HYFLUX LTD
Registration number : 200002722Z

Unaudited Financial Statements For The First Quarter 31 March 2017

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 FIRST QUARTER ENDED 31 MARCH 2017

	Group		
	Quarter ended 31 Mar		
	2017	**2016**	**Change**
	S$'000	**S$'000**	**%**
Revenue	**91,528**	222,809	(59)
Other income	**31,561**	16,577	90
Changes in inventories of finished goods and work-in-progress	**(1,990)**	(1,452)	37
Raw materials and consumables used and subcontractors' costs	**(35,870)**	(157,067)	(77)
Staff costs	**(24,100)**	(18,749)	29
Depreciation, amortisation and impairment	**(3,771)**	(4,129)	(9)
Other expenses	**(16,525)**	(14,482)	14
Finance costs	**(13,828)**	(11,077)	25
Share of profits/(losses) of associates and joint ventures, net of income tax	**1,414**	(2,881)	NM
Profit before income tax	**28,419**	29,549	(4)
Tax expense	**(1,000)**	(3,015)	(67)
Profit for the period excluding Tuaspring[2]	**27,419**	26,534	3
Results of Tuaspring, net of income tax	**(26,991)**	(18,471)	46
Profit for the period	**428**	**8,063**	(95)
Profit (excluding Tuaspring) attributable to:			
Owners of the Company	**27,813**	25,793	8
Non-controlling interests	**(394)**	741	NM
Profit for the period excluding Tuaspring	**27,419**	26,534	3
Profit attributable to:			
Owners of the Company	**822**	7,322	(89)
Non-controlling interests	**(394)**	741	NM
Profit for the period	**428**	8,063	(95)

Notes:

1. NM: Not Meaningful
2. 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 profit or loss has been presented to show the results of Tuaspring separately from other operations. Correspondingly, the comparative statement of profit or loss has been re-presented.

1 (a)(ii) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2017

	Group		
	Quarter ended 31 Mar		
	2017 S$'000	2016 S$'000	Change %
Profit for the period	**428**	8,063	(95)
Other comprehensive loss:			
Items that are or may be subsequently reclassified to profit or loss			
Foreign currency translation differences for foreign operations	**(6,535)**	(7,556)	(14)
Effective portion of changes in fair value of cash flow hedges			
- Tuaspring	**(12,095)**	(25,776)	(53)
- Others	**(20,163)**	(4,214)	>100
Realisation upon disposal of a joint venture	**(15,611)**	-	NM
Share of other comprehensive income of associates and joint ventures	**(3,976)**	(3,894)	2
Other comprehensive loss for the period, net of income tax	**(58,380)**	(41,440)	41
Total comprehensive loss for the period	**(57,952)**	(33,377)	74
Total comprehensive loss attributable to:			
Owners of the Company	**(51,986)**	(33,770)	54
Non-controlling interests	**(5,966)**	393	NM
Total comprehensive loss for the period	**(57,952)**	(33,377)	74

NM: Not Meaningful

NOTES TO CONSOLIDATED INCOME STATEMENT

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

	Group		
	Quarter ended 31 Mar		
	2017	**2016**	**Change**
	S$'000	**S$'000**	**%**
Depreciation, amortisation and impairment	**(3,771)**	(4,129)	(9)
Finance costs	**(13,828)**	(11,077)	25
Realisation upon disposal of a joint venture	**16,491**	-	NM
Interest income	**13,266**	15,245	(13)
(Impairment)/write-back of trade and other receivables	**(55)**	971	NM
Net foreign currency exchange loss	**(3,190)**	(1,106)	>100
Overprovision of prior years' tax	**1,964**	950	>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 31 MARCH 2017

	Group		Company	
	31 Mar 17 S$'000	31 Dec 16 S$'000	31 Mar 17 S$'000	31 Dec 16 S$'000
NON-CURRENT ASSETS				
Property, plant and equipment	**155,750**	156,359	**-**	-
Intangible assets	**23,302**	23,910	**-**	-
Intangible assets arising from service concession arrangements	**-**	1,083,682	**-**	-
Subsidiaries	**-**	-	**278,958**	278,958
Joint ventures	**42,344**	42,344	**-**	-
Associates	**140,631**	143,573	**16,079**	15,952
Financial receivables	**860,782**	1,036,869	**-**	-
Trade and other receivables, including derivatives	**3,149**	3,751	**878,575**	1,163,449
Deferred tax assets	**4,487**	54,466	**-**	-
	1,230,445	2,544,954	**1,173,612**	1,458,359
CURRENT ASSETS				
Gross amounts due for contract work	**60,799**	69,656	**-**	-
Inventories	**39,562**	42,460	**-**	-
Financial receivables	**-**	8,439	**-**	-
Trade and other receivables	**258,422**	423,925	**727,421**	681,478
Cash and cash equivalents	**386,451**	321,781	**169,310**	185,482
Assets held for sale	**1,699,063**	432,118	**-**	-
	2,444,297	1,298,379	**896,731**	866,960
CURRENT LIABILITIES				
Trade and other payables, including derivatives	**431,930**	577,828	**124,634**	29,829
Loans and borrowings	**198,691**	292,139	**141,154**	240,597
Tax payable	**18,549**	22,663	**5,017**	4,071
Liabilities held for sale	**666,023**	91,006	**-**	-
	1,315,193	983,636	**270,805**	274,497
Net current assets	**1,129,104**	314,743	**625,926**	592,463
NON-CURRENT LIABILITIES				
Trade and other payables - derivatives	**18,303**	14,520	**-**	-
Loans and borrowings	**1,141,775**	1,291,413	**616,186**	585,289
Deferred tax liabilities	**6,196**	4,749	**-**	-
	1,166,274	1,310,682	**616,186**	585,289
Net assets	**1,193,275**	1,549,015	**1,183,352**	1,465,533

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017 (cont'd)

	Group		Company	
	31 Mar 17 S$'000	31 Dec 16 S$'000	31 Mar 17 S$'000	31 Dec 16 S$'000
EQUITY				
Share capital	**607,258**	607,258	**607,258**	607,258
Perpetual capital securities	**494,798**	790,280	**494,798**	790,280
Perpetual capital securities – treasury	**-**	(5,000)	**-**	(5,000)
Treasury shares	**(85,929)**	(85,929)	**(85,929)**	(85,929)
Capital reserve	**12,609**	16,720	**7,451**	11,373
Foreign currency translation reserve	**(32,605)**	(7,152)	**-**	-
Hedging reserve	**(51,373)**	(24,207)	**-**	-
Employees' share option reserve	**25,596**	25,392	**25,596**	25,392
Retained earnings	**202,002**	210,327	**134,178**	122,159
Total equity attributable to owners of the Company	**1,172,356**	1,527,689	**1,183,352**	1,465,533
Non-controlling interests	**20,919**	21,326	**-**	-
Total equity	**1,193,275**	1,549,015	**1,183,352**	1,465,533
Group net borrowings (S$'000) [N1]	**954,015**	1,261,771	**n.a**	n.a
Group net gearing (times)	**0.80x**	0.81x	**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 [N1]

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

31 Mar 17		31 Dec 16	
Secured S$'000	**Unsecured S$'000**	**Secured S$'000**	**Unsecured S$'000**
-	**198,691**	1,049	291,090

(ii) Amount repayable after one year

31 Mar 17		31 Dec 16	
Secured S$'000	**Unsecured S$'000**	**Secured S$'000**	**Unsecured S$'000**
387,459	**754,316**	562,783	728,630

Details of any collateral

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

[N1] Group's borrowings and debt securities exclude borrowings classified as liabilities held for sale.

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 FIRST QUARTER ENDED 31 MARCH 2017

	Group	
	Quarter ended 31 Mar	
	2017	**2016**
	S$'000	**S$'000**
Cash flows from operating activities		
Profit for the period	**428**	8,063
Adjustments for:		
Amortisation of transaction costs related to borrowings	**1,464**	636
Depreciation, amortisation and impairment	**3,771**	9,504
Employees' share option expense	**204**	(117)
Impairment/(write-back) of trade and other receivables	**55**	(971)
Net finance costs	**22,095**	14,601
Net interest income	**(1,549)**	(538)
Other income	**(6,999)**	(3,415)
Realisation upon disposal of a joint venture	**(16,491)**	-
Share of (profits)/losses of associates and joint ventures, net of income tax	**(1,414)**	2,881
Tax expense/(credit)	**1,069**	(2,286)
	2,633	28,358
Change in inventories	**2,010**	2,920
Change in gross amounts due for contract work	**8,856**	10,861
Change in trade and other receivables	**55,558**	13,219
Change in trade and other payables	**(114,009)**	102,305
Cash (used in)/from operating activities before service concession arrangement projects	**(44,952)**	157,663
Change in financial receivables from service concession arrangements	**(38,153)**	(190,234)
Cash used in operating activities after service concession arrangement projects	**(83,105)**	(32,571)
Income tax paid	**(3,817)**	(1,208)
Net cash used in operating activities	**(86,922)**	(33,779)

	Group	
	Quarter ended 31 Mar	
	2017	2016
	S$'000	S$'000
Cash flows from investing activities		
Acquisition of intangible assets	**(212)**	(672)
Acquisition of property, plant and equipment	**(6,275)**	(7,001)
Acquisition of and additional interests in joint venture	**-**	(30,000)
Dividends received from an associate	**585**	600
Interest received	**2,427**	420
Net proceeds from liquidation	**-**	3,732
Net proceeds from disposal of other investments	**-**	553
Net proceeds from disposal of a joint venture	**190,763**	-
Net proceeds from sale of property, plant and equipment	**297**	12
Repayment of loan from a joint venture	**79,577**	-
Net cash from/(used in) investing activities	**267,162**	(32,356)
Cash flows from financing activities		
Contribution from non-controlling interests	**5,559**	220
Dividends paid	(8,551)	(12,930)
Interest paid	(23,724)	(32,165)
Proceeds from borrowings	476,526	35,631
Redemption of perpetual capital securities	(295,000)	-
Restricted bank balances	(24,134)	-
Repayment of borrowings	(172,766)	(55,861)
Net cash used in financing activities	**(42,090)**	(65,105)
Net increase/(decrease) in cash and cash equivalents	**138,150**	(131,240)
Cash and cash equivalents at beginning of the period	**260,322**	298,478
Effect of exchange rate fluctuations on cash held	**(7,802)**	(1,602)
Cash and cash equivalents at end of the period [Note 1(c)(i)]	**390,670**	165,636

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	
	31 Mar 17	31 Mar 16
	S$'000	S$'000
Cash and cash equivalents in the statements of financial position	**386,451**	181,471
Cash and cash equivalents included in assets held for sale	**80,470**	5,412
Bank overdrafts used for cash management purposes	**-**	(20,925)
Restricted bank balances	**(76,251)**	(322)
Cash and cash equivalents in the statement of cash flows	**390,670**	165,636

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	Perpetual capital securities – Treasury	Treasury 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$'000	S$'000
At 1.1.2017	607,258	790,280	(5,000)	(85,929)	16,720	(7,152)	(24,207)	25,392	210,327	1,527,689	21,326	1,549,015
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	822	822	(394)	428
Other comprehensive income												
Foreign currency translation differences for foreign operations	-	-	-	-	-	(6,003)	-	-	-	(6,003)	(532)	(6,535)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	-	(27,218)	-	-	(27,218)	(5,040)	(32,258)
Disposal of a joint venture	-	-	-	-	(189)	(15,422)	-	-	-	(15,611)	-	(15,611)
Share of other comprehensive income of associates and joint ventures	-	-	-	-	-	(4,028)	52	-	-	(3,976)	-	(3,976)
Total comprehensive income for the period	-	-	-	-	(189)	(25,453)	(27,166)	-	822	(51,986)	(5,966)	(57,952)
Transactions with owners, recognised directly in equity												
Contributions by and distributions to owners												
Dividends	-	-	-	-	-	-	-	-	(8,551)	(8,551)	-	(8,551)
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	5,559	5,559
Redemption of perpetual capital securities	-	(295,482)	5,000	-	(4,518)	-	-	-	-	(295,000)	-	(295,000)
Value of employee services received for issue of share options	-	-	-	-	-	-	-	204	-	204	-	204
Transfer to capital reserve	-	-	-	-	596	-	-	-	(596)	-	-	-
Total transactions with owners	-	(295,482)	5,000	-	(3,922)	-	-	204	(9,147)	(303,347)	5,559	(297,788)
At 31.03.2017	**607,258**	**494,798**	**-**	**(85,929)**	**12,609**	**(32,605)**	**(51,373)**	**25,596**	**202,002**	**1,172,356**	**20,919**	**1,193,275**

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

	Share capital	Perpetual capital securities	Treasury shares	Capital reserve	Foreign currency translation reserve	Hedging reserve	Employees' share option reserve	Retained earnings	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
At 1.1.2016	607,258	469,096	(85,929)	13,731	469	(15,285)	25,069	273,059	1,287,468	13,383	1,300,851
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	7,322	7,322	741	8,063
Other comprehensive income											
Foreign currency translation differences for foreign operations	-	-	-	-	(7,208)	-	-	-	(7,208)	(348)	(7,556)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	(29,990)	-	-	(29,990)	-	(29,990)
Share of other comprehensive income of associates and joint ventures	-	-	-	-	(3,807)	(87)	-	-	(3,894)	-	(3,894)
Total comprehensive income for the period	-	-	-	-	(11,015)	(30,077)	-	7,322	(33,770)	393	(33,377)
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Dividends	-	-	-	-	-	-	-	(24,963)	(24,963)	-	(24,963)
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	220	220
Value of employee services received for issue of share options	-	-	-	-	-	-	(117)	-	(117)	-	(117)
Transfer to capital reserve	-	-	-	865	-	-	-	(865)	-	-	-
Total transactions with owners	-	-	-	865	-	-	(117)	(25,828)	(25,080)	220	(24,860)
At 31.03.2016	**607,258**	**469,096**	**(85,929)**	**14,596**	**(10,546)**	**(45,362)**	**24,952**	**254,553**	**1,228,618**	**13,996**	**1,242,614**

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

	Share capital	Perpetual capital securities	Perpetual capital securities – Treasury	Treasury 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	S$'000
At 1.1.2017	607,258	790,280	(5,000)	(85,929)	11,373	-	25,392	122,159	1,465,533
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	-	21,166	21,166
Total comprehensive income for the period	-	-	-	-	-	-	-	21,166	21,166
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Dividends	-	-	-	-	-	-	-	(8,551)	(8,551)
Redemption of perpetual capital securities	-	(295,482)	5,000	-	(4,518)	-	-	-	(295,000)
Value of employee services received for issue of share options	-	-	-	-	-	-	204	-	204
Transfer to capital reserve	-	-	-	-	596	-	-	(596)	-
Total transactions with owners	-	(295,482)	5,000	-	(3,922)	-	204	(9,147)	(303,347)
At 31.03.2017	607,258	494,798	-	(85,929)	7,451	-	25,596	134,178	1,183,352
At 1.1.2016	607,258	469,096	-	(85,929)	8,863	1,277	25,069	148,050	1,173,684
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	-	2,802	2,802
Other comprehensive income									
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	(4,215)	-	-	(4,215)
Total comprehensive income for the period	-	-	-	-	-	(4,215)	-	2,802	(1,413)
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Dividends	-	-	-	-	-	-	-	(24,963)	(24,963)
Value of employee services received for issue of share options	-	-	-	-	-	-	(117)	-	(117)
Transfer to capital reserve	-	-	-	-	865	-	-	(865)	-
Total transactions with owners	-	-	-	-	865	-	(117)	(25,828)	(25,080)
At 31.03.2016	607,258	469,096	-	(85,929)	9,728	(2,938)	24,952	125,024	1,147,191

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.

Issued share capital

	No. of shares	Amount S$'000
Ordinary shares		
At 1 Jan 2017 and 31 Mar 2017	785,284,989	128,760
Preference shares		
At 1 Jan 2017 and 31 Mar 2017	4,000,000	392,569
Issued share capital at 31 Mar 2017 *(Note A)*		521,329

As at 31 Mar 2017, the number of ordinary shares in issue were 785,284,989 (31 Mar 2016: 785,284,989), excluding 79,246,000 (31 Mar 2016: 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 31 Mar 2017 were 4,000,000 (31 Mar 2016: 4,000,000).

Note A:

Per Statement of Financial Position	S$'000
- Share capital	607,258
- Treasury shares	(85,929)
Issued share capital as at 31 Mar 2017	521,329

Outstanding share options under the Scheme

	No. of options
At 1 Jan 2017	30,303,000
Forfeited	(1,420,000)
At 31 Mar 2017	28,883,000

As at 31 Mar 2017, the number of outstanding share options under the Schemes were 28,883,000 (31 Mar 2016: 27,021,000).

Perpetual capital securities

	Amount S$'000
At 1 Jan 2017	785,280
Less: Redemption of perpetual capital securities in Jan 2017	(290,482)
As at 31 Mar 2017	494,798

As at 31 Mar 2017, perpetual capital securities ("perps") relates to the $500 mil 6.00% per annum perps, issued on 27 May 2016.

As at 31 Mar 2016, perpetual capital securities comprised of:
- $300 mil 5.75% per annum, issued on 23 Jan 2014; and
- $175 mil 4.80% per annum, issued on 29 Jul 2014.

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 31 Mar 2017 were 785,284,989 (31 Dec 2016: 785,284,989), excluding 79,246,000 (31 Dec 2016: 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 31 Mar 2017. The total number of issued preference shares as at 31 Mar 2017 were 4,000,000 (31 Dec 2016: 4,000,000).

The total amount of perpetual capital securities issued as at 31 Mar 2017 were $500 mil (31 Dec 2016: $795 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 31 Mar 2017.

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 2017. 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.

	31 Mar 17	31 Mar 16	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]	(1.71 cts)	(0.64 cts)	>100
- Weighted average number of shares	785,284,989	785,284,989	-
On a fully diluted basis of ordinary shares[1]	(1.71 cts)	(0.64 cts)	>100
- Adjusted weighted average number of shares	785,495,085	785,284,989	-

Excluding Tuaspring	31 Mar 17	31 Mar 16	Change %
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[2]	1.73 cts	1.71 cts	1
- Weighted average number of shares	785,284,989	785,284,989	-
On a fully diluted basis of ordinary shares[2]	1.73 cts	1.71 cts	1
- Adjusted weighted average number of shares	785,495,085	785,284,989	-

[1] *adjusted for dividends attributable to perpetual preference shares and perpetual capital securities of $14.3 mil for the quarter ended 31 March 2017. Excluding these adjustments, the earnings per share would have been 0.10 cents (31 March 2016: 0.93 cents).*

[2] *adjusted for dividends attributable to perpetual preference shares and perpetual capital securities of $14.3 mil for the quarter ended 31 March 2017. Excluding these adjustments, the earnings per share would have been 3.54 cents (31 March 2016: 3.28 cents).*

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

Net assets value per ordinary share:

	Group		Company	
	31 Mar 17 Cents	31 Dec 16 Cents	31 Mar 17 Cents	31 Dec 16 Cents
Based on 785,284,989 (31 Dec 2016: 785,284,989) ordinary shares in issue	38.0	45.1	36.7	34.5

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 $0.8 mil for the first quarter ended 31 Mar 2017 ("1Q2017"), a decrease of 89% from the quarter ended 31 Mar 2016 ("1Q2016"). For the period under review, the Group recorded revenue of $91.5 mil and gross profits of $53.7 mil. The decline in revenue for 1Q2017 was contributed mainly by lower EPC activities in the TuasOne waste-to-energy ("WTE") project in Singapore and the Qurayyat Independent Water Project ("IWP") in the Sultanate of Oman, in line with the respective construction schedules of these projects.

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 profit or loss has been presented to show the results of Tuaspring separately from other operations. Correspondingly, the comparative statement of profit or loss has been re-presented.

Profits of the Group, largerly contributed by the EPC activities, were substantially offset by losses arising from the weak Singapore power market. Excluding results from Tuaspring, PATMI for the Group was $27.8 mil for 1Q2017. Tuaspring contributed loss of $27.0 mil in 1Q2017, an increase of 46% from the corresponding period. With the commencement of the operation of the power plant in Tuaspring in March 2016, its results were adversely affected by the weak power market in Singapore.

Other income in 1Q2017 recorded a gain of $16.5 mil, arising largely from the realisation of the foreign currency translation reserve upon the completion of the Group's disposal of its 50% stake in its joint venture, Galaxy Newspring Pte Ltd ("Galaxy Newspring"), in Mar 2017.

Interest income for the Group of $13.3 mil and $15.2 mil for the current period and 1Q2016 respectively, arose largely from the shareholders' loan extended to Tuaspring, the results of which have been presented separately.

Basic and diluted loss per share was 1.71 cents for 1Q2017 while basic and diluted loss per share was 0.64 cents for 1Q2016. Both basic and diluted loss per share were adjusted for dividends on perpetual preference shares and perpetual capital securities. Excluding results from Tuaspring, basic and diluted earnings per share was 1.73 cents for 1Q2017.

Sector Review

Municipal sector continued to be the main contributor to the Group's revenue, accounting for approximately 87% or $79.2 mil of the total revenue in 1Q2017 (1Q2016: 99% or $220.8 mil).

Industrial sector revenue contributed 12% or $11.1 mil to the Group's revenue for 1Q2017, versus 1% or $1.2 mil for 1Q2016.

Geographical Review

The Singapore market remained a key market to the Group, contributing 64% or $58.7 mil of the Group's total revenue in 1Q2017, mainly driven by the TuasOne WTE project. In 1Q2016, Singapore market contributed 67% or $149.6 mil of total revenue. The lower revenue from the Singapore market in 1Q2017 is mainly due to the lower EPC activities in the TuasOne WTE project.

Revenue from the Middle East & North Africa ("MENA") region was 26% of the Group's total revenue or $23.6 mil in 1Q2017, mainly contributed by the construction of the Qurayyat IWP. Revenue contribution from MENA was 28% of the Group's total revenue or $63.0 mil in 1Q2016. Lower revenue generated in the MENA region is mainly due to the lower EPC activities in the Qurayyat IWP project.

The Group's China market contributed 8% or $7.3 mil of the total revenue in 1Q2017,compared to 4% or $9.7 mil of the total revenue in 1Q2016.

Rest of the World accounted for 2% and 1% of the total revenue in both 1Q2017 and 1Q2016 respectively.

8(a)(ii) Costs and expenses

Lower direct costs in 1Q2017 were mainly driven by the lower EPC activities for the TuasOne WTE and Qurayyat projects.

Staff costs increased in 1Q2017 due to the progress of the TuasOne WTE and Qurayyat projects.

Depreciation, amortisation and impairment decreased in 1Q2017. As reported in 4Q2016, the Group initiatied the process to divest its entire equity interest in Tianjin Dagang, the Group ceased the depreciation and amortisation of the non-current assets in Tianjin Dagang since Oct 2016.

Other expenses increased largely due to higher exchange losses.

Finance costs increased in 1Q2017 relating mainly to the financing of the Group's projects.

Higher share of profits of associates and joint ventures in 1Q2017 was mainly contributed by one of the Group's associates.

The Group recorded a net income tax expense of $1.0 mil for 1Q2017.

8(b) Statements of Financial Position Analysis

8(b)(i) The Group

The Group's shareholder's equity decreased from $1.5 bil as at 31 Dec 2016 to $1.2 bil as at 31 Mar 2017. The decrease was mainly contributed by the redemption of perpetual capital securities of $295.0 mil in January 2017, dividends paid during the period and higher hedging reserve loss arising from the interest rate swaps on the Group's project finance loans.

Subsequent to the Group's initiation to partially divest its equity interest in Tuaspring identified assets and liabilities of Tuaspring were classified as assets/liabilities held for sale. As at 31 Mar 2017, the assets and liabilities held for sale related largely to Tuaspring. The Galaxy Newspring portfolio was no longer included in the assets held for sale following the completion of divestment in Mar 2017.

Decrease in non-current assets was mainly due to the reclassification of non-current assets of Tuaspring to assets held for sale (current assets).

This resulted in a corresponding increase in current assets, which was partially offset by the completion in the divestment of Galaxy.

Increase in current liabilities was mainly due to the reclassification of the non-current liabilities of the Tuaspring to liabilities held for sale. This increase was partially offset by the repayment of bank borrowings and the net settlement of trade payment for TuasOne WTE and Qurayyat projects.

The reclassification of Tuaspring resulted in a corresponding decrease in non-current liabilities. This decrease was offset by drawdown of the long-term secured project finance loans for TuasOne WTE and Qurayyat IWP projects.

As at 31 Mar 2017, the Group's net gearing ratio stood at 0.80 times (31 Dec 2016: 0.81 times).

8(b)(ii) The Company

The Company's shareholders' equity decreased from $1.5 bil as at 31 Dec 2016 to $1.2 bil as at 31 Mar 2017. The decrease was mainly contributed by the redemption of perpetual capital securities of $295.0 mil in January 2017 and dividends for the period.

8(c) Statement of Cash Flows

For 1Q2017, net cash of $86.9 mil 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 outflows from the Group's operating activities were $45.0 mil.

Cash from investing activities of $267.2 mil in 1Q2017 was mainly due to the net proceeds from the disposal of Galaxy of $190.8 mil and the repayment of the short-term loan extended to Galaxy of $79.6 mil, following the completion of the divestment.

Net cash used in financing activities of $42.1 mil in 1Q2017 was mainly for the redemption of $295.0 mil perpetual capital securities and repayment of bank loans, offset by the proceeds from secured project finance loans for the Group's projects.

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.

For the remaining months of 2017, the Group will be executing its EPC order book with main revenue contributions from the TuasOne WTE project in Singapore and the projects in the Kingdom of Saudi Arabia. Profits from these projects are expected to be offset by losses from the Singapore power market.

The Qurayyat IWP in Oman is expected to commence operations in the second half of the year, after completing testing and commissioning. Contract negotiation for the Ain Sokhna IWPP in Egypt is ongoing, although progress is slower than expected.

During the quarter, the Group successfully concluded the divestment of its 50% equity stake in the Galaxy Newspring portfolio. Remaining proceeds from the divestment were also duly received before the end of Q1 2017.

As part of its asset light strategy to recycle capital for new investments, the Group is in the process of divesting its full interest in the Tianjin Dagang desalination plant in China. The process for partial divestment of the Tuaspring plant has also started, subject to the relevant regulatory approvals. Both of these assets are classified as Held for Sale with planned completion before the end of 2017. Monetization of these assets will free up capital for deployment to new projects as well as to reduce the Group's leverage.

11. Dividend

(a) Current financial period reported on.

Any dividend recommended for the current financial period reported on?

In January 2017, the Company paid dividends of $8.7 mil on its $300 mil 5.75% per annum perpetual capital securities.

In March 2017, 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 2016 to (but excluding) 25 April 2017 (being the relevant dividend period). The said preference dividend of $12.0 mil was paid on 25 April 2017.

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

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

In January 2016, the Company paid dividends of $8.7 mil on its $300 mil 5.75% per annum perpetual capital securities and $4.2 mil on its $175.0 mil 4.80% per annum perpetual capital securities.

In February 2016, the Company declared a tax-exempt (one-tier) dividend to holders of perpetual preference shares, calculated on the basis of 183 days from (and including) 25 October 2015 to (but excluding) 25 April 2016 (being the relevant dividend period). The said preference dividend of $12.1 mil was paid on 25 April 2016.

(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. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13). If there are no such persons, the issuer must make an appropriate negative statement.

There is no person occupying a managerial position in the Company or any of its subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Lim Poh Fong
Company Secretary
4 May 2017