HYFLUX LTD
Registration number : 200002722Z

Unaudited Financial Statements For The Third Quarter and Nine Months Ended 30 September 2014

1 (a)(i) An income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED INCOME STATEMENT
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2014

	Group					
	Quarter ended 30 September			Nine months ended 30 September		
	2014 S$'000	2013 S$'000	Change %	2014 S$'000	2013 S$'000	Change %
Revenue	**101,000**	187,745	(46)	**269,962**	450,673	(40)
Other income	**2,743**	1,488	84	**144,917**	7,856	NM
Changes in inventories of finished goods and work-in-progress	**2,656**	3,724	(29)	**1,483**	4,932	(70)
Raw materials and consumables used and subcontractors' costs	**(43,438)**	(75,098)	(42)	**(125,085)**	(231,506)	(46)
Staff costs	**(18,150)**	(18,723)	(3)	**(56,402)**	(53,553)	5
Depreciation, amortisation and impairment	**(4,815)**	(27,867)	(83)	**(16,791)**	(35,539)	(53)
Other expenses	**(20,706)**	(33,395)	(38)	**(75,843)**	(58,222)	30
Finance costs	**(7,149)**	(6,983)	2	**(23,756)**	(19,221)	24
Share of losses of associates and joint ventures, net of income tax	**(4,120)**	(3,509)	17	**(11,748)**	(7,665)	53
Profit before income tax	**8,021**	27,382	(71)	**106,737**	57,755	85
Tax credit/(expense)	**5,202**	(3,139)	NM	**5,846**	(8,307)	NM
Profit for the period	**13,223**	24,243	(45)	**112,583**	49,448	NM
Profit attributable to:						
Owners of the Company	**11,265**	25,278	(55)	**110,610**	51,012	NM
Non-controlling interests	**1,958**	(1,035)	NM	**1,973**	(1,564)	NM
Profit for the period	**13,223**	24,243	(45)	**112,583**	49,448	NM

NM: Not Meaningful

1 (a)(ii) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2014

	Group					
	Quarter ended 30 September			Nine months ended 30 September		
	2014 S$'000	2013 S$'000	Change %	2014 S$'000	2013 S$'000	Change %
Profit for the period	**13,223**	24,243	(45)	**112,583**	49,448	NM
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss						
Foreign currency translation differences for foreign operations	**3,338**	(1,073)	NM	**118**	12,816	(99)
Effective portion of changes in fair value of cash flow hedges	**(3,713)**	994	NM	**(19,598)**	2,250	NM
Share of other comprehensive income of associates and joint ventures	**2,613**	(4,131)	NM	**(4,238)**	11,169	NM
	2,238	(4,210)	NM	**(23,718)**	26,235	NM
Items that will not be reclassified subsequently to profit or loss						
Net change in fair value of cash flow hedges transferred to profit or loss	**(299)**	(1,593)	(81)	**(1,110)**	(4,869)	(77)
Effect of changes in control of consolidated entities	**-**	(1,142)	NM	**-**	(1,142)	NM
Realisation of foreign currency translation to profit or loss	**-**	-	-	**(110)**	-	NM
	(299)	(2,735)	(89)	**(1,220)**	(6,011)	(80)
Other comprehensive income for the period, net of income tax	**1,939**	(6,945)	NM	**(24,938)**	20,224	NM
Total comprehensive income for the period	**15,162**	17,298	(12)	**87,645**	69,672	26
Total comprehensive income attributable to:						
Owners of the Company	**13,244**	18,696	(29)	**85,809**	70,828	21
Non-controlling interests	**1,918**	(1,398)	NM	**1,836**	(1,156)	NM
Total comprehensive income for the period	**15,162**	17,298	(12)	**87,645**	69,672	26

NM: Not Meaningful

NOTES TO CONSOLIDATED INCOME STATEMENT

1 (a)(iii) Profit before income tax of the Group is arrived at after (charging)/crediting the following: -

	Group					
	Quarter ended 30 September			Nine months ended 30 September		
	2014 S$'000	2013 S$'000	Change %	2014 S$'000	2013 S$'000	Change %
Write back/(Allowance) for inventory obsolescence	**1**	(1)	NM	**(53)**	(24)	NM
Depreciation, amortisation and impairment	**(4,815)**	(27,867)	(83)	**(16,791)**	(35,539)	(53)
Finance costs	**(7,149)**	(6,983)	2	**(23,756)**	(19,221)	24
Financial receivables written off	**-**	(2,617)	NM	**-**	(2,617)	NM
Gain on disposal of subsidiaries	**-**	810	NM	**-**	810	NM
Gain on disposal of an associate and a joint venture	**-**	-	-	**54,118**	-	NM
(Loss)/Gain on sale of property, plant and equipment	**(57)**	38	NM	**83,390**	35	NM
Impairment of trade and other receivables	**(769)**	(8,412)	(91)	**(11,478)**	(8,435)	36
Interest income	**1,322**	356	NM	**2,847**	1,826	56
Net foreign currency exchange gain/(loss)	**2,946**	(1,913)	NM	**592**	(271)	NM
Property, plant and equipment written off	**-**	(435)	NM	**-**	(445)	NM
Over/(under)provision of prior years' tax	**3,435**	(22)	NM	**1,984**	(444)	NM

NM: Not Meaningful

1(b)(i) Statements of financial position (for the Issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014

	Group		Company	
	30 Sep 14 S$'000	31 Dec 13 S$'000	30 Sep 14 S$'000	31 Dec 13 S$'000
NON-CURRENT ASSETS				
Property, plant and equipment	**122,020**	180,439	**-**	-
Intangible assets	**30,281**	34,247	**-**	-
Intangible assets arising from service concession arrangements	**973,358**	800,185	**-**	-
Investments in subsidiaries	**-**	-	**183,290**	176,790
Investments in joint ventures	**225,467**	237,284	**-**	3,125
Investments in associates	**99,908**	105,118	**14,868**	14,535
Other investments	**18,538**	18,022	**630**	630
Financial receivables	**383,040**	383,250	**-**	-
Trade and other receivables	**20,886**	15,139	**634,853**	526,963
Deferred tax assets	**7,179**	1,951	**-**	-
	1,880,677	1,775,635	**833,641**	722,043
CURRENT ASSETS				
Gross amounts due for contract work	**93,380**	96,987	**-**	-
Inventories	**36,620**	34,643	**-**	-
Financial receivables	**11,038**	11,702	**-**	-
Trade and other receivables	**227,332**	233,593	**796,808**	719,593
Cash and cash equivalents	**528,003**	243,945	**332,474**	68,576
	896,373	620,870	**1,129,282**	788,169
CURRENT LIABILITIES				
Trade and other payables	**257,542**	218,931	**78,727**	24,320
Loans and borrowings	**140,516**	128,999	**74,968**	65,957
Tax payable	**4,372**	11,928	**2,109**	7,098
	402,430	359,858	**155,804**	97,375
Net current assets	**493,943**	261,012	**973,478**	690,794
NON-CURRENT LIABILITIES				
Trade and other payables, including derivatives	**24,345**	7,199	**-**	-
Loans and borrowings	**955,663**	1,137,980	**600,768**	737,452
Deferred tax liabilities	**2,554**	5,176	**-**	-
	982,562	1,150,355	**600,768**	737,452
Net assets	**1,392,058**	886,292	**1,206,351**	675,385

STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014 (cont'd)

	Group		Company	
	30 Sep 14 S$'000	**31 Dec 13 S$'000**	**30 Sep 14 S$'000**	**31 Dec 13 S$'000**
EQUITY				
Share capital	**607,258**	606,887	**607,258**	606,887
Capital securities	**469,096**	-	**469,096**	-
Reserve for own shares	**(51,484)**	(51,484)	**(51,484)**	(51,484)
Capital reserve	**9,177**	7,560	**4,536**	2,919
Foreign currency translation reserve	**(4,379)**	(101)	**-**	-
Hedging reserve	**(25,274)**	(4,751)	**-**	-
Employees' share option reserve	**24,419**	24,186	**24,419**	24,186
Retained earnings	**357,671**	300,277	**152,526**	92,877
Total equity attributable to owners of the Company	**1,386,484**	882,574	**1,206,351**	675,385
Non-controlling interests	**5,574**	3,718	**-**	-
Total equity	**1,392,058**	886,292	**1,206,351**	675,385
Group net borrowings (S$)	**568,176**	1,023,034	**n.a.**	n.a.
Group net gearing (times)	**0.41x**	1.15x	**n.a.**	n.a.

NOTES TO STATEMENTS OF FINANCIAL POSITION

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

(i) Amount repayable in one year or less, or on demand

30 Sep 14		31 Dec 13	
Secured S$'000	**Unsecured S$'000**	**Secured S$'000**	**Unsecured S$'000**
-	**140,516**	2,000	126,999

(ii) Amount repayable after one year

30 Sep 14		31 Dec 13	
Secured S$'000	**Unsecured S$'000**	**Secured S$'000**	**Unsecured S$'000**
226,328	**729,335**	271,781	866,199

Details of any collateral

As at 30 September 2014, secured bank loans of the Group are secured by specific project assets under project financing of a subsidiary.

As at 31 December 2013, secured bank loans of the Group are secured by a leasehold property and specific project assets under project financing of certain subsidiaries.

1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2014

	Group			
	Quarter ended 30 September		Nine months ended 30 September	
	2014	2013	2014	2013
	S$'000	S$'000	S$'000	S$'000
Cash flows from operating activities				
Profit before income tax	**8,021**	27,382	**106,737**	57,755
Adjustments for:				
(Write back)/Allowance for inventory obsolescence	**(1)**	1	**53**	24
Amortisation of transaction costs related to borrowings	**145**	166	**447**	536
Depreciation, amortisation and impairment	**4,815**	27,867	**16,791**	35,539
Employees' share option expense	**203**	400	**233**	1,405
Finance costs	**7,149**	6,983	**23,756**	19,221
Financial receivables written off	**-**	2,617	**-**	2,617
Gain on disposal of subsidiaries	**-**	(810)	**-**	(810)
Gain on disposal of an associate and a joint venture	**-**	-	**(54,118)**	-
Loss/(Gain) on sale of property, plant and equipment	**57**	(38)	**(83,390)**	(35)
Impairment of trade and other receivables	**769**	8,412	**11,478**	8,435
Interest income	**(1,322)**	(356)	**(2,847)**	(1,826)
Property, plant and equipment written off	**-**	435	**-**	445
Share of losses of associates and joint ventures, net of income tax	**4,120**	3,509	**11,748**	7,665
	23,956	76,568	**30,888**	130,971
Change in inventories	**(3,859)**	(2,250)	**(2,029)**	(1,945)
Change in gross amounts due for contract work	**(5,083)**	18,956	**3,607**	14,762
Change in trade and other receivables	**(5,098)**	(25,928)	**(5,548)**	(45,141)
Change in trade and other payables	**12,119**	(38,721)	**18,990**	(59,856)
Cash from operating activities before service concession arrangement projects	**22,035**	28,625	**45,908**	38,791
Change in financial receivables from service concession arrangements	**(56)**	(3,256)	**874**	(22,583)
Change in intangible assets arising from service concession arrangements	**(64,102)**	(161,078)	**(177,246)**	(367,438)
Cash used in operating activities after service concession arrangement projects	**(42,123)**	(135,709)	**(130,464)**	(351,230)
Income tax paid	**(4,537)**	(1,495)	**(8,972)**	(8,140)
Net cash used in operating activities	**(46,660)**	(137,204)	**(139,436)**	(359,370)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2014 (cont'd)

	Group			
	Quarter ended 30 September		Nine months ended 30 September	
	2014	2013	2014	2013
	S$'000	S$'000	S$'000	S$'000
Cash flows from investing activities				
Acquisition of intangible assets	**(541)**	(980)	**(1,534)**	(5,518)
Acquisition of property, plant and equipment	**(3,589)**	(2,106)	**(7,041)**	(4,988)
Acquisition of other investments	**(515)**	-	**(515)**	-
Additional investments in an associate	**-**	-	**(8,589)**	-
Additional investments in a joint venture	**-**	-	**-**	(964)
Dividends received from associates	**780**	405	**5,608**	1,125
Effect of changes in control of consolidated entities	**-**	(14,714)	**-**	(14,714)
Interest received	**1,094**	246	**2,402**	822
Loan to a joint venture	**(5,638)**	-	**(5,638)**	-
Net proceeds from disposal of an associate and a joint venture	**-**	-	**63,432**	-
Net proceeds from sale of property, plant and equipment	**16,915**	69	**169,431**	78
Net cash from/(used in) investing activities	**8,506**	(17,080)	**217,556**	(24,159)
Cash flows from financing activities				
Dividends paid	**(14,344)**	(5,786)	**(39,546)**	(38,404)
Decrease in deposits pledged	**-**	6,796	**1,832**	4,964
Interest paid	**(17,580)**	(15,662)	**(41,882)**	(33,762)
Net proceeds from perpetual capital securities issued	**173,610**	-	**469,096**	-
Proceeds from borrowings	**2,497**	182,590	**34,393**	351,418
Proceeds from exercise of share options	**155**	618	**371**	1,378
Repayment of borrowings	**(60,000)**	(60,651)	**(209,901)**	(100,094)
Net cash from financing activities	**84,338**	107,905	**214,363**	185,500
Net increase/(decrease) in cash and cash equivalents	**46,184**	(46,379)	**292,483**	(198,029)
Cash and cash equivalents at beginning of the period	**419,804**	315,080	**182,585**	449,014
Effect of exchange rate fluctuations on cash held	**517**	(4,788)	**(8,563)**	12,928
Cash and cash equivalents at end of the period [Note 1(c)(i)]	**466,505**	263,913	**466,505**	263,913

NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

1(c)(i) Cash and cash equivalents included in consolidated statement of cash flows comprise of the following:

	Group	
	30 Sep 2014	30 Sep 2013
	S$'000	S$'000
Cash and cash equivalents as per statement of financial position	**528,003**	318,762
Less: Bank overdraft	**(61,189)**	(52,711)
Less: Deposits pledged	**(309)**	(2,138)
Cash and cash equivalents as per statement of cash flows	**466,505**	263,913

1 (d)(i) A statement (for the Issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENT OF CHANGES IN EQUITY OF THE GROUP

	Share capital	Capital securities	Reserve for own shares	Capital reserve	Foreign currency translation reserve	Hedging reserve	Employees' share option reserve	Retained earnings	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
At 1.1.2014	606,887	-	(51,484)	7,560	(101)	(4,751)	24,186	300,277	882,574	3,718	886,292
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	110,610	110,610	1,973	112,583
Other comprehensive income											
Foreign currency translation differences for foreign operations	-	-	-	-	255	-	-	-	255	(137)	118
Realisation of foreign currency translation to profit or loss	-	-	-	-	(110)	-	-	-	(110)	-	(110)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	(19,598)	-	-	(19,598)	-	(19,598)
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	-	(1,110)	-	-	(1,110)	-	(1,110)
Share of other comprehensive income of associates and joint ventures	-	-	-	-	(4,423)	185	-	-	(4,238)	-	(4,238)
Total comprehensive income for the period	-	-	-	-	(4,278)	(20,523)	-	110,610	85,809	1,836	87,645
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Dividends paid/ payable	-	-	-	-	-	-	-	(51,579)	(51,579)	-	(51,579)
Issue of perpetual capital securities	-	469,096	-	-	-	-	-	-	469,096	-	469,096
Issue of shares for cash under Employees' Share Option Schemes	371	-	-	-	-	-	-	-	371	-	371
Value of employee services received for issue of share options	-	-	-	-	-	-	233	-	233	-	233
Transfer to capital reserve	-	-	-	1,617	-	-	-	(1,617)	-	-	-
Total contributions by and distributions to owners	371	469,096	-	1,617	-	-	233	(53,196)	418,121	-	418,121
Changes in ownership interest in subsidiary											
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	-	(20)	(20)	20	-
Total transactions with owners	371	469,096	-	1,617	-	-	233	(53,216)	418,101	20	418,121
At 30.9.2014	**607,258**	**469,096**	**(51,484)**	**9,177**	**(4,379)**	**(25,274)**	**24,419**	**357,671**	**1,386,484**	**5,574**	**1,392,058**

STATEMENT OF CHANGES IN EQUITY OF THE GROUP (cont'd)

	Share capital	Reserve for own shares	Capital reserve	Foreign currency translation reserve	Hedging reserve	Employees' share option reserve	Retained earnings	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
At 1.1.2013	605,196	(51,484)	9,094	(30,480)	656	22,457	305,154	860,593	16,436	877,029
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	51,012	51,012	(1,564)	49,448
Other comprehensive income										
Foreign currency translation differences for foreign operations	-	-	-	12,076	-	-	-	12,076	740	12,816
Effect of changes in control of consolidated entities	-	-	-	(810)	-	-	-	(810)	(332)	(1,142)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	2,250	-	-	2,250	-	2,250
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	(4,869)	-	-	(4,869)	-	(4,869)
Share of reserve of joint ventures	-	-	(20)	-	-	-	20	-	-	-
Share of other comprehensive income of associates and joint ventures	-	-	-	9,991	1,178	-	-	11,169	-	11,169
Total comprehensive income for the period	-	-	(20)	21,257	(1,441)	-	51,032	70,828	(1,156)	69,672
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owners										
Dividends paid/ payable	-	-	-	-	-	-	(50,437)	(50,437)	-	(50,437)
Issue of shares for cash under Employees' Share Option Schemes	1,378	-	-	-	-	-	-	1,378	-	1,378
Value of employee services received for issue of share options	-	-	-	-	-	1,405	-	1,405	-	1,405
Transfer to capital reserve	-	-	796	-	-	-	(796)	-	-	-
	1,378	-	796	-	-	1,405	(51,233)	(47,654)	-	(47,654)
Changes in ownership interest in subsidiaries										
Effect of changes in control of consolidated entities	-	-	(2,575)	-	-	-	2,575	-	(12,192)	(12,192)
Total transactions with owners	1,378	-	(1,779)	-	-	1,405	(48,658)	(47,654)	(12,192)	(59,846)
At 30.9.2013	**606,574**	**(51,484)**	**7,295**	**(9,223)**	**(785)**	**23,862**	**307,528**	**883,767**	**3,088**	**886,855**

1 (d)(i) STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

	Share capital	Capital securities	Reserve for own shares	Capital reserve	Employees' share option reserve	Retained earnings	Total equity attributable to owners of the Company
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
At 1.1.2014	606,887	-	(51,484)	2,919	24,186	92,877	675,385
Profit for the period representing total comprehensive income for the period	-	-	-	-	-	112,845	112,845
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Dividends paid/ payable	-	-	-	-	-	(51,579)	(51,579)
Issue of perpetual capital securities	-	469,096	-	-	-	-	469,096
Issue of shares for cash under Employees' Share Option Schemes	371	-	-	-	-	-	371
Value of employee services received for issue of share options	-	-	-	-	233	-	233
Transfer to capital reserve	-	-	-	1,617	-	(1,617)	-
Total transactions with owners	371	469,096	-	1,617	233	(53,196)	418,121
At 30.9.2014	**607,258**	**469,096**	**(51,484)**	**4,536**	**24,419**	**152,526**	**1,206,351**
At 1.1.2013	605,196	-	(51,484)	1,858	22,457	88,007	666,034
Profit for the period representing total comprehensive income for the period	-	-	-	-	-	12,839	12,839
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Dividends paid/ payable	-	-	-	-	-	(50,437)	(50,437)
Issue of shares for cash under Employees' Share Option Schemes	1,378	-	-	-	-	-	1,378
Value of employee services received for issue of share options	-	-	-	-	1,405	-	1,405
Transfer to capital reserve	-	-	-	796	-	(796)	-
Total transactions with owners	1,378	-	-	796	1,405	(51,233)	(47,654)
At 30.9.2013	**606,574**	-	**(51,484)**	**2,654**	**23,862**	**49,613**	**631,219**

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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, 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.

Changes in the Company's share capital

The movements in the Company's issued and fully paid-up share capital during the third quarter ended 30 September 2014 were as follows:

Issued share capital

	No. of shares	Amount S$'000
Ordinary shares		
At 1 July 2014	827,226,989	163,049
Issue of shares under the Employees' Share Option Schemes ("the Schemes")	158,000	156
At 30 September 2014	827,384,989	163,205
Preference shares		
At 1 July 2014 and 30 September 2014	4,000,000	392,569
Issued share capital at 30 September 2014		555,774
Perpetual capital securities		
At 1 July 2014		295,486
Issue of perpetual capital securities		173,610
At 30 September 2014		469,096

As at 30 September 2014, the number of ordinary shares in issue were 827,384,989 (30 September 2013: 826,674,489), excluding 37,146,000 (30 September 2013: 37,146,000) held by the Company as treasury shares.

The total number of issued 6% Cumulative Non-convertible Non-voting Perpetual Class A Preference Shares (perpetual preference shares) as at 30 September 2014 were 4,000,000 (30 September 2013: 4,000,000).

On 29 July 2014, the Company issued $175 million perpetual capital securities. The perpetual capital securities bear interest at 4.80% per annum, is unsecured and redeemable at the option of the Company, in whole or in part, on or after 29 July 2016. These are accounted for as part of the Company's equity.

As at 30 September 2014, perpetual capital securities comprised $300 million issued at 5.75% per annum and $175 million issued at 4.80% per annum (30 September 2013: nil).

Outstanding share options under the Scheme

	No. of options
At 1 January 2014	39,297,750
Options granted	3,030,000
Options granted but not accepted	(50,000)
Exercised/Forfeited	(5,497,500)
At 30 September 2014	36,780,250

As at 30 September 2014, the number of outstanding share options under the Schemes were 36,780,250 (30 September 2013: 41,537,000).

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued ordinary shares as at 30 September 2014 were 827,384,989 (31 December 2013: 827,007,989), excluding 37,146,000 (31 December 2013: 37,146,000) held by the Company as treasury shares.

There was no change in the Company's issued perpetual preference shares during the nine months ended 30 September 2014. The total number of issued perpetual preference shares as at 30 September 2014 were 4,000,000 (31 December 2013: 4,000,000).

On 29 July 2014, the Company issued $175 million perpetual capital securities, bringing the total balance as at 30 September 2014 to $475 million (31 December 2013: nil).

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfer, disposal, cancellation and/or use of treasury shares for the financial period ended 30 September 2014.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

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 the 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.

The Group and the Company has reviewed the application of the new/revised FRS and Interpretations of FRS that are effective for the financial year beginning on 1 January 2014. Those new/revised FRS and Interpretations of FRS are not expected to have any significant impact on the financial statements.

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

	Quarter ended 30 September			Nine months ended 30 September		
	2014	2013	Change %	2014	2013	Change %
(Loss)/Earnings per ordinary share of the Group based on net profit attributable to owners of the Company:-						
Based on the weighted average number of ordinary shares in issue	(0.07) cts#	2.33 cts	NM	9.58 cts	4.00 cts	NM
- Weighted average number of shares	827,356,322	826,566,489	0.1	827,204,767	826,008,572	0.1
On a fully diluted basis of ordinary shares	(0.07) cts#	2.33 cts	NM	9.58 cts	3.99 cts	NM
- Adjusted weighted average number of shares	827,600,399	827,082,499	0.1	827,423,558	827,515,045	- *

adjusted for dividends amounting to $11.8 million attributable to perpetual preference shares and perpetual capital securities holders for the quarter ended 30 September 2014

* *% change is immaterial*

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

Net assets value per ordinary share:

	Group		Company	
	30 Sep 14 Cents	31 Dec 13 Cents	30 Sep 14 Cents	31 Dec 13 Cents
Based on 827,384,989 (31 December 2013: 827,007,989) ordinary shares in issue	61.8	58.4	40.0	33.3

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)(i) Revenue and earnings

The Group achieved profit attributable to the shareholders of the Company (PATMI) of $11.3 million for the third quarter ended 30 September 2014 (3Q2014), a decrease from $25.3 million for the third quarter ended 30 September 2013 (3Q2013). Total revenue for 3Q2014 was $101.0 million, a 46% decline from 3Q2013 of $187.7 million, reflecting the timing of projects commencement in FY2014.

For the nine months ended 30 September 2014 (9M2014), the Group achieved PATMI of $110.6 million, an increase from $51.0 million for the nine months ended 30 September 2013 (9M2013). Total revenue for 9M2014 was $270.0 million, a 40% decline from 9M2013 of $450.7 million.

The Group reported gross profits of $60.2 million in 3Q2014 compared to $116.4 million in 3Q2013. For 9M2014, the Group reported gross profits of $146.4 million compared to $224.1 million in 9M2013.

As reported in the first six months ended 30 June 2014, the Group entered into a sale and leaseback agreement of Hyflux Innovation Centre (HIC) in the second quarter of the year; and disposed of its investments in Hyflux Marmon Development Pte Ltd (HMD), a joint venture, and Marmon Hyflux Investments Pte Ltd, an associate to Marmon Water (Singapore) Pte Ltd in first quarter of the year recognising gains amounting to $83.5 million and $54.1 million, respectively. Consequently, other income increased from $7.9 million in 9M2013 to $144.9 million in 9M2014.

Basic and diluted loss per share was 0.07 cents for 3Q2014 (adjusted for dividends on perpetual preference shares and perpetual capital securities), compared to the basic and diluted earnings per share of 2.33 cents for 3Q2013 (adjusted for dividends on perpetual preference shares). For 9M2014, basic and diluted earnings per share increased to 9.58 cents, as compared to 9M2013 of 4.00 cents and 3.99 cents for basic and diluted earnings per share, respectively.

Sector Review

Municipal sector continued to be the main contributor to the Group's revenue, accounting for 84% and 86% of the Group's total revenue in 3Q2014 and 9M2014 respectively. In 2013, the municipal sector contributed 95% in 3Q2013 and 93% in 9M2013.

Revenue from the industrial sector made up 15% of the Group's revenue in 3Q2014, increased from 3% in 3Q2013. This sector accounted for 12% and 5% of the Group's revenue in 9M2014 and 9M2013 respectively.

Geographical Review

The Asia ex-China market remained the major revenue contributor in 3Q2014, representing 81% of the Group's total revenue, a drop from 93% in 3Q2013. For 9M2014, Asia ex-China contributed 82% to the Group's total revenue, drop from 89% in 9M2013.

The Group's China market contributed 11% to the total revenue in 3Q2014, an increase from 4% in 3Q2013. For 9M2014, revenue from China was at 12% compared to 7% in 9M2013.

Contributions from MENA increased to 8% in 3Q2014, from 3% in 3Q2013. For 9M2014, MENA contributed 6%, from 4% in 9M2013.

8(a)(ii) Costs and expenses

Lower raw materials, consumables and subcontractors' costs incurred in 3Q2014 and 9M2014 as compared to corresponding periods, were in line with revenue as well as effective cost management. These direct costs decreased from $71.4 million in 3Q2013 to $40.8 million in 3Q2014 and from $226.6 million in 9M2013 to $123.6 million in 9M2014.

Total staff costs decreased marginally from $18.7 million in 3Q2013 to $18.2 million in 3Q2014. However, for 9M2014, total staff costs was $56.4 million compared to 9M2013 of $53.6 million as we continue to strengthen our workforce for pipeline projects and building up of our new markets.

Finance costs increased by 24% from $19.2 million in 9M2013 to $23.8 million in 9M2014 relating to financing of the Group's assets under development, largely the Tuaspring power plant.

Depreciation, amortisation and impairment decreased from $27.9 million in 3Q2013 to $4.8 million in 3Q2014 and from $35.5 million in 9M2013 to $16.8 million in 9M2014, primarily due to non-recurring impairment charge made in 3Q2013 relating to our non-core assets.

Other expenses decreased from $33.4 million in 3Q2013 to $20.7 million in 3Q2014 primarily due to decrease in the provisions against receivables. For 9M2014, other expenses increased from $58.2 million in 9M2013 to $75.8 million, due to utility charges for the Tuaspring desalination plant as a result of the delay in the national grid connection to our power plant. Tuaspring desalination plant commenced its operation in late September 2013.

The Group recorded a net income tax credit of $5.8 million for 9M2014 due mainly to recognition of tax losses available for future utilisation of certain entities as well as reversal of provision relating to prior years.

8(b) Statements of Financial Position Analysis

8(b)(i) The Group

The Group's shareholders' equity increased from $882.6 million as at 31 December 2013 to $1,386.5 million as at 30 September 2014. Net profits for the period together with the perpetual capital securities issuance in January and July 2014 amounting to $475.0 million in aggregate contributed to the increase in the Group's equity base. The overall increase was lowered by marked-to-market effect of interest rate swaps relating to the Group's floating rate loan, dividends for the period, and translation reserve losses arising from strengthening of Singapore Dollar against the Chinese Renminbi.

Current assets increased from $620.9 million as at 31 December 2013 to $896.4 million as at 30 September 2014 mainly contributed by the net proceeds from the issue of perpetual capital securities and the sale of HIC. Non-current assets increased from $1,775.6 million as at 31 December 2013 to $1,880.7 million as at 30 September 2014, mainly from the Group's continuing investments in service concession projects, offset by the disposal of HIC.

The Group reported an increase in current liabilities from $359.9 million as at 31 December 2013 to $402.4 million as at 30 September 2014 mainly due to reclassification of one of its fixed-rate unsecured notes issued under the Group's Multicurrency Debt Issuance Programme that will become payable in March 2015; and dividends accrued for perpetual preference shares that were paid in October 2014. The increase was offset by repayment of one of its fixed-rate unsecured notes of $60.0 million which was due in September 2014.

Non-current liabilities recorded a corresponding decrease from $1,150.4 million as at 31 December 2013 to $982.6 million as at 30 September 2014 primarily due to the reclassification mentioned above as well as repayment of borrowings during the period. Included in the balances as at 30 September 2014 was $419.0 million of fixed-rate unsecured notes that will mature between 2016 and 2019.

The Group's net gearing ratio improved to 0.41 times as at 30 September 2014 from 1.15 times as at 31 December 2013.

8(b)(ii) The Company

The Company's shareholders' equity increased from $675.4 million as at 31 December 2013 to $1,206.4 million as at 30 September 2014 mainly contributed by the issue of perpetual capital securities and divestment of Hyflux Marmon Development Pte Ltd that were offset by dividends totalling $51.6 million during the period.

8(c) Statement of Cash flows

The Group's overall cash position increased from $243.9 million as at 31 December 2013 to $528.0 million as at 30 September 2014.

For 3Q2014 and 9M2014, net cash of $42.1 million and $130.5 million respectively were used in the Group's operating activities, mainly towards the Group's investments in projects with service concession arrangements. Excluding cash used in these projects, net cash inflows from the Group's operating activities were $22.0 million and $45.9 million in 3Q2014 and 9M2014 respectively.

Cash generated from investing activities in 3Q2014 was largely contributed by the receipts of remaining proceeds from the sale and leaseback of HIC. For 9M2014, contributions to the cash inflows included net proceeds from disposals of investments in an associate, a joint venture and the HIC building. This was offset by additional capital injection of $8.6 million into Tahlyat Myah Magtaa SPA (TMM), the Group's 47% associate.

The issuance of $175 million perpetual capital securities contributed to the net cash inflows in 3Q2014. The inflow was offset by repayment of one of its fixed-rate unsecured notes of $60.0 million in September 2014 as well as payments of interim dividends on ordinary shares and payment of dividends on the $300 million perpetual capital securities. For 9M2014, cash generated from the Group's financing activities were mainly from net proceeds from the issue of $300 million and $175 million perpetual capital securities in January 2014 and July 2014 respectively, offset by repayment of borrowings and interest payments. Proceeds from the issuance of perpetual capital securities will be used for continued strategic investments by the Group.

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 significant trends and 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 Group remains cautious on its business outlook given the mixed global economic conditions and expects the last quarter to remain slow. The delay in the connection of the national power grid to the Tuaspring power plant will continue to have operating cost implications over the next few quarters. While the outlook for the global water industry is positive, the momentum of municipal projects being made available for tender has been slower than anticipated in the past year.

The Group is actively working with the relevant authorities and partners on the Dahej project in Gujarat, India. However, financial close is not expected to be achieved before year end.

The Group will continue to actively pursue municipal and industrial projects in selective markets in the Middle East, Africa, Asia and Latin America as well as explore opportunities to recycle capital for strategic investments. At the same time, the Group sees opportunities in infrastructure development projects in Africa and Asia where it can offer value through affordable water and accessible power.

11. Dividend

(a) Current financial period reported on.

Any dividend recommended for the current financial period reported on?

Yes.

In August 2014, the Company declared a tax-exempt (one-tier) dividend to holders of perpetual preference shares, calculated on the basis of 183 days from (and including) 25 April 2014 to (but excluding) 25 October 2014 (being the relevant dividend period). The said preference dividend of $12.0 million was paid on 27 October 2014.

In July 2014, the Company paid dividends of $8.6 million on its $300 million issued at 5.75% per annum perpetual capital securities.

(b) Corresponding period of the immediately preceding financial year.

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

Yes.

In September 2013, the Company declared a tax-exempt (one-tier) dividend to holders of perpetual preference shares, calculated on the basis of 183 days from (and including) 25 April 2013 to (but excluding) 25 October 2013 (being the relevant dividend period). The said preference dividend of $12.0 million was paid on 25 October 2013.

(c) Date payable.

Not applicable.

(d) Books closure date.

Not applicable.

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

Not applicable.

13. If the group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained from shareholders.

14. Confirmation Pursuant to Rule 705(5) of the Listing Manual.

The directors of the Company confirm that to the best of their knowledge, nothing has come to the attention of the board of directors which may render the financial results for the quarter ended 30 September 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Lim Poh Fong
Company Secretary
5 November 2014