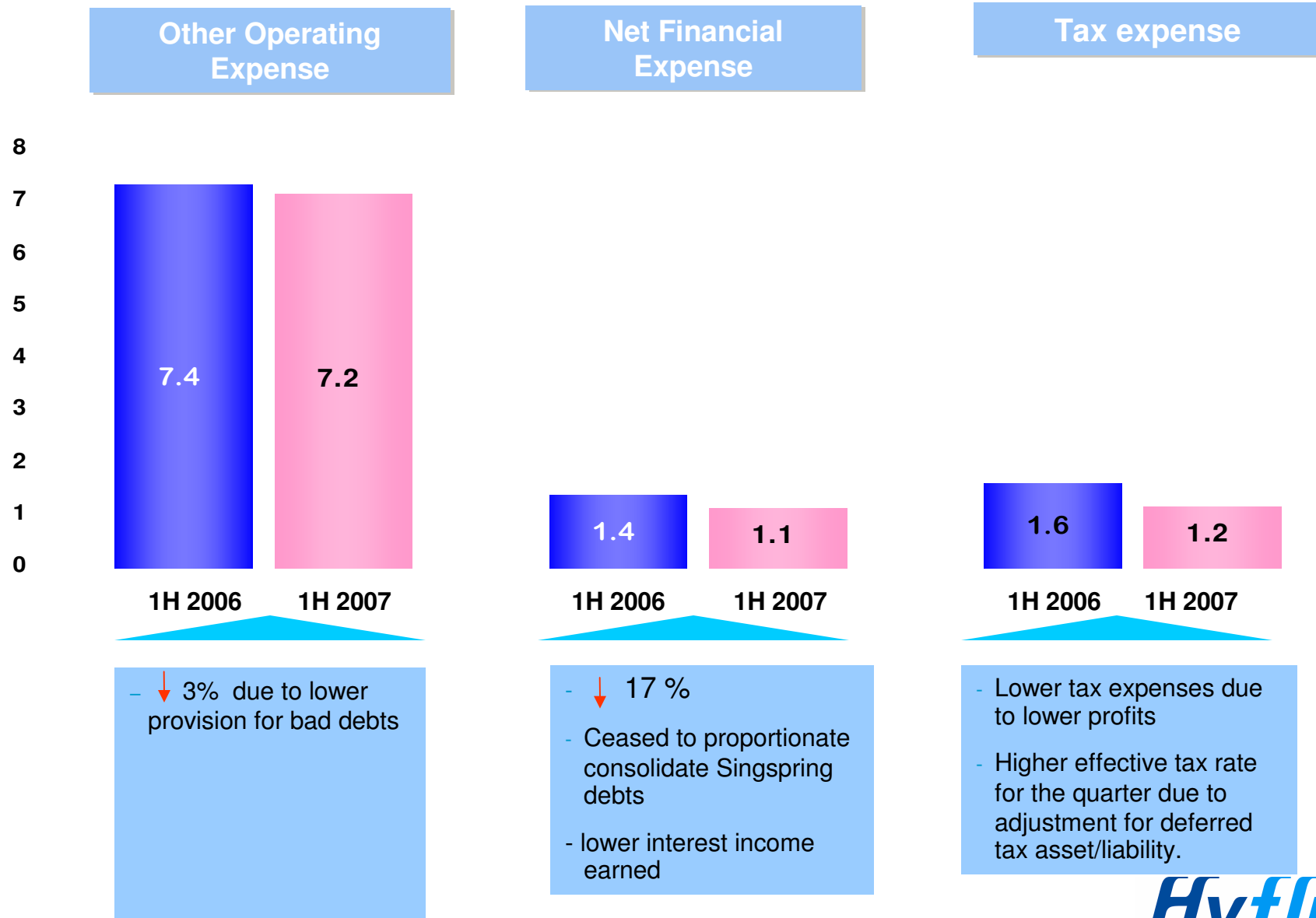
- Personnel expenses ↑ 19%
- Share-based ↓ 15%
- Invest in human capital to support Group's expansion plans

- ↓ 17% in line with lower revenue

- ↑ 52%
- Increase in plant and equipment, intangible assets

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Cost/Expenses of the Group



Cash Flow Analysis

In S\$m	1H 2007	1H 2006	Change
Profit before working capital changes adjusted for non cash item	6.5	20.3	(68%)
Cash (used in) / generated from operations	(15.4)	7.5	NM
Payment of tax	(1.0)	(0.6)	67%
Net cash (used in) / generated from operations	(16.3)	6.9	NM
Net cash used in investing activities	(34.5)	(28.9)	19%
Net cash (used in) / generated from financing activities	42.3	(10.3)	NM

NM : Not meaningful

Cash Flow Analysis - 1H 2007

Net cash used
in operations

- **Net cash used in operations of S\$16.3m**
 - Due mainly to increase in advances to supplies
 - Deposits paid for upcoming projects

Net cash used
in investing
activities

- **Increase 19% to S\$34.5m**
 - Purchase of property, plant and equipment, construction in progress, intangible assets
 - Deposits for purchase of land – S\$21.4m
 - Acquisition of subsidiary partially offset by proceeds for divestment of JV

Net cash
generated from
financing
activities

- **Net cash generated from financing of S\$42.4m**
 - Draw-down of L/T loans of S\$82m
 - Offset by repayment of S/T loan of S\$32m
 - Dividend payment

The End

