HYFLUX LTD
Registration number : 200002722Z

Unaudited Second Quarter and Half Year Financial Statements For The Period Ended 30 June 2018

These unaudited financial statements must be read in conjunction with paragraph 4.

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 2018

	Group					
	Quarter ended 30 Jun			Half year ended 30 Jun		
	2018	2017	Change	2018	2017	Change
	S$'000	S$'000	%	S$'000	S$'000	%
		Restated			Restated	
Revenue	**(28,798)**	81,757	NM	**43,202**	173,285	(75)
Other income	**18,783**	13,170	43	**32,948**	44,731	(26)
Changes in inventories of finished goods and work-in-progress	**2,912**	1,736	68	**2,842**	(254)	NM
Raw materials and consumables used and subcontractors' costs	**(36,680)**	(36,892)	(1)	**(61,778)**	(72,134)	(14)
Staff costs	**(24,730)**	(23,317)	6	**(50,861)**	(47,417)	7
Depreciation, amortisation and impairment	**(4,029)**	(4,774)	(16)	**(8,890)**	(9,431)	(6)
Other expenses	**(25,698)**	(24,559)	5	**(42,592)**	(41,239)	3
Finance costs	**(17,383)**	(13,819)	26	**(33,635)**	(28,120)	20
Share of (loss)/profit of equity-investees (net of tax)	**(735)**	1,450	NM	**942**	2,864	(67)
(Loss)/Profit before tax	**(116,358)**	(5,248)	>100	**(117,822)**	22,285	NM
Tax credit/(expense)	**13,046**	(507)	NM	**13,736**	(1,507)	NM
(Loss)/Profit for the period excluding Tuaspring[1]	**(103,312)**	(5,755)	>100	**(104,086)**	20,778	NM
Results of Tuaspring, net of tax	**(16,926)**	(20,915)	(19)	**(40,173)**	(47,906)	(16)
Loss for the period	**(120,238)**	(26,670)	>100	**(144,259)**	(27,128)	>100
(Loss)/Profit (excluding Tuaspring) attributable to:						
Owners of the Company	**(102,011)**	(5,077)	>100	**(100,975)**	21,850	NM
Non-controlling interests	**(1,301)**	(678)	92	**(3,111)**	(1,072)	>100
(Loss)/Profit for the period excluding Tuaspring	**(103,312)**	(5,755)	>100	**(104,086)**	20,778	NM

CONSOLIDATED INCOME STATEMENT

For the second quarter and half year ended 30 June 2018

	Group					
	Quarter ended 30 Jun			Half year ended 30 Jun		
	2018	2017	Change	2018	2017	Change
	S$'000	S$'000	%	S$'000	S$'000	%
		Restated			Restated	
Loss attributable to:						
Owners of the Company	**(118,937)**	(25,992)	>100	**(141,148)**	(26,056)	>100
Non-controlling interests	**(1,301)**	(678)	92	**(3,111)**	(1,072)	>100
Loss for the period	**(120,238)**	(26,670)	NM	**(144,259)**	(27,128)	>100

NM: Not Meaningful

Note:
1. As announced in February 2017, the Group initiated a partial divestment of Tuaspring Integrated Water and Power Plant ("Tuaspring"), subject to relevant regulatory approvals. Following the announcement, the statement of comprehensive income has been presented to show the results of Tuaspring separately from other operations.

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1 (a)(ii) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the second quarter and half year ended 30 June 2018

	Group					
	Quarter ended 30 Jun			Half year ended 30 Jun		
	2018	2017	Change	2018	2017	Change
	S$'000	S$'000	%	S$'000	S$'000	%
		Restated			Restated	
Loss for the period	**(120,238)**	(26,670)	>100	**(144,259)**	(27,128)	>100
Other comprehensive loss:						
Items that are or may be subsequently reclassified to profit or loss						
Foreign currency translation differences	**1,759**	733	>100	**3,243**	(5,802)	NM
Effective portion of changes in fair value of cash flow hedges	**4,984**	(9,816)	NM	**18,305**	(29,979)	NM
Loss on disposal of a subsidiary	**2,077**	-	NM	**2,077**	-	NM
Gain on disposal of a joint venture	**-**	-	NM	**-**	(15,611)	NM
Share of other comprehensive income of equity-accounted investees	**3,462**	(76)	NM	**521**	(4,052)	NM
Other comprehensive profit/(loss) for the period, excluding Tuaspring[1]	**12,282**	(9,159)	NM	**24,146**	(55,444)	NM
Other comprehensive profit/(loss) of Tuaspring	**5,362**	(6,942)	NM	**13,597**	(19,037)	NM
Total comprehensive loss for the period	**(102,594)**	(42,771)	>100	**(106,516)**	(101,609)	5
Total comprehensive loss attributable to:						
Owners of the Company	**(109,295)**	(39,451)	>100	**(109,937)**	(92,323)	19
Non-controlling interests	**6,701**	(3,320)	>100	**3,421**	(9,286)	NM
Total comprehensive loss for the period	**(102,594)**	(42,771)	>100	**(106,516)**	(101,609)	5

NM: Not Meaningful

Note:
1. As announced in February 2017, the Group initiated a partial divestment of Tuaspring Integrated Water and Power Plant ("Tuaspring"), subject to relevant regulatory approvals. Following the announcement, the statement of comprehensive income has been presented to show the results of Tuaspring separately from other operations.

NOTES TO CONSOLIDATED INCOME STATEMENT

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

	Group					
	Quarter ended 30 Jun			Half year ended 30 Jun		
	2018	2017	Change	2018	2017	Change
	S$'000	S$'000	%	S$'000	S$'000	%
Interest income	**13,252**	12,247	8	**26,310**	25,514	3
Gain on deconsolidation of subsidiary	**3,630**	-	NM	**3,630**	-	NM
Gain on disposal of a joint venture	**-**	-	NM	**-**	16,491	NM
Net foreign currency exchange loss	**(1,281)**	(705)	82	**(1,714)**	(3,895)	(56)
Changes in net estimates related to prior years	**136**	(10)	NM	**139**	1,954	(93)
Write-back on trade and other receivables (net)	**911**	213	NM	**771**	158	>100

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 2018

	Group		Company	
	30 Jun 18	31 Dec 17	30 Jun 18	31 Dec 17
	S$'000	S$'000	S$'000	S$'000
ASSETS				
Property, plant and equipment	**129,186**	121,115	**-**	-
Intangible assets and goodwill	**18,801**	21,023	**-**	-
Subsidiaries	**-**	-	**278,874**	298,874
Associates and joint ventures	**183,172**	190,664	**22,822**	16,475
Deferred tax assets	**27,780**	17,115	**-**	-
Other investments	**20,000**	-	**20,000**	-
Service concession receivables	**1,130,816**	1,157,945	**-**	-
Trade and other receivables, including derivatives	**5,049**	3,000	**894,824**	895,791
Non-current assets	**1,514,804**	1,510,862	**1,216,520**	1,211,140
Contract assets	**52,648**	42,895	**-**	-
Inventories	**42,628**	48,999	**-**	-
Service concession receivables	**6,414**	6,219	**-**	-
Trade and other receivables, including derivatives	**222,776**	248,791	**868,324**	791,197
Cash and cash equivalents	**257,830**	314,168	**62,686**	97,269
Assets held for sale	**1,470,036**	1,481,291	**-**	-
Current assets	**2,052,332**	2,142,363	**931,010**	888,466
LIABILITIES				
Trade and other payables, including derivatives	**528,878**	491,526	**98,463**	76,826
Loans and borrowings	**344,173**	352,462	**270,576**	290,346
Tax payable	**11,447**	8,894	**7,481**	5,090
Liabilities held for sale	**562,584**	579,187	**-**	-
Current liabilities	**1,447,082**	1,432,069	**376,520**	372,262
Net current assets	**605,250**	710,294	**554,490**	516,204
Trade and other payables, including derivatives	**16,564**	35,895	**-**	-
Loans and borrowings	**1,228,548**	1,173,195	**559,206**	503,550
Deferred tax liabilities	**3,167**	4,504	**-**	-
Non-current liabilities	**1,248,279**	1,213,594	**559,206**	503,550
Net assets	**871,775**	1,007,562	**1,211,804**	1,223,794

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2018 (cont'd)

	Group		Company	
	30 Jun 18	31 Dec 17	30 Jun 18	31 Dec 17
	S$'000	S$'000	S$'000	S$'000
EQUITY				
Share capital	**607,258**	607,258	**607,258**	607,258
Treasury shares	**(85,929)**	(85,929)	**(85,929)**	(85,929)
Perpetual securities	**494,798**	494,798	**494,798**	494,798
Reserves	**(27,196)**	(59,652)	**36,238**	34,993
(Accumulated loss)/retained earnings	**(145,610)**	25,540	**159,439**	172,674
Total equity attributable to owners of the Company	**843,321**	982,015	**1,211,804**	1,223,794
Non-controlling interests	**28,454**	25,547	**-**	-
Total equity	**871,775**	1,007,562	**1,211,804**	1,223,794
Group net borrowings (S$'000) [N1]	**1,314,891**	1,211,489	n.a	n.a
Group net gearing (times)	1.51x	1.20x	n.a	n.a

[N1] Group net borrowings exclude borrowings classified as liabilities held for sale.

NOTES TO STATEMENTS OF FINANCIAL POSITION

1(b)(ii) Group's borrowings and debt securities *Note 2*

	30 Jun 18		31 Dec 17	
	Secured	Unsecured	Secured	Unsecured
	S$'000	S$'000	S$'000	S$'000
(i) Amount repayable in one year or less, or on demand				
	10,756	**333,417**	-	352,462
(ii) Amount repayable after one year				
	492,358	**736,190**	489,247	683,948

Details of any collateral

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

Note:

1. Notwithstanding the default notice received from certain lenders, the financial liabilities of the Group are not reclassified to current liabilities as these unaudited financials are prepared on the basis that the restructuring scheme and the proposed investor investment are completed successfully.

2. Group's borrowings and debt securities exclude borrowings classified as liabilities held for sale.

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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 2018

	Group			
	Quarter ended 30 Jun		Half year ended 30 Jun	
	2018	2017	2018	2017
	S$'000	S$'000	S$'000	S$'000
		Restated		Restated
Cash flows from operating activities				
Loss for the period	**(120,238)**	(26,670)	**(144,259)**	(27,128)
Adjustments for:				
Amortisation of intangible assets	**635**	738	**1,292**	1,476
Depreciation	**3,394**	4,035	**7,598**	7,954
Employees' share option expense	**94**	32	**329**	236
Net finance costs	**24,036**	20,526	**46,872**	43,009
Gain on disposal of a joint venture	**-**	-	**-**	(16,491)
Gain on deconsolidation of subsidiary	**(3,630)**	-	**(3,630)**	-
Share of loss/(profit) of equity-accounted investees, net of tax	**735**	(1,450)	**(942)**	(2,864)
Tax (credit)/expense	**(12,989)**	604	**(13,637)**	1,673
Write off of intangible assets	**-**	251	**-**	251
Write-back of trade and other receivables (net)	**(140)**	(213)	**-**	(158)
	(108,103)	(2,147)	**(106,377)**	7,958
Changes in:				
Inventories	**6,269**	(4,654)	**3,147**	(2,644)
Contract assets	**(6,670)**	4,293	**(9,753)**	13,149
Trade and other receivables	**18,531**	(5,452)	**10,949**	40,774
Trade and other payables	**45,668**	(28,405)	**31,168**	(138,985)
Cash used in operating activities before service concession arrangements	**(44,305)**	(36,365)	**(70,866)**	(79,748)
Change in service concession receivables	**56,011**	(45,175)	**31,542**	(83,328)
Cash from/(used in) operating activities after service concession arrangements	**11,706**	(81,540)	**(39,324)**	(163,076)
Tax refund/(paid)	**3,392**	(4,998)	**3,247**	(8,815)
Net cash from/(used in) operating activities	**15,098**	(86,538)	**(36,077)**	(171,891)

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CONSOLIDATED STATEMENT OF CASH FLOWS

For the second quarter and half year ended 30 June 2018 (cont'd)

	Group			
	Quarter ended 30 Jun		Half year ended 30 Jun	
	2018	2017	2018	2017
	S$'000	S$'000	S$'000	S$'000
		Restated		Restated
Cash flows from investing activities				
Interest received	**1,054**	805	**2,104**	3,232
Dividends received	**810**	600	**1,395**	1,185
Proceeds from sale of property, plant and equipment	**5**	15	**8**	312
Net cash outflow on deconsolidation of subsidiary	**(6,096)**	-	**(6,096)**	-
Disposal of a subsidiary	**(252)**	-	**(252)**	-
Disposal of a joint venture	**-**	-	**-**	190,763
Repayment of loan from a joint venture	**-**	-	**-**	79,577
Investments in equity-accounted investees	**-**	(13,526)	**-**	(13,526)
Acquisition of property, plant and equipment	**(1,289)**	(4,146)	**(19,386)**	(10,421)
Acquisition of intangible assets	**(5)**	-	**(106)**	(212)
Net cash (used in)/from investing activities	**(5,773)**	(16,252)	**(22,333)**	250,910
Cash flows from financing activities				
Redemption of perpetual securities	**-**	-	**-**	(295,000)
Payment of transaction costs related to loans & borrowings	**(145)**	(263)	**(466)**	(1,832)
Proceeds from borrowings	**57,842**	153,868	**95,029**	630,394
Repayment of borrowings	**(22,332)**	(194,756)	**(50,788)**	(367,522)
Dividends paid	**(11,967)**	(28,807)	**(11,967)**	(37,358)
Interest paid	**(17,527)**	(19,170)	**(43,155)**	(42,894)
Restricted bank balances	**(158,830)**	2,221	**(157,960)**	(21,913)
Contribution from non-controlling interests	**-**	-	**-**	5,559
Net cash used in financing activities	**(152,959)**	(86,907)	**(169,307)**	(130,566)
Net decrease in cash and cash equivalents	**(143,634)**	(189,697)	**(227,717)**	(51,547)
Cash and cash equivalents at beginning of the period	**239,057**	390,670	**324,375**	260,322
Effect of exchange rate fluctuations on cash held	**3,959**	3,594	**2,724**	(4,208)
Cash and cash equivalents at end of the period [Note 1(c)(i)]	**99,382**	204,567	**99,382**	204,567

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 Jun 18	30 Jun 17
	S$'000	S$'000
Cash and cash equivalents in the statements of financial position	**257,830**	191,132
Cash and cash equivalents included in assets held for sale	**66,537**	87,374
Restricted bank balances [1]	**(224,985)**	(73,939)
Cash and cash equivalents in the statement of cash flows	**99,382**	204,567

Note 1: Restricted bank balances related largely to cash in project companies wherein the project lenders restricted the utilisation of the cash.

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
For the second quarter ended 30 June 2018

	Share capital	Treasury shares	Perpetual securities	Capital reserve	Translation reserve	Hedging reserve	Employees' share option reserve	(Accumulated loss)/ retained earnings	Total	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 01.04.2018	607,258	(85,929)	494,798	15,600	(41,754)	(41,914)	26,006	(9,576)	964,489	35,674	1,000,163
Total comprehensive income for the period											
Loss for the period	-	-	-	-	-	-	-	(118,937)	(118,937)	(1,301)	(120,238)
Share of profit of non-controlling interest	-	-	-	-	-	-	-	(4,805)	(4,805)	4,805	-
Other comprehensive income											
Foreign currency translation differences	-	-	-	-	1,831	-	-	-	1,831	(72)	1,759
Effective portion of changes in fair value of cash flow hedges [(1)]	-	-	-	-	-	9,154	-	-	9,154	1,192	10,346
Deconsolidation of subsidiary	-	-	-	-	-	-	-	-	-	2,077	2,077
Share of other comprehensive income of equity-accounted investees	-	-	-	-	3,391	71	-	-	3,462	-	3,462
Total comprehensive income for the period	-	-	-	-	5,222	9,225	-	(123,742)	(109,295)	6,701	(102,594)
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Dividends	-	-	-	-	-	-	-	(11,967)	(11,967)	(13,921)	(25,888)
Value of employee services received	-	-	-	-	-	-	94	-	94	-	94
Transfer to capital reserve	-	-	-	325	-	-	-	(325)	-	-	-
Total transactions with owners	-	-	-	325	-	-	94	(12,292)	(11,873)	(13,921)	(25,794)
At 30.06.2018	**607,258**	**(85,929)**	**494,798**	**15,925**	**(36,532)**	**(32,689)**	**26,100**	**(145,610)**	**843,321**	**28,454**	**871,775**

[(1)] Includes $5,362,000 relating to Tuaspring

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

For the second quarter ended 30 June 2017

	Share capital	Treasury shares	Perpetual securities	Capital reserve	Translation reserve	Hedging reserve	Employees' share option reserve	(Accumulated loss)/ retained earnings	Total	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 01.04.2017, as restated	607,258	(85,929)	494,798	12,609	(32,605)	(51,373)	25,596	200,187	1,170,541	20,919	1,191,460
Total comprehensive income for the period											
Loss for the period, as previously stated	-	-	-	-	-	-	-	(25,107)	(25,107)	(678)	(25,785)
Reinstatement from Held for Sale	-	-	-	-	-	-	-	(885)	(885)	-	(885)
Loss for the period, as restated	-	-	-	-	-	-	-	(25,992)	(25,992)	(678)	(26,670)
Other comprehensive income											
Foreign currency translation differences	-	-	-	-	700	-	-	-	700	33	733
Effective portion of changes in fair value of cash flow hedges [(1)]	-	-	-	-	-	(14,083)	-	-	(14,083)	(2,675)	(16,758)
Share of other comprehensive income of equity-accounted investees	-	-	-	-	138	(214)	-	-	(76)	-	(76)
Total comprehensive income for the period (restated)	-	-	-	-	838	(14,297)	-	(25,992)	(39,451)	(3,320)	(42,771)
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Dividends	-	-	-	-	-	-	-	(28,807)	(28,807)	-	(28,807)
Value of employee services received	-	-	-	-	-	-	32	-	32	-	32
Transfer to capital reserve	-	-	-	1,219	-	-	-	(1,219)	-	-	-
Total transactions with owners	-	-	-	1,219	-	-	32	(30,026)	(28,775)	-	(28,775)
At 30.06.2017 (restated)	**607,258**	**(85,929)**	**494,798**	**13,828**	**(31,767)**	**(65,670)**	**25,628**	**144,169**	**1,102,315**	**17,599**	**1,119,914**

[(1)] Includes ($6,942,000) relating to Tuaspring

STATEMENT OF CHANGES IN EQUITY OF THE GROUP (cont'd)
For the half year ended 30 June 2018

	Share capital	Treasury shares	Perpetual securities	Capital reserve	Translation reserve	Hedging reserve	Employees' share option reserve	(Accumulated loss)/ retained earnings	Total	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 01.01.2018, as previously stated	607,258	(85,929)	494,798	15,009	(39,982)	(60,450)	25,771	25,540	982,015	25,547	1,007,562
Impact of new accounting standards	-	-	-	-	-	-	-	(3,198)	(3,198)	(514)	(3,712)
At 01.01.2018, as restated	607,258	(85,929)	494,798	15,009	(39,982)	(60,450)	25,771	22,342	978,817	25,033	1,003,850
Total comprehensive income for the period											
Loss for the period	-	-	-	-	-	-	-	(141,148)	(141,148)	(3,111)	(144,259)
Other comprehensive income											
Foreign currency translation differences	-	-	-	-	3,130	-	-	-	3,130	113	3,243
Effective portion of changes in fair value of cash flow hedges [1]	-	-	-	-	-	27,560	-	-	27,560	4,342	31,902
Deconsolidation of subsidiary	-	-	-	-	-	-	-	-	-	2,077	2,077
Share of other comprehensive income of equity-accounted investees	-	-	-	-	320	201	-	-	521	-	521
Total comprehensive income for the period	-	-	-	-	3,450	27,761	-	(141,148)	(109,937)	3,421	(106,516)
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Dividends	-	-	-	-	-	-	-	(25,888)	(25,888)	-	(25,888)
Value of employee services received	-	-	-	-	-	-	329	-	329	-	329
Transfer to capital reserve	-	-	-	916	-	-	-	(916)	-	-	-
Total transactions with owners	-	-	-	916	-	-	329	(26,804)	(25,559)	-	(25,559)
At 30.06.2018	**607,258**	**(85,929)**	**494,798**	**15,925**	**(36,532)**	**(32,689)**	**26,100**	**(145,610)**	**843,321**	**28,454**	**871,775**

[1] Includes $13,597,000 relating to Tuaspring

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

For the half year ended 30 June 2017

	Share capital	Treasury shares	Perpetual securities	Capital reserve	Translation reserve	Hedging reserve	Employees' share option reserve	(Accumulated loss)/ retained earnings	Total	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 01.01.2017, as restated	607,258	(85,929)	785,280	16,720	(7,152)	(24,207)	25,392	209,398	1,526,760	21,326	1,548,086
Total comprehensive income for the period											
Loss for the period, as previously stated	-	-	-	-	-	-	-	(24,285)	(24,285)	(1,072)	(25,357)
Reinstatement from Held for Sale	-	-	-	-	-	-	-	(1,771)	(1,771)	-	(1,771)
Loss for the period, as restated	-	-	-	-	-	-	-	(26,056)	(26,056)	(1,072)	(27,128)
Other comprehensive income											
Foreign currency translation differences	-	-	-	-	(5,303)	-	-	-	(5,303)	(499)	(5,802)
Effective portion of changes in fair value of cash flow hedges [1]	-	-	-	-	-	(41,301)	-	-	(41,301)	(7,715)	(49,016)
Disposal of a joint venture	-	-	-	(189)	(15,422)	-	-	-	(15,611)	-	(15,611)
Share of other comprehensive income of equity-accounted investees	-	-	-	-	(3,890)	(162)	-	-	(4,052)	-	(4,052)
Total comprehensive income for the period (restated)	-	-	-	(189)	(24,615)	(41,463)	-	(26,056)	(92,323)	(9,286)	(101,609)
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Dividends	-	-	-	-	-	-	-	(37,358)	(37,358)	-	(37,358)
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	5,559	5,559
Redemption and repurchase of perpetual securities	-	-	(290,482)	(4,518)	-	-	-	-	(295,000)	-	(295,000)
Value of employee services received	-	-	-	-	-	-	236	-	236	-	236
Transfer to capital reserve	-	-	-	1,815	-	-	-	(1,815)	-	-	-
Total transactions with owners	-	-	(290,482)	(2,703)	-	-	236	(39,173)	(332,122)	5,559	(326,563)
At 30.06.2017 (restated)	**607,258**	**(85,929)**	**494,798**	**13,828**	**(31,767)**	**(65,670)**	**25,628**	**144,169**	**1,102,315**	**17,599**	**1,119,914**

[1] Includes ($19,037,000) relating to Tuaspring

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

For the second quarter ended 30 June 2018 and 30 June 2017

	Share capital	Treasury shares	Perpetual securities	Capital reserve	Employees' share option reserve	(Accumulated loss)/ retained earnings	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
At 01.04.2018	607,258	(85,929)	494,798	9,813	26,006	157,113	1,209,059
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	14,618	14,618
Total comprehensive income for the period	-	-	-	-	-	14,618	14,618
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Dividends	-	-	-	-	-	(11,967)	(11,967)
Value of employee services received	-	-	-	-	94	-	94
Transfer to capital reserve	-	-	-	325	-	(325)	-
Total transactions with owners	-	-	-	325	94	(12,292)	(11,873)
At 30.06.2018	**607,258**	**(85,929)**	**494,798**	**10,138**	**26,100**	**159,439**	**1,211,804**
At 01.04.2017	607,258	(85,929)	494,798	7,451	25,596	134,178	1,183,352
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	5,936	5,936
Total comprehensive income for the period	-	-	-	-	-	5,936	5,936
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Dividends	-	-	-	-	-	(28,807)	(28,807)
Value of employee services received	-	-	-	-	32	-	32
Transfer to capital reserve	-	-	-	590	-	(590)	-
Total transactions with owners	-	-	-	590	32	(29,397)	(28,775)
At 30.06.2017	607,258	(85,929)	494,798	8,041	25,628	110,717	1,160,513

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

For the half year ended 30 June 2018 and 30 June 2017

	Share capital	Treasury shares	Perpetual securities	Capital reserve	Employees' share option reserve	(Accumulated loss)/ retained earnings	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
At 01.01.2018	607,258	(85,929)	494,798	9,222	25,771	172,674	1,223,794
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	13,569	13,569
Total comprehensive income for the period	-	-	-	-	-	13,569	13,569
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Dividends	-	-	-	-	-	(25,888)	(25,888)
Value of employee services received	-	-	-	-	329	-	329
Transfer to capital reserve	-	-	-	916	-	(916)	-
Total transactions with owners	-	-	-	916	329	(26,804)	(25,559)
At 30.06.2018	**607,258**	**(85,929)**	**494,798**	**10,138**	**26,100**	**159,439**	**1,211,804**
At 01.01.2017	607,258	(85,929)	785,280	11,373	25,392	122,159	1,465,533
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	27,102	27,102
Total comprehensive income for the period	-	-	-	-	-	27,102	27,102
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Dividends	-	-	-	-	-	(37,358)	(37,358)
Redemption and repurchase of perpetual securities	-	-	(290,482)	(4,518)	-	-	(295,000)
Value of employee services received	-	-	-	-	236	-	236
Transfer to capital reserve	-	-	-	1,186	-	(1,186)	-
Total transactions with owners	-	-	(290,482)	(3,332)	236	(38,544)	(332,122)
At 30.06.2017	607,258	(85,929)	494,798	8,041	25,628	110,717	1,160,513

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 June 2018 were as follows:

Issued share capital

	No. of shares	Amount S$'000
Ordinary shares		
At 1 Apr 2018 and 30 June 2018	785,284,989	128,760
Preference shares		
At 1 Apr 2018 and 30 June 2018	4,000,000	392,569
Issued share capital at 30 June 2018 *(Note A)*		521,329

As at 30 June 2018, the number of ordinary shares in issue were 785,284,989 (30 June 2017: 785,284,989), excluding 79,246,000 (30 June 2017: 79,246,000) 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 June 2018 were 4,000,000 (30 June 2017: 4,000,000).

As the Preference Shares were not redeemed by the Company on the First Call Date, being 25 April 2018, the dividend will accrue at the rate of 8% per annum on and from the First Call Date.

Note A:

Per Statement of Financial Position	S$'000
- Share capital	607,258
- Treasury shares	(85,929)
Issued share capital as at 30 June 2018	521,329

Outstanding share options

	No. of options
At 1 Apr 2018	31,828,000
Forfeited	(3,660,000)
At 30 June 2018	28,168,000

As at 30 June 2018, the number of outstanding share options were 28,168,000 (30 June 2017: 33,913,000).

Perpetual securities

	Amount S$'000
At 1 Apr 2018 and 30 June 2018	494,798

Perpetual securities (cont'd)

As at 30 June 2018, perpetual securities ("perps") relate to the $500 mil 6.00% per annum perps, issued on 27 May 2016.

As at 30 June 2017, perps relate to the $500 mil 6.00% per annum perps, 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 June 2018 were 785,284,989 (31 Dec 2017: 785,284,989), excluding 79,246,000 (31 Dec 2017: 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 June 2018. The total number of issued preference shares as at 30 June 2018 were 4,000,000 (31 Dec 2017: 4,000,000).

The total amount of perpetual securities issued as at 30 June 2018 were $500 mil (31 Dec 2017: $500 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 June 2018.

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.

Except as disclosed below and in paragraph 5, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2017.

The financial effects of certain developments have not been reflected in the unaudited financial statements for the second quarter. Please refer to the financials for the third quarter ended 30 Sep 2018 which reflects certain of these developments.

Notwithstanding the default notices received from certain lenders, the financial liabilities of the Group are not reclassified to current liabilities as these unaudited financials are prepared on the basis that the restructuring scheme and the proposed investor investment are completed successfully.

The recoverability of the carrying value of the deferred tax assets in these unaudited financial statements is based on the assumption that the Inland Revenue Authority of Singapore will accept the relevant applications to be made by the companies of the Group incorporated in Singapore for a waiver of the shareholding test in respect of the utilisation of tax losses relating to such deferred tax assets.

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's financial statements for the financial period beginning 1 January 2018 is prepared in accordance with the Singapore Financial Reporting Standards (International) (SFRS(I)) issued by the Accounting Standards Council ("ASC").

In adopting the new framework, the Group is required to apply the specific transition requirements in SFRS(I) *First-time Adoption of Singapore Financial Reporting Standards (International)*.

SFRS(I) 1
The Group does not expect to have significant impact arising from the adoption of SFRS(I) 1 and does not apply any transition provisions or optional exemptions under SFRS(I) 1.

Adoption of SFRS(I)s
The Group has adopted the following new SFRS(I)s which took effect from the financial period beginning 1 January 2018:

SFRS(I) 9 *Financial Instruments*
SFRS(I) 15 *Revenue from Contracts with Customers*

The adoption of SFRS(I) 9 is effective for financial years beginning on or after 1 January 2018. The Group has elected to apply the short-term exemption under SFRS(I) 1, which exempts the Group from applying SFRS(I) 9 to comparative information. Accordingly, requirements of FRS 39 *Financial Instruments: Recognition and Measurement* will continue to apply to financial instruments up to the financial year ended 31 December 2017. SFRS(I) 9 introduces new requirements for classification and measurement of financial instruments, impairment of financial assets and hedge accounting. SFRS(I) 9 also introduces expanded disclosure requirements and changes in presentation.

1) Classification and measurement

   The Group has assessed the business models for managing the financial assets and the contractual cash flow characteristics of the financial assets to determine the appropriate classification for each financial asset under SFRS(I) 9. As a result, certain balance sheet items and retained earnings were adjusted as at 1 January 2018.

2) Impairment of financial assets

   Financial assets are subject to expected credit loss impairment model under SFRS(I) 9. As a result, receivables and retained earnings as at 1 January 2018 were adjusted. Other than SFRS(I) 9, the adoption of these SFRS(I)s did not have any significant impact on the financial statements of the Group.

The financial effects of adopting SFRS(I) 9 are as follows:

	1 Jan 2018 S$'000
Group Balance Sheet	
Decrease in service concession receivables	(2,990)
Decrease in trade and other receivables, including derivatives	(722)
Decrease in net assets	(3,712)
Decrease in retained earnings	(3,198)
Decrease in non-controlling interests	(514)
Decrease in total equity	(3,712)

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 Jun			Half year ended 30 Jun		
	2018	2017 Restated	Change %	2018	2017 Restated	Change %
Loss 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]	(17.04 cts)	(5.02 cts)	>100	(21.58 cts)	(6.85 cts)	>100
- Weighted average number of shares	785,284,989	785,284,989	-	785,284,989	785,284,989	-
On a fully diluted basis of ordinary shares[1]	(17.04 cts)	(5.02 cts)	>100	(21.58 cts)	(6.84 cts)	>100
- Adjusted weighted average number of shares	785,284,989	785,644,831	-	785,284,989	785,612,544	-
Excluding Tuaspring						
Loss 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[2]	(14.89 cts)	(2.36 cts)	>100	(16.46 cts)	(0.75 cts)	>100
- Weighted average number of shares	785,284,989	785,284,989	-	785,284,989	785,284,989	-
On a fully diluted basis of ordinary shares[2]	(14.89 cts)	(2.36 cts)	>100	(16.46 cts)	(0.75 cts)	>100
- Adjusted weighted average number of shares	785,284,989	785,644,831	-	785,284,989	785,612,544	-

[1] *adjusted for dividends attributable to perpetual preference shares and perpetual securities for the half year ended 30 June 2018 ("1H2018") of $28.3mil and the second quarter ended 30 June 2018 ("2Q2018") of $14.9mil. Excluding these adjustments, the loss per share would have been 17.97 cents for 1H2018 and 15.15 cents for 2Q2018.*

[2] *adjusted for dividends attributable to perpetual preference shares and perpetual securities for 1H2018 of $28.3mil and 2Q2018 of $14.9mil. Excluding these adjustments, the loss per share would have been 12.86 cents for 1H2018 and 12.99 cents for 2Q2018.*

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:

	Group		Company	
	30 Jun 18	31 Dec 17	30 Jun 18	31 Dec 17
	Cents	Cents	Cents	Cents
Based on 785,284,989 (31 Dec 2017: 785,284,989) ordinary shares in issue	-3.3	14.1	40.0	41.7

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.**

This announcement is released for purpose of observing the continuing obligations under Chapter 7 of SGX Listing Manual and to disclose the financial statements for the second quarter ended 30 June 2018 in respect of the information requirement, pursuant to Rule 705(2) of SGX Listing Manual.

On 22 May 2018, the Company announced that applications had been made to the Court pursuant to Section 211B(1) of the Companies Act to commence a court supervised process to reorganise the liabilities and businesses of the Company and certain identified subsidiaries ("Debt Restructuring Exercise").

The Company conducted a competitive bid process to pursue strategic investments in the overall business of the Group as part of the proposed restructuring. The bid process involved seeking interest from various potential investors and having considered the various proposals submitted by potential investors, the Company announced on 18 October 2018 that it had entered into a restructuring agreement with SM Investments Pte. Ltd. (the "Investor") pursuant to which the Investor would, *inter alia*:

(a) Subscribe for such number of shares representing 60% of the enlarged issued share capital for an aggregate subscription amount of $400.0 mil; and
(b) Grant the Company a loan of a principal amount of $130.0 mil.

(collectively, the "Proposed SMI Investment").

In addition, the Company intends to enter into a compromise and arrangement with the Scheme Parties pursuant to Section 210 of the Companies Act for the full and final satisfaction and discharge of all Unsecured Claims, Debt Securities Claims and Subordinated Claims ("Proposed Scheme").

The unaudited financial statements for the second quarter ("Unaudited 2Q2018 Financials") have been prepared based on certain key assumptions and adjustments as follows:

i. The unaudited financial statements have been prepared on a going concern basis on the assumption of a successful restructuring exercise.

ii. The service concession receivables relate to the guaranteed minimum payments receivable by the TuasOne Waste-to-Energy Project ("TuasOne WTE"), Qurayyat IWP and Tianjin Dagang projects from the respective grantors. These amounts represent the guaranteed minimum payments receivable for the remaining service concession period. The assessment of the carrying value of the service concession receivables is based on the assumption that the plants which are under construction will be completed by the respective latest expected completion dates.

iii. The financial effects of certain developments have not been reflected in the 2Q2018 Financials. Please refer to the fnancials for the third quarter ended 30 Sep 2018 which reflects certain of these developments.

8(a) Revenue, costs and earnings

The Group's revenue (excluding Tuaspring Integrated Water and Power Project or "Tuaspring") for the second quarter ("2Q2018") was a negative of $28.8 mil and revenue for the half year ended 30 June 2018 ("1H2018") was $43.2 mil. The lower revenue for 2Q2018 and 1H2018 as compared to the corresponding period in 2017 were impacted by a reversal of $64.0 mil in revenue from ongoing construction projects, elaborated below.

In 2Q2018, projected costs to complete construction of the ongoing construction projects increased, mainly due to higher supplier costs arising from the Group's statutory moratorium situation. Choice of willing suppliers were significantly reduced with remaining suppliers demanding higher contract prices at less favorable terms to the Group. In accordance with the accounting policy of the Group, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract, which is assessed by reference to the ratio of contract costs incurred for work performed to date against the total contract costs for each contract. The higher updated estimated total contract costs for the ongoing construction projects resulted in an update of the stage of completion to-date, and consequently the contract revenue recognised in profit or loss. The net impact of the update was a reversal of $64.0 mil to the contract revenue recognised for 2Q2018.

Loss attributable to the shareholders of the Company, excluding Tuaspring, was $102.0 mil for 2Q2018 and $101.0 mil for 1H2018 as compared to a loss of $5.1 mil and a profit of $21.9 mil for the second quarter ended 30 June 2017 ("2Q2017") and the half year ended 30 June 2017 ("1H2017") respectively.

The weak power market in Singapore recorded an uptick in wholesale electricity price since March 2018, resulting in lower loss of $16.9 mil for Tuaspring in 2Q2018 against $20.9 mil in 2Q2017 and $40.2 mil loss for Tuaspring in 1H2018 against $47.9 mil loss in 1H2017.

Including Tuaspring results, the Group recorded a loss attributable to shareholders of $118.9 mil for 2Q2018 against a restated loss of $26.0 mil in 2Q2017. The restatement of the 1H2017 and 2Q2017 results were due to the reinstatement of depreciation charge for Tianjin Dagang.

While the Group remains committed to the divestment of Tianjin Dagang, the sale process has extended beyond one year and no longer meets the reporting criteria to be classified as Held for Sale. For Tuaspring, the sales process has remained active and thus qualified to be classified as Held for Sale since the announcement for the planned partial divestment in February 2017.

Other income for the Group of $18.8 mil for 2Q2018 was higher than the other income of $13.2 mil for 2Q2017, due to the interest income on shareholder's loan extended to Tuaspring, the results of which are presented separately. Other income for the Group of $32.9 mil for 1H2018 was lower than other income of $44.7 mil in 1H2017, which included a one-off gain of $16.5 mil from the disposal of the Group's 50% stake in its joint venture, Galaxy Newspring Pte Ltd, in March 2017.

Staff costs increased in 1H2018 and 2Q2018, due largely to the work progress of TuasOne WTE project, which is in a manpower-intensive phase of construction.

Increase in finance costs related mainly to the additional drawdown in April 2018 for the Group's project financing for TuasOne WTE.

Share of profit of equity-accounted investees decreased due mainly to the foreign exchange loss from a China associate.

8(b) Statements of Financial Position Analysis

The Group's equity decreased by $135.8 mil to $871.8 mil as at 30 June 2018. The decrease was mainly contributed by the losses incurred from operations for 1H2018, and offset mainly by the gain on interest rate swaps.

Subsequent to the Group's initiation to partially divest its equity interest in Tuaspring, the identified assets and liabilities of Tuaspring were classified as assets/liabilities held for sale. Tianjin Dagang ceased to be classified as Held for Sale as it no longer meets the requirement under FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*. As at 30 June 2018, the assets and liabilities held for sale related largely to Tuaspring.

Total assets declined marginally to $3.6 bil as at 30 June 2018 mainly attributable to lower cash balance due to utilisation for operating and investing activities, and lower service concession receivables resulting from the revision in revenue recognised for the ongoing construction.

Total liabilities increased marginally to $2.7 bil as at 30 June 2018. Notwithstanding the default notices received from certain lenders, the financial liabilities of the Group are not reclassified to current liabilities as the unaudited 2Q2018 financials are prepared on the basis that the Proposed Scheme and the Proposed SMI Investment are completed successfully. The increase in liabilities is due mainly to (i) an increase in loans and borrowings of $47.1 mil, which included pulling of the standby letter of credit, resulting in higher loans and borrowings; (ii) advance received from a customer in respect of certain project; and offset by (iii) a reduced liabilities held for sale. This is due to a favourable mark-to-market adjustment in respect of the interest rate swap of Tuaspring.

8(c) Statement of Cash Flows

For 1H2018 and 2Q2018, a net cash outflow of $36.1 mil and a net cash inflow of $15.1 mil were respectively generated in the Group's operating activitites (1H2017 and 2Q2017: cash outflow of $171.9 mil and $86.5 mil respectively), mainly towards the Group's investments in projects with service concession arrangements and other operating activities. Excluding investments in the Group's projects, cash used in operating activities in 1H2018 and 2Q2018 were $70.9 mil and $44.3 mil respectively.

Cash used in investing activities of $22.3 mil in 1H2018 was mainly for the acquisition of membranes for a desalination plant. Cash used in investing activities of $5.8 mil in 2Q2018 related mainly to the deconsolidation of the cash in HyfluxShop Holdings Ltd group ("HSH"). Following the completion of the general takeover offer in HSH wherein the Company ceased being the single largest shareholder in HSH, the Company is no longer able to demonstrate that HSH is controlled by Hyflux. Accordingly, the Company ceased accounting for its investment in HSH as a subsidiary and accounted for this investment as an investment in an associate.

In 2Q2018, additional cash restricted by certain banks totaled $158.8 mil. This has resulted in the net cash used in financing activities of $153.0 mil in 2Q2018 and $169.3 mil in 1H2018. The net cash used in financing activities in 1H2018 was also for the repayment of bank loans.

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's financial performance and position in the next reporting period and the next 12 months hinges on, amongst other events and factors, the successful completion of the Proposed Scheme and Proposed SMI Investment. The details of the Proposed Scheme and Proposed SMI Investment can be found in Paragraph 8 of this announcement.

1. Pro Forma Share Capital and Financial Effects of the Proposed Restructuring

1.1 Bases and Assumptions

The pro forma financial effects of the Proposed Restructuring are for illustrative purposes only and do not necessarily reflect the actual results and financial position of the Group following the completion of the Proposed Restructuring.

The pro forma financial effects of the Proposed Restructuring on the share capital of Hyflux Ltd, NTA, profit/(loss) and gearing of the Group have been prepared based on the pro forma unaudited consolidated financial statements of the Group for the nine (9) months ended 30 September 2018 ("9M2018") ("9M2018 Financial Statements").

For the purposes of illustration, the pro forma financial effects of the Proposed Restructuring on the share capital of Hyflux Ltd, NTA, profit/(loss) and gearing of the Group are computed based on the following bases and assumptions:

(a) the 9M2018 Financial Statements have been prepared on a going concern basis on the assumption that the Proposed Restructuring will be successful;

(b) the schemes of arrangement in relation to Hydrochem, Hyflux Engineering and Hyflux Membrane Manufacturing have been completed;

(c) all claims by trade creditors against Hydrochem, Hyflux Engineering and Hyflux Membrane Manufacturing which amount to less than S$5,000 will be paid in full;

(d) in addition to the Investor Shareholder's Loan, the loans and borrowings of the Group after the completion of the Proposed Restructuring include project finance loans in the subsidiaries;

(e) following the completion of the Proposed SMI Investment, there will be a change in the control of the Company. The carrying value of the deferred tax assets in the 9M2018 Financial Statements is based on the assumption that the Inland Revenue Authority of Singapore will accept the relevant applications to be made by the companies of the Group incorporated in Singapore for a waiver of the shareholding test in respect of the utilisation of tax losses relating to such deferred tax assets;

(f) the pro forma NTA per Share as at 30 September 2018 has been prepared on the assumption that the Proposed Restructuring had been completed on 30 September 2018

(g) the pro forma profit/(loss) per Share has been prepared on the assumption that the Proposed Restructuring had been completed on 30 September 2018; and

(h) the pro forma gearing as at 30 September 2018 has been prepared on the assumption that the Proposed Restructuring had been completed on 30 September 2018.

No audit, review or agreed upon procedures was undertaken by the Group's external auditor in respect of these pro forma consolidated financial information and pro forma financial effects.

1.2 Pro forma Share Capital

Assuming the successful completion of the Proposed Restructuring, the capital structure of the Company immediately after completion of the Proposed Restructuring is envisaged to be as follows:

	As at the Latest Practicable Date	After the completion of the Debt Conversion Shares Issuance and the SMI Shares Issuance
Issued and paid-up Share capital (S$'million)	128.8[(1)]	768.8
Number of Shares	785,284,989[(2)]	19,632,124,725
Issued and paid-up Preference Share capital (S$'million)	400.0	-
Number of Preference Shares	4,000,000	-

Notes:

(1) The issued and paid-up Share capital excludes the treasury shares held by the Company.
(2) As at the Latest Practicable Date, the Company has 785,284,989 Shares which excludes 79,246,000 Shares that are held by the Company as treasury shares.

1.3 Pro forma NTA

For illustrative purposes only and assuming that the Proposed Restructuring had been completed on 30 September 2018, being the end of 9M2018, the effect of the Proposed Restructuring on the NTA per Share as at 30 September 2018 is as follows:

	As at 30 September 2018	After the completion of the Proposed Restructuring
Pro forma NTA of the Group attributable to the Shareholders (S$'million)	(432.6)	815.3
Number of Shares	785,284,989	19,632,124,725
Pro forma NTA per Share (cents) [(1)]	(55.1)	4.2

Notes:

(1) Pro forma NTA per Share is computed based on the pro forma NTA of the Group attributable to the Shareholders of the Company divided by the number of Shares.

1.4 Pro forma Profit/(loss)

For illustrative purposes only and assuming that the Proposed Restructuring had been completed on 30 September 2018, the effect of the Proposed Restructuring on the pro forma profit/(loss) per Share for 9M2018 is as follows:

	For 9M2018	After the completion of the Proposed Restructuring
Pro forma profit/(loss) of the Group attributable to the Shareholders (S$'million)	(1,118.9)	(407.5)
Weighted average number of Shares	785,284,989	19,632,124,725
Pro forma profit/(loss) per Share (cents) [(1)]	(142.5)	(2.1)

Notes:

(1) Pro forma profit/(loss) per Share is computed based on the pro forma profit/(loss) of the Group attributable to the Shareholders of the Company divided by the weighted average number of Shares.

1.5 Pro forma Gearing

For illustrative purposes only and assuming that the Proposed Restructuring had been completed on 30 September 2018, being the end of 9M2018, the effect of the Proposed Restructuring on the pro forma gearing as at 30 September 2018 is as follows:

	As at 30 September 2018	After the completion of the Proposed Restructuring
Total debt ($'million)	1,568.8	733.3
Total equity ($'million)	(136.0)	1,111.9
Gearing ratio[(1)]	*n.m.*[(2)]	0.7

Notes:

(1) Gearing ratio is computed as total debt divided by total equity.
(2) n.m. – Not meaningful.

In addition, the following are key known events which may affect the group's financial performance and position in the next 12 months:

2. Tuaspring

Tuaspring received a notice from the Public Utilities Board ("PUB") dated 5 March 2019 ("PUB Notice") asserting certain defaults by Tuaspring under the Water Purchase Agreement entered into between PUB and Tuaspring dated 6 April 2011 (as amended and/or restated from time to time) ("WPA").

The WPA provides a default cure period of 30 days from 6 March 2019 ("Default Cure Period"), or such longer period as may be reasonable, for Tuaspring to consult with PUB as to the steps that need to be taken with a view of mitigating the consequences of, and curing, any defaults that are alleged to have occurred.

If, after the Default Cure Period, any breaches that have arisen are not remedied, PUB has the sole and absolute discretion to, amongst other things, terminate the WPA by giving written notice of not less than 30 days to Tuaspring.

PUB has since informed Tuaspring that in the event PUB elects to terminate the WPA, PUB will elect to purchase only the desalination plant and in such event, will be willing to waive the compensation sum that may be payable by Tuaspring which PUB is entitled to pursuant to the WPA.

On 18 March 2019, the Company received a notice from SM Investments Pte Ltd ("Investor") referring to the PUB Notice and extracts from the press release by PUB on 5 March 2019 (please refer to the announcement by the Company on SGXNet dated 18 March 2019), asserting that the matters quoted from the press release by PUB amount to a Prescribed Occurrence within the meaning of the Restructuring Agreement, and the Company has 2 weeks to remedy this (ie. 1 April 2019).

As stated in the Company's announcement on 26 March 2019, the Company has been advised that no Prescribed Occurrence has arisen in this respect as PUB has not terminated the WPA. Any statement by PUB that it will terminate the WPA if the defaults are not remedied within the stipulated cure period does not constitute a threat on the part of the Company or Tuaspring to cease its business in the usual and ordinary course, within the meaning of the alleged Prescribed Occurrence.

Tuaspring had, on 27 March 2019, written to request the approval of PUB for an extension of the Default Cure Period (as defined in the 5 March Announcement) to 30 April 2019.

On 29 March 2019, Tuaspring received a letter from PUB setting out PUB's agreement to extend the Default Cure Period to 30 April 2019, save that such extension shall be immediately rescinded upon the occurrence of any of the following events prior to 30 April 2019:

(a) Approval for the Company's scheme of arrangement is not obtained at the meeting of its creditors on 5 April 2019;

(b) Approval for Hyflux Membrane Manufacturing (S) Pte Ltd's, Hydrochem (S) Pte Ltd's or Hyflux Engineering Pte Ltd's schemes of arrangement is not obtained at the meetings of their respective creditors on 8 April 2019;

(c) The High Court does not sanction any of the schemes of arrangement referred to in sub-paragraphs (a)-(b) above (collectively, the "Schemes"), pursuant to s 210(3AB)(c) of the Companies Act (for this purpose, the rescission shall take effect immediately notwithstanding the filing of any appeal against the High Court's decision not to sanction any of the Schemes);

(d) The approval as set out in paragraph 5.1(c) of the Restructuring Agreement entered into between SMI and the Company and dated 18 October 2018 (the "Restructuring Agreement") is not obtained at the extraordinary general meeting of the Company;

(e) Any of the steps for completion, as set out in paragraph 4 of the Restructuring Agreement, is not performed or completed on or before 16 April 2019; or

(f) The Restructuring Agreement is terminated for any reason.

3. TuasOne

On 15 February 2019, Hyflux Ltd entered into a binding settlement agreement (the "Settlement Agreement") with Mitsubishi Heavy Industries, Ltd. ("MHIL"), Mitsubishi Heavy Industries Environmental & Chemical Engineering Co., Ltd. ("MHIECE"), Mitsubishi Heavy Industries Asia Pacific Pte. Ltd. ("MHIAP", and together with MHIL and MHIECE, collectively, "MHI"), Hyflux Engineering Pte. Ltd., Hyrdochem, Tuasone Pte. Ltd ("TuasOne") and TuasOne Environmental Engineering Pte. Ltd.

The terms of the Settlement Agreement provide for, among other things, (i) the early injection by MHIL of its additional equity commitment of approximately S$23 million under the shareholders' support agreement for TuasOne, (ii) the making of payments to MHIECE and MHIAP as sub-contractor for the TuasOne Waste-to-Energy project ("Project"), (iii) the release and discharge of certain claims, including those between Hyflux Ltd, Hydrochem and MHI and (iv) addresses certain operational matters regarding Project so as to facilitate the cooperation of all parties working together to complete the Project.

Under the Settlement Agreement, Hyflux Ltd, MHIL and TuasOne are to use their best endeavours to work collaboratively to obtain the agreement of the project finance lenders to commit to provide all the financing needed for completion of the Project. As stated in the announcement by Hyflux Ltd on SGXNet dated 15 February 2019, Hyflux Ltd, MHIL and TuasOne are required under the Settlement Agreement to use their best endeavours to have TuasOne enter into a settlement agreement with the TuasOne lenders, reflecting and giving effect to the terms of the Settlement Agreement within 60 days of the signing of the Settlement Agreement, or such later date as the parties may mutually agree.

4. Qurayyat

The Commercial Operational Date ("COD") of the plant is now rescheduled to May 2020, pending further tests for compliance with requirements from the offtaker and any necessary changes being made to the equipment depending on the tests. Nonetheless, the plant has been delivering pre-COD water to the offtaker since April 2018 and has been receiving payments from the offtaker.

MAA Kuthari Global LLC ("MKG") filed a Notice of Arbitration with the Singapore International Abitration Centre ("SIAC") on 1 March 2019 to commence arbitration proceedings against Hyflux EPC LLC ("HEL"), an indirect wholly owned subsidiary of Hyflux Ltd, incorporated in the Sultanate of Oman. The Arbitration is in respect of disputes between HEL and MKG arising out of and/or in connection with a sub-contract dated 28 March 2016 for the installation of mechanical, electrical and instrumentation, and control systems for a proposed desalination facility to be developed in Qurayyat (the "Agreement"). As stated in the announcement by Hyflux Ltd on SGXNet dated 8 March 2019, SIAC informed MKG and HEL on 7 March 2019 that the arbitration was deemed to have commenced on 5 March 2019.

This is in accordance with the terms of the Agreement, which provide that all disputes shall be referred to arbitration administered by the SIAC in Singapore. Hyflux Ltd is currently seeking legal advice on MKG's claims, and will take all necessary steps to protect its rights.

5. Magtaa

On 25 March 2019, Hyflux Ltd received a notice from the Investor asserting another Prescribed Occurrence based on a notice from Sonatrach SpA and L'Algerienne des Eaux ("Magtaa Offtakers") dated 25 December 2018 alleging certain defaults under the concession agreement for the Magtaa desalination plant in Algeria ("Magtaa WSPA") and threatening to terminate the Magtaa WSPA in the event that these alleged defaults are not cured by 8 February 2019; and requesting Hyflux Ltd remedy the asserted Prescribed Occurrence within two weeks of the notice (ie, by 8 April 2019).

As stated in the Company's announcement on 26 March 2019, the Group disputes the asserted defaults and the corresponding right to terminate the Magtaa WSPA based on such asserted defaults. The announcement makes clear that the Group has been taking active steps to resolve the matters set out in the Magtaa Offtakers' notice, and the Magtaa Offtakers have not terminated the Magtaa WSPA even though the prescribed remedy period for the asserted defaults under the Magtaa Offtakers' notice expired on 8 February 2019.

Please refer to the announcement by the Company on SGXNet dated 26 March 2019 for further details.

6. Tlemcen

On 5 February 2019, Algerian Energy Company SpA ("AEC") filed a Request for Arbitration ("Request") with the International Chamber of Commerce ("ICC") International Court of Arbitration to commence arbitration proceedings against Tlemcen Desalination Investment Company SAS, Malakoff Corporation Berhad and Hyflux Ltd (collectively, "Respondents").

The Request is in respect of disputes arising out of and/or in connection with theWater Purchase Agreement dated 9 December 2007, the Framework Agreement entered into in December 2007, the Joint Venture Agreement dated 28 March 2007 and the Dispute Resolution Protocol dated 9 December 2007 in relation to the Plant, each agreement as amended and/or restated from time to time (collectively, "Agreements").

The Request is made pursuant to the terms of the Agreements, which provide that all disputes shall be referred to arbitration administered by the ICC in Paris.

Pursuant to Article 5(1) of the ICC Rules of Arbitration, the Respondents have 30 days from the receipt of the Request to submit an answer to the Request. As the Request was received by the Company on 22 March 2019, the Company has until 20 April to file an answer. As stated in the announcement by Hyflux Ltd on SGXNet dated 25 March 2019, the Respondents are currently seeking legal advice on AEC's claims, and will take all necessary steps to protect their rights.

7. Upcoming Meetings

As stated in the Company's circular to shareholders dated 29 March 2019, the timeline for upcoming meetings is as follows:

(a) Hyflux Ltd Scheme Meetings: 5 April 2019

(b) Hyflux Membrane Manufacturing (S) Pte Ltd., Hyflux Engineering Pte Ltd., and Hydrochem (S) Pte Ltd. Scheme Meetings: 8 April 2019

(c) Court Sanction Hearing for Proposed Scheme: 11 April 2019

(d) Extraordinary General Meeting of Shareholders: 15 April 2019

In the event that the requisite approvals are not obtained, the Proposed SMI Investment and the Proposed Scheme will lapse and if no alternative investor steps in, it is likely that the Group will go into liquidation.

11. Dividend

(a) Current financial period reported on.

Any dividend recommended for the current financial period reported on?

In April 2018, the Company declared a tax-exempt (one-tier) dividend to holders of perpetual preference shares, calculated on the basis of 182 days from (and including) 25 October 2017 to (but excluding) 25 April 2018 (being the relevant dividend period). The said preference dividend of $12.0 mil was paid on 25 April 2018.

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

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

In April 2017, the Company declared a tax-exempt (one-tier) dividend to holders of perpetual securities, calculated on the basis of 181 days from (and including) 27 November 2016 to (but excluding) 27 May 2017 (being the relevant dividend period). The said preference dividend of $14.9 mil was paid on 29 May 2017.

(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. Confirmations pursuant to Listing Rules.

(a) Confirmation pursuant to Rule 705(5) of the Listing Manual

Subject to the exception set out in paragraph 4 and the basis of preparation as set out in paragraph 8, 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 2018 to be false or misleading in any material aspect.

(b) Confirmation pursuant to Rule 720(1) of the Listing Manual

The Company has received undertakings from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1).

BY ORDER OF THE BOARD

Lim Poh Fong
Company Secretary
29 March 2019