



HYFLUX LTD

Registration number : 200002722Z

**Unaudited Financial Statements For The Second Quarter and Half Year Ended 30 June 2016**

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 SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016**

	<u>Group</u>					
	<u>Quarter ended 30 June</u>			<u>Half year ended 30 June</u>		
	2016	2015	Change	2016	2015	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Revenue</b>	<b>259,994</b>	94,800	NM	<b>508,340</b>	155,232	NM
Other income	<b>9,848</b>	11,750	(16)	<b>20,154</b>	38,720	(48)
Changes in inventories of finished goods and work-in-progress	<b>(357)</b>	(155)	NM	<b>(1,809)</b>	3,388	NM
Raw materials and consumables used and subcontractors' costs	<b>(186,801)</b>	(23,429)	NM	<b>(374,966)</b>	(47,831)	NM
Staff costs	<b>(19,801)</b>	(15,645)	27	<b>(38,938)</b>	(31,295)	24
Depreciation, amortisation and impairment	<b>(17,546)</b>	(6,755)	NM	<b>(27,050)</b>	(11,472)	NM
Other expenses	<b>(24,777)</b>	(23,688)	5	<b>(41,912)</b>	(43,798)	(4)
Finance costs	<b>(14,902)</b>	(11,251)	32	<b>(29,503)</b>	(21,870)	35
Share of (losses)/profits of associates and joint ventures, net of income tax	<b>(505)</b>	1,761	NM	<b>(3,386)</b>	(6,128)	(45)
<b>Profit before income tax</b>	<b>5,153</b>	27,388	(81)	<b>10,930</b>	34,946	(69)
Tax (expense)/credit	<b>(948)</b>	(483)	96	<b>1,338</b>	(1,363)	NM
<b>Profit for the period</b>	<b>4,205</b>	26,905	(84)	<b>12,268</b>	33,583	(63)
<b>Profit attributable to:</b>						
Owners of the Company	<b>2,622</b>	25,953	(90)	<b>9,944</b>	31,581	(69)
Non-controlling interests	<b>1,583</b>	952	66	<b>2,324</b>	2,002	16
<b>Profit for the period</b>	<b>4,205</b>	26,905	(84)	<b>12,268</b>	33,583	(63)

NM: Not Meaningful



**1 (a)(ii) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016**

	<u>Group</u>					
	<u>Quarter ended 30 June</u>			<u>Half year ended 30 June</u>		
	2016 S\$'000	2015 S\$'000	Change %	2016 S\$'000	2015 S\$'000	Change %
<b>Profit for the period</b>	<b>4,205</b>	26,905	(84)	<b>12,268</b>	33,583	(63)
<b>Other comprehensive (loss)/ income:</b>						
<u>Items that are or may be subsequently reclassified to profit or loss</u>						
Foreign currency translation differences for foreign operations	<b>(4,808)</b>	(4,269)	13	<b>(12,364)</b>	3,512	NM
Effective portion of changes in fair value of cash flow hedges	<b>(8,804)</b>	9,435	NM	<b>(38,794)</b>	8,795	NM
Share of other comprehensive income of associates and joint ventures	<b>(2,136)</b>	(6,298)	(66)	<b>(6,030)</b>	(3,318)	82
Net changes in fair value of cash flow hedges transferred to profit or loss	<b>2,938</b>	98	NM	<b>2,938</b>	98	NM
Realisation of foreign currency translation to profit or loss	-	(6,685)	NM	-	(6,685)	NM
<b>Other comprehensive (loss)/ income for the period, net of income tax</b>	<b>(12,810)</b>	(7,719)	66	<b>(54,250)</b>	2,402	NM
<b>Total comprehensive (loss)/ income for the period</b>	<b>(8,605)</b>	19,186	NM	<b>(41,982)</b>	35,985	NM
<b>Total comprehensive (loss)/ income attributable to:</b>						
Owners of the Company	<b>(10,044)</b>	18,812	NM	<b>(43,814)</b>	34,659	NM
Non-controlling interests	<b>1,439</b>	374	NM	<b>1,832</b>	1,326	38
<b>Total comprehensive (loss)/ income for the period</b>	<b>(8,605)</b>	19,186	NM	<b>(41,982)</b>	35,985	NM

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: -

	<u>Group</u>					
	<u>Quarter ended 30 June</u>			<u>Half year ended 30 June</u>		
	2016	2015	Change	2016	2015	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation, amortisation and impairment	(17,546)	(6,755)	NM	(27,050)	(11,472)	NM
Finance costs	(14,902)	(11,251)	32	(29,503)	(21,870)	35
Financial receivables written off	-	(4,351)	NM	-	(4,351)	NM
Gain from acquisition of subsidiaries	-	3,919	NM	-	3,919	NM
Gain on disposal of other investment	-	-	NM	11	-	NM
(Impairment)/write-back of trade and other receivables	(24)	-	NM	947	-	NM
Interest income	851	885	(4)	1,389	1,945	(29)
(Loss)/gain on sale of property, plant and equipment	(1)	(328)	NM	2	15,486	NM
Net foreign currency exchange gain/(loss)	752	(1,889)	NM	(74)	(5,013)	(99)
Property, plant and equipment written off	(24)	(17)	41	(25)	(21)	19
Write-back for inventory obsolescence	1	5	(80)	4	8	(50)
(Under)/Over provision of prior years' tax	(90)	(753)	(88)	884	(282)	(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 JUNE 2016

	<u>Group</u>		<u>Company</u>	
	30 Jun 16 S\$'000	31 Dec 15 S\$'000	30 Jun 16 S\$'000	31 Dec 15 S\$'000
<b><u>NON-CURRENT ASSETS</u></b>				
Property, plant and equipment	157,906	156,427	-	-
Intangible assets	25,067	25,648	-	-
Intangible assets arising from service concession arrangements	1,109,514	1,127,767	-	-
Subsidiaries	-	-	278,958	219,048
Joint ventures	41,402	7,374	-	-
Associates	129,153	138,291	15,699	15,455
Other investments	-	542	-	-
Financial receivables	908,860	546,271	-	-
Trade and other receivables	110	-	1,042,478	972,287
Deferred tax assets	38,750	27,530	-	-
	<u>2,410,762</u>	<u>2,029,850</u>	<u>1,337,135</u>	<u>1,206,790</u>
<b><u>CURRENT ASSETS</u></b>				
Gross amounts due for contract work	115,147	128,126	-	-
Inventories	48,440	51,613	-	-
Financial receivables	14,315	14,409	-	-
Trade and other receivables	280,629	275,786	638,503	847,315
Cash and cash equivalents	494,126	313,706	351,292	112,382
Assets held for sale	211,865	211,865	-	-
	<u>1,164,522</u>	<u>995,505</u>	<u>989,795</u>	<u>959,697</u>
<b><u>CURRENT LIABILITIES</u></b>				
Trade and other payables	436,265	266,006	44,932	69,823
Loans and borrowings	256,589	659,652	186,596	614,800
Tax payable	10,628	6,864	3,603	2,756
Liabilities held for sale	13,347	13,347	-	-
	<u>716,829</u>	<u>945,869</u>	<u>235,131</u>	<u>687,379</u>
<b>Net current assets</b>	<b>447,693</b>	<b>49,636</b>	<b>754,664</b>	<b>272,318</b>
<b><u>NON-CURRENT LIABILITIES</u></b>				
Trade and other payables - derivatives	46,504	13,169	-	-
Loans and borrowings	1,084,546	764,297	451,113	305,424
Deferred tax liabilities	4,561	1,169	-	-
	<u>1,135,611</u>	<u>778,635</u>	<u>451,113</u>	<u>305,424</u>
<b>Net assets</b>	<b><u>1,722,844</u></b>	<b><u>1,300,851</u></b>	<b><u>1,640,686</u></b>	<b><u>1,173,684</u></b>



STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2016 (cont'd)

	<u>Group</u>		<u>Company</u>	
	30 Jun 16 S\$'000	31 Dec 15 S\$'000	30 Jun 16 S\$'000	31 Dec 15 S\$'000
<b><u>EQUITY</u></b>				
Share capital	607,258	607,258	607,258	607,258
Perpetual capital securities	963,981	469,096	963,981	469,096
Reserve for own shares	(85,929)	(85,929)	(85,929)	(85,929)
Capital reserve	16,046	13,731	10,700	8,863
Foreign currency translation reserve	(17,322)	469	-	-
Hedging reserve	(51,252)	(15,285)	-	1,277
Employees' share option reserve	24,996	25,069	24,996	25,069
Retained earnings	247,872	273,059	119,680	148,050
<b>Total equity attributable to owners of the Company</b>	<b>1,705,650</b>	<b>1,287,468</b>	<b>1,640,686</b>	<b>1,173,684</b>
<b>Non-controlling interests</b>	<b>17,194</b>	<b>13,383</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>1,722,844</b>	<b>1,300,851</b>	<b>1,640,686</b>	<b>1,173,684</b>
<i>Group net borrowings (S\$'000)</i>	<b>847,009</b>	1,110,243	n.a.	n.a.
<i>Group net gearing (times)</i>	<b>0.49x</b>	0.85x	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 Jun 16		31 Dec 15	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
845	255,744	-	659,652

#### (ii) Amount repayable after one year

30 Jun 16		31 Dec 15	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
410,121	674,425	227,803	536,494

#### Details of any collateral

Secured bank loans of the Group were secured over specific project assets of subsidiaries under project financing arrangement.



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 SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016**

	<u>Group</u>			
	<u>Quarter ended 30 June</u>		<u>Half year ended 30 June</u>	
	2016	2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from operating activities</b>				
Profit before income tax	5,153	27,388	10,930	34,946
Adjustments for:				
Amortisation of transaction costs related to borrowings	891	116	1,527	244
Depreciation, amortisation and impairment	17,546	6,755	27,050	11,472
Employees' share option expense	44	74	(73)	(141)
Fair value loss on derivative financial instruments	1,124	97	1,124	97
Finance costs	14,902	11,251	29,503	21,870
Financial receivables written off	-	4,351	-	4,351
Gain from acquisition of subsidiaries	-	(3,919)	-	(3,919)
Gain on disposal of other investment	-	-	(11)	-
Impairment/(write-back) of trade and other receivables	24	-	(947)	-
Interest income	(851)	(885)	(1,389)	(1,945)
Loss/(gain) on sale of property, plant and equipment	1	328	(2)	(15,486)
Other income	(2,333)	(5,887)	(2,333)	(5,887)
Property, plant and equipment written off	24	17	25	21
Share of losses/(profits) of associates and joint ventures, net of income tax	505	(1,761)	3,386	6,128
Write-back for inventory obsolescence	(1)	(5)	(4)	(8)
	<b>37,029</b>	37,920	<b>68,786</b>	51,743
Change in inventories	253	1,456	3,173	(4,371)
Change in gross amounts due for contract work	2,118	3,892	12,979	6,688
Change in trade and other receivables	(25,929)	(55,855)	(16,903)	(22,335)
Change in trade and other payables	82,552	(1,476)	170,608	(35,936)
<b>Cash from/(used in) operating activities before service concession arrangement projects</b>	<b>96,023</b>	(14,063)	<b>238,643</b>	(4,211)
Change in financial receivables from service concession arrangements	(181,326)	3,653	(371,560)	(155)
Change in intangible assets arising from service concession arrangements	-	(26,849)	-	(58,299)
<b>Cash used in operating activities after service concession arrangement projects</b>	<b>(85,303)</b>	(37,259)	<b>(132,917)</b>	(62,665)
Income tax paid	(1,615)	(3,805)	(2,823)	(4,668)
<b>Net cash used in operating activities</b>	<b>(86,918)</b>	(41,064)	<b>(135,740)</b>	(67,333)



**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016 (cont'd)**

	<u>Group</u>			
	<u>Quarter ended 30 June</u>		<u>Half year ended 30 June</u>	
	2016	2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from investing activities</b>				
Acquisition of intangible assets	(351)	(111)	(1,023)	(577)
Acquisition of property, plant and equipment	(5,992)	(4,252)	(12,993)	(9,821)
Acquisition of subsidiaries, net of cash acquired	-	(5,670)	-	(8,953)
Acquisition and additional interests in joint ventures	(3,344)	-	(33,344)	-
Additional interests in an associate	(1,788)	-	(1,788)	-
Dividends received from associate	630	480	1,230	1,020
Interest received	722	443	1,142	1,085
Loans to a joint venture	-	(6,660)	-	(6,660)
Net cash outflow from deconsolidation of subsidiaries	-	(20,445)	-	(20,445)
Net proceeds from liquidation	-	-	3,732	-
Net proceeds from disposal of other investment	-	-	553	-
Net proceeds from sale of property, plant and equipment	-	467	12	14,790
<b>Net cash used in investing activities</b>	<b>(10,123)</b>	<b>(35,748)</b>	<b>(42,479)</b>	<b>(29,561)</b>
<b>Cash flows from financing activities</b>				
Contribution from non-controlling interests	1,759	264	1,979	264
Dividends paid	(19,886)	(24,878)	(32,816)	(37,808)
Restricted cash	(36,835)	-	(36,835)	-
Interest paid	(13,705)	(6,651)	(30,819)	(24,193)
Net proceeds from perpetual capital securities issued	494,885	-	494,885	-
Proceeds from borrowings	219,013	65,757	254,644	95,073
Purchases of treasury shares	-	(2,121)	-	(11,420)
Repayment of borrowings	(271,304)	(7,480)	(327,165)	(99,062)
<b>Net cash from/(used in) financing activities</b>	<b>373,927</b>	<b>24,891</b>	<b>323,873</b>	<b>(77,146)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>276,886</b>	<b>(51,921)</b>	<b>145,654</b>	<b>(174,040)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>165,636</b>	<b>275,342</b>	<b>298,478</b>	<b>382,044</b>
Effect of exchange rate fluctuations on cash held	(1,983)	(5,813)	(3,593)	9,604
<b>Cash and cash equivalents at end of the period [Note 1(c)(i)]</b>	<b>440,539</b>	<b>217,608</b>	<b>440,539</b>	<b>217,608</b>





## 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:

	<u>Group</u>	
	<u>Half year ended 30 June</u>	
	<u>2016</u>	<u>2015</u>
	<u>S\$'000</u>	<u>S\$'000</u>
<b>Cash and cash equivalents in the statements of financial position</b>	<b>494,126</b>	284,423
Less: Bank overdrafts used for cash management purposes	(21,852)	(66,485)
Less: Restricted cash	(36,835)	-
Less: Deposits pledged	(312)	(330)
	<u>435,127</u>	<u>217,608</u>
Add: Cash and cash equivalents included in assets held for sale	5,412	-
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>440,539</b>	<b>217,608</b>



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	Perpetual 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
<b>At 1.1.2016</b>	607,258	469,096	(85,929)	13,731	469	(15,285)	25,069	273,059	1,287,468	13,383	1,300,851
<b>Total comprehensive income for the period</b>											
Profit for the period	-	-	-	-	-	-	-	9,944	9,944	2,324	12,268
<b>Other comprehensive income</b>											
Foreign currency translation differences for foreign operations	-	-	-	-	(11,872)	-	-	-	(11,872)	(492)	(12,364)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	(38,794)	-	-	(38,794)	-	(38,794)
Net changes in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	-	2,938	-	-	2,938	-	2,938
Share of other comprehensive income of associates and joint ventures	-	-	-	-	(5,919)	(111)	-	-	(6,030)	-	(6,030)
<b>Total comprehensive income for the period</b>	-	-	-	-	(17,791)	(35,967)	-	9,944	(43,814)	1,832	(41,982)
<b>Transactions with owners, recognised directly in equity</b>											
<b>Contributions by and distributions to owners</b>											
Dividends paid	-	-	-	-	-	-	-	(32,816)	(32,816)	-	(32,816)
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	1,979	1,979
Issuance of perpetual capital securities	-	494,885	-	-	-	-	-	-	494,885	-	494,885
Employee share options expired/ forfeited	-	-	-	-	-	-	(73)	-	(73)	-	(73)
Transfer to capital reserve	-	-	-	2,315	-	-	-	(2,315)	-	-	-
<b>Total transactions with owners</b>	-	494,885	-	2,315	-	-	(73)	(35,131)	461,996	1,979	463,975
<b>At 30.6.2016</b>	<b>607,258</b>	<b>963,981</b>	<b>(85,929)</b>	<b>16,046</b>	<b>(17,322)</b>	<b>(51,252)</b>	<b>24,996</b>	<b>247,872</b>	<b>1,705,650</b>	<b>17,194</b>	<b>1,722,844</b>



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

	Share capital	Perpetual 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
<b>At 1.1.2015</b>	607,258	469,096	(61,936)	10,043	14,029	(29,728)	24,755	303,664	1,337,181	4,807	1,341,988
<b>Total comprehensive income for the period</b>											
Profit for the period	-	-	-	-	-	-	-	31,581	31,581	2,002	33,583
<b>Other comprehensive income</b>											
Foreign currency translation differences for foreign operations	-	-	-	-	4,188	-	-	-	4,188	(676)	3,512
Realisation of foreign currency translation to profit or loss	-	-	-	-	(6,685)	-	-	-	(6,685)	-	(6,685)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	8,795	-	-	8,795	-	8,795
Net changes in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	-	98	-	-	98	-	98
Share of other comprehensive income of associates and joint ventures	-	-	-	-	(3,414)	96	-	-	(3,318)	-	(3,318)
Total comprehensive income for the period	-	-	-	-	(5,911)	8,989	-	31,581	34,659	1,326	35,985
<b>Transactions with owners, recognised directly in equity</b>											
<b>Contributions by and distributions to owners</b>											
Dividends paid	-	-	-	-	-	-	-	(37,808)	(37,808)	-	(37,808)
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	264	264
Own shares acquired	-	-	(11,420)	-	-	-	-	-	(11,420)	-	(11,420)
Value of employee services received for issue of share options	-	-	-	-	-	-	(141)	-	(141)	-	(141)
Transfer to capital reserve	-	-	-	1,730	-	-	-	(1,730)	-	-	-
Total transactions with owners	-	-	(11,420)	1,730	-	-	(141)	(39,538)	(49,369)	264	(49,105)
<b>At 30.6.2015</b>	<b>607,258</b>	<b>469,096</b>	<b>(73,356)</b>	<b>11,773</b>	<b>8,118</b>	<b>(20,739)</b>	<b>24,614</b>	<b>295,707</b>	<b>1,322,471</b>	<b>6,397</b>	<b>1,328,868</b>



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

	Share capital	Perpetual capital securities	Reserve for own shares	Capital reserve	Hedging 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	S\$'000
<b>At 1.1.2016</b>	607,258	469,096	(85,929)	8,863	1,277	25,069	148,050	1,173,684
<b>Total comprehensive income for the period</b>								
Profit for the period	-	-	-	-	-	-	6,283	6,283
<b>Other comprehensive income</b>								
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	(4,215)	-	-	(4,215)
Net changes in fair value of cash flow hedges transferred to profit and loss	-	-	-	-	2,938	-	-	2,938
Total comprehensive income for the period	-	-	-	-	(1,277)	-	6,283	5,006
<b>Transactions with owners, recognised directly in equity</b>								
<b>Contributions by and distributions to owners</b>								
Dividends paid	-	-	-	-	-	-	(32,816)	(32,816)
Issuance of perpetual capital securities	-	494,885	-	-	-	-	-	494,885
Employee share options expired/ forfeited	-	-	-	-	-	(73)	-	(73)
Transfer to capital reserve	-	-	-	1,837	-	-	(1,837)	-
<b>Total transactions with owners</b>	-	494,885	-	1,837	-	(73)	(34,653)	461,996
<b>At 30.6.2016</b>	<b>607,258</b>	<b>963,981</b>	<b>(85,929)</b>	<b>10,700</b>	<b>-</b>	<b>24,996</b>	<b>119,680</b>	<b>1,640,686</b>
<b>At 1.1.2015</b>	607,258	469,096	(61,936)	5,402	-	24,755	130,892	1,175,467
<b>Total comprehensive income for the period</b>								
Profit for the period	-	-	-	-	-	-	5,448	5,448
<b>Other comprehensive income</b>								
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	(463)	-	-	(463)
Total comprehensive income for the period	-	-	-	-	(463)	-	5,448	4,985
<b>Transactions with owners, recognised directly in equity</b>								
<b>Contributions by and distributions to owners</b>								
Dividends paid	-	-	-	-	-	-	(37,808)	(37,808)
Own shares acquired	-	-	(11,420)	-	-	-	-	(11,420)
Value of employee services received for issuance of share options	-	-	-	-	-	(141)	-	(141)
Transfer to capital reserve	-	-	-	1,730	-	-	(1,730)	-
<b>Total transactions with owners</b>	-	-	(11,420)	1,730	-	(141)	(39,538)	(49,369)
<b>At 30.6.2015</b>	<b>607,258</b>	<b>469,096</b>	<b>(73,356)</b>	<b>7,132</b>	<b>(463)</b>	<b>24,614</b>	<b>96,802</b>	<b>1,131,083</b>

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 second quarter ended 30 Jun 2016 were as follows:

**Issued share capital**

	No. of shares	Amount S\$'000
<b>Ordinary shares</b>		
At 1 Apr 2016 and 30 Jun 2016	785,284,989	128,760
<b>Preference shares</b>		
At 1 Apr 2016 and 30 Jun 2016	4,000,000	392,569
Issued share capital at 30 Jun 2016 (Note A)		<u>521,329</u>

As at 30 Jun 2016, the number of ordinary shares in issue were 785,284,989 (30 Jun 2015: 804,454,989), excluding 79,246,000 (30 Jun 2015: 60,076,000) held by the Company as treasury shares.

The total number of issued 6% Cumulative Non-convertible Non-voting Perpetual Class A Preference Shares (preference shares) as at 30 Jun 2016 were 4,000,000 (30 Jun 2015: 4,000,000).

Note A:

Per Statement of Financial Position

- Share capital	607,258
- Reserve for own shares	(85,929)
Issued share capital as at 30 Jun 2016	<u>521,329</u>

**Outstanding share options under the Scheme**

	No. of options
At 1 Apr 2016	27,021,000
Options granted	-
Forfeited	(140,000)
At 30 Jun 2016	<u>26,881,000</u>

As at 30 Jun 2016, the number of outstanding share options under the Schemes were 26,881,000 (30 Jun 2015: 31,078,000).



### Perpetual capital securities

	<b>Amount S\$'000</b>
At 1 Apr 2016	469,096
Add: perpetual capital securities issued in May 2016	494,885
At 30 Jun 2016	<u>963,981</u>

As at 30 Jun 2015, perpetual capital securities comprised:

- \$300 mil 5.75% per annum, issued on 23 Jan 2014; and
- \$175 mil 4.80% per annum, issued on 29 Jul 2014

As at 30 Jun 2016, perpetual capital securities comprised:

- \$300 mil 5.75% per annum, issued on 23 Jan 2014;
- \$175 mil 4.80% per annum, issued on 29 Jul 2014. These were fully redeemed on 29 Jul 2016; and
- \$500 mil 6.00% per annum, issued on 27 May 2016.

**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 Jun 2016 were 785,284,989 (31 Dec 2015: 785,284,989), excluding 79,246,000 (31 Dec 2015: 79,246,000) held by the Company as treasury shares.

There was no change in the Company's issued preference shares during the financial period ended 30 Jun 2016. The total number of issued preference shares as at 30 Jun 2016 were 4,000,000 (31 Dec 2015: 4,000,000).

On 27 May 2016, the Company issued perpetual capital securities of \$500 mil, bringing the total balance as at 30 Jun 2016 to \$975 mil (31 Dec 2015: \$475 mil).

**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 Jun 2016.

**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 Jan 2016. Those new/revised FRS and Interpretations of FRS did not result in 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.**

	<u>Quarter ended 30 June</u>			<u>Half year ended 30 June</u>		
	2016	2015	Change %	2016	2015	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#	(1.58 cts)	1.68 cts	NM	(2.22 cts)	0.85 cts	NM
- Weighted average number of shares	785,284,989	806,069,456	(3)	785,284,989	806,473,072	(3)
On a fully diluted basis of ordinary shares#	(1.58 cts)	1.68 cts	NM	(2.22 cts)	0.85 cts	NM
- Adjusted weighted average number of shares	<u>785,284,989</u>	<u>806,069,456</u>	(3)	<u>785,284,989</u>	<u>806,473,072</u>	(3)

# adjusted for dividends attributable to perpetual preference shares and perpetual capital securities for the half year ended 30 Jun 2016 (1H2016) of \$27.4mil and quarter ended 30 Jun 2016 (2Q2016) of \$15.0mil. Excluding these adjustments, the earnings per share would have been 1.27 cents for the 1H2016 and 0.33 cents for 2Q2016.

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 asset value per ordinary share:**

	<u>Group</u>		<u>Company</u>	
	30 Jun 16 Cents	31 Dec 15 Cents	30 Jun 16 Cents	31 Dec 15 Cents
Based on 785,284,989 (31 Dec 2015: 785,284,989) ordinary shares in issue	<u>44.3</u>	<u>54.2</u>	<u>33.8</u>	<u>38.0</u>

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 \$2.6 mil for the second quarter ended 30 Jun 2016 ("2Q2016") on revenue of \$260.0 mil. For the first half ended 30 Jun 2016 ("1H2016"), the Group achieved PATMI of \$9.9 mil on revenue of \$508.3 mil. Gross profits for 1H2016 and 2Q2016 were \$131.6 mil and \$72.8 mil respectively. Higher revenue for 2Q2016 and 1H2016 were contributed mainly by TuasOne waste-to-energy ("WTE") project and Qurayyat Independent Water Project ("IWP") in the Sultanate of Oman.

Other income in 1H2016 comprised mainly incentives income recognised as market-making participants to the Singapore Electricity Futures Market. Correspondingly, included in 1H2015 were non-recurring disposal gain of \$15.8 mil on the Group's leasehold building in China and gain from acquisition of subsidiaries of \$3.9 mil.

Also reported in 1H2015, the Group divested the service concession rights held for 5 water and wastewater treatment plants in China to a 25% owned associate. A gain arising from the disposals of \$42.5 mil was recognised in 2015. These gains contributed to the higher PATMI reported in 1H2015 compared to 1H2016.

In 1H2016, revenue and profits were mainly from higher engineering, procurement and construction ("EPC") activities and these were partially offset by amortisation costs of our Tuaspring power plant, which continues to face weak Singapore electricity prices.

Basic and diluted loss per share was 1.58 cents for 2Q2016 and 2.22 cents for 1H2016. Both basic and diluted loss per share were adjusted for dividends on perpetual preference shares and perpetual capital securities.

#### **Sector Review**

Municipal sector continued to be the main contributor to the Group's revenue, accounting for approximately 93% or \$242.6 mil of the total revenue in 2Q2016 (2Q2015: 95% or \$90.8 mil). For the 1H2016, municipal revenue made up 94% or \$481.0 mil (1H2015: 91% or \$141.9 mil) of the total revenue.

Industrial sector revenue contributed 6% or \$16.3 mil to the Group's revenue for 2Q2016, increased from 4% or \$3.5 mil for 2Q2015. For the first half, this sector made up 5% or \$25.4 mil and 8% or \$12.5 mil of the Group revenue for 1H2016 and 1H2015 respectively.

#### **Geographical Review**

The Singapore market continued to be a key market contributing 63% or \$165.1 mil and 67% or \$340.2 mil of the Group's total revenue in 2Q2016 and 1H2016, respectively. In 2015, Singapore market contributed 36% and 47% to total revenue in 2Q2015 and 1H2015 respectively. TuasOne WTE project is the main driver to current period's revenue. Construction of Tuaspring plant which contributed to revenue of corresponding period was substantially completed towards 2H2015.

Revenue from Middle East & North Asia ("MENA") region rose to 29% or \$76.0 mil in 2Q2016 from 9% or \$8.3 mil in 2Q2015. For 1H2016, MENA contributed 27% or \$139.1 mil, an increase from 10% or \$14.8 mil in 1H2015. Construction of the Qurayyat IWP contributed to increase in MENA revenue.





The Group's China market contributed 6% or \$15.1 mil and 5% or \$24.8 mil to the total revenues in 2Q2016 and 1H2016 respectively. Revenue from China was 54% or \$51.4 mil and 37% or \$58.5 mil to the total revenue in 2Q2015 and 1H2015 respectively, mainly contributed by the divestment of 5 water and wastewater treatment plants as mentioned above.

Rest of the World ("ROW") accounted for 2% and 1% in 2Q2016 and 1H2016 respectively. For 2015, ROW contributed 1% and 6% in 2Q2015 and 1H2015 respectively.

### **8(a)(ii) Costs and expenses**

Higher direct costs as well as staff costs for 2Q2016 and 1H2016 were driven by EPC activities for TuasOne WTE and Qurayyat IWP projects.

Depreciation, amortisation and impairment increased in 2Q2016 and 1H2016 contributed mainly by amortisation of Tuaspring power plant since Mar 2016.

Lower other expenses in 1H2016, primarily due to non-recurring provision made against financial receivables in 2015 as well as lower exchange losses for the quarter, offset by higher project related professional fees incurred.

Finance costs increased in 2Q2016 and 1H2016 relating mainly to the financing of the Group's projects.

Lower share of losses of associates and joint ventures in 1H2016 compared to 1H2015 was due to lower losses contributed by joint ventures.

The Group recorded net tax credit of \$1.3 mil for 1H2016, compared to net tax expense of \$1.4 mil in 1H2015. Overall lower effective tax rates than the Singapore prevailing rates due mainly to recognition of tax losses incurred by certain entities within the Group for both periods.

### **8(b) Statements of Financial Position Analysis**

#### **8(b)(i) The Group**

The Group's shareholder's equity increased from \$1.3 bil as at 31 Dec 2015 to \$1.7 bil as at 30 Jun 2016. The increase was mainly contributed by the issuance of perpetual capital securities of \$500.0 mil in May 2016, offset by dividends for the period, higher hedging reserve loss relating to the floating-to-fixed interest rate swaps on the Group's project finance loan and translation loss reserve primarily due to weakening of US dollars against Singapore dollars.

Increase in non-current assets mainly from financial receivables on TuasOne WTE and Qurayyat IWP projects, capital injection of \$33.0 mil into PT Oasis Waters International ("PT Oasis"), a 50% owned joint venture, as well as recognition of deferred tax assets.

Increase in current assets primarily driven by the increase in cash balance from the issuance of \$500.0 mil perpetual capital securities.

Decrease in current liabilities mainly due to the reclassification of corporate borrowings from short-term to long-term upon completion of the syndicated loan refinancing, and repayment of bank borrowings. The decrease was partially offset by increase in trade payables incurred for projects under construction. The reclassification of corporate borrowings resulted in a corresponding increase in non-current liabilities.

The Group's net gearing ratio stood at 0.49 times as at 30 Jun 2016, from 0.85 times as at 31 Dec 2015.



### **8(b)(ii) The Company**

The Company's shareholder's equity increased from \$1.2 bil as at 31 Dec 2015 to \$1.6 bil as at 30 Jun 2016. The increase was mainly contributed by the issuance of perpetual capital securities of \$500.0 mil at 6% in May 2016, offset by dividends for the period.

### **8(c) Statement of Cash flows**

The Group's overall cash balance increased from \$313.7 mil as at 31 Dec 2015 to \$494.1 mil as at 30 Jun 2016.

For 2Q2016 and 1H2016, net cash of \$86.9 mil and \$135.7 mil 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 \$96.0 mil and \$238.6 mil respectively.

Cash used in investing activities of \$10.1 mil and \$42.5 mil in 2Q2016 and 1H2016 respectively were mainly for injection into 50% joint venture, PT Oasis and capital expenditures.

Net cash from financing activities were mainly from issuance of \$500.0 mil perpetual capital securities, partially offset by net repayment of borrowings as well as payment of dividends and interest during the period. An amount of \$36.8 mil was set aside for issuance of letter of credit for TuasOne WTE project.

### **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.**

During the quarter, the Group successfully achieved financial close for TuasOne WTE project in Singapore and Qurayyat IWP in the Sultanate of Oman. Revenue contribution is expected to continue as the Group executes its EPC order book with ongoing construction of the Qurayyat IWP, TuasOne WTE project and projects in the Kingdom of Saudi Arabia.

Despite stronger projected revenue and profit contributions from its EPC activities, the Group expects weak financial performance from its Tuaspring power plant in the second half of 2016. The power market in Singapore continues to face strong headwinds with weak electricity prices. This has an adverse impact on profitability as profits generated from the higher construction activities in 2016 would be partially offset by amortisation and financing costs of the Tuaspring power plant in the near-term.

The Group remains cautious on the business outlook given the sustained low oil price environment and economic uncertainties arising from Britain's exit from the EU. Despite these challenges, it will continue to tender for projects in the key markets of Middle East, Africa, Americas and parts of Asia as well as to explore divestment opportunities for capital recycling to support long-term growth.

On the consumer front, the Group expects to commence production of ELO drinking water in Singapore from third quarter this year. This is an innovative technology that produces oxygen-rich water without adding gases and preservatives. Concurrently, the Group will be launching its inaugural commercial water therapy facility at City Square Mall in central Singapore. Still in its infancy, this new consumer line of business is not expected to contribute significantly to the Group's financial performance in 2016. Nevertheless, the Group is optimistic about the potential of the ELO consumer business and the opportunity to reach out to a broader group of consumers.

## 11. Dividend

### **(a) Current financial period reported on.**

Any dividend recommended for the current financial period reported on?

Name of dividend	Ordinary - Interim
Dividend type	Cash
Dividend rate	0.20 cents per ordinary share
Tax rate	One-tier tax exempt

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

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

Name of dividend	Ordinary - Interim
Dividend type	Cash
Dividend rate	0.70 cents per ordinary share
Tax rate	One-tier tax exempt

### **(c) Date payable.**

5 Sept 2016

### **(d) Books closure date.**

16 Aug 2016

## 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 June 2016 to be false or misleading in any material aspect.

## BY ORDER OF THE BOARD

Lim Poh Fong  
Company Secretary  
4 August 2016