



HYFLUX LTD

Registration number : 200002722Z

Unaudited Financial Statements For The Third Quarter and Nine Months Ended 30 September 2015

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

**CONSOLIDATED INCOME STATEMENT
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2015**

	<u>Group</u>					
	<u>Quarter ended 30 Sep</u>			<u>Nine months ended 30 Sep</u>		
	2015	2014	Change	2015	2014	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	133,521	101,000	32	288,753	269,962	7
Other income	22,147	2,743	NM	60,867	144,917	(58)
Changes in inventories of finished goods and work-in-progress	(3,036)	2,656	NM	352	1,483	(76)
Raw materials and consumables used and subcontractors' costs	(73,331)	(43,438)	69	(121,162)	(125,085)	(3)
Staff costs	(16,249)	(18,150)	(10)	(47,544)	(56,402)	(16)
Depreciation, amortisation and impairment	(4,327)	(4,815)	(10)	(15,799)	(16,791)	(6)
Other expenses	(33,703)	(20,706)	63	(77,501)	(75,843)	2
Finance costs	(7,485)	(7,149)	5	(29,355)	(23,756)	24
Share of losses of associates and joint ventures, net of income tax	(9,435)	(4,120)	NM	(15,563)	(11,748)	32
Profit before income tax	8,102	8,021	1	43,048	106,737	(60)
Tax (expense)/credit	(559)	5,202	NM	(1,922)	5,846	NM
Profit for the period	7,543	13,223	(43)	41,126	112,583	(63)
Profit attributable to:						
Owners of the Company	6,436	11,265	(43)	38,017	110,610	(66)
Non-controlling interests	1,107	1,958	(43)	3,109	1,973	58
Profit for the period	7,543	13,223	(43)	41,126	112,583	(63)

NM: Not Meaningful



**1 (a)(ii) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2015**

	<u>Group</u>					
	<u>Quarter ended 30 Sep</u>			<u>Nine months ended 30 Sep</u>		
	2015 S\$'000	2014 S\$'000	Change %	2015 S\$'000	2014 S\$'000	Change %
Profit for the period	7,543	13,223	(43)	41,126	112,583	(63)
Other comprehensive income:						
<u>Items that may be reclassified subsequently to profit or loss</u>						
Foreign currency translation differences for foreign operations	1,560	3,338	(53)	5,072	118	NM
Effective portion of changes in fair value of cash flow hedges	3,257	(3,713)	NM	12,149	(19,598)	NM
Share of other comprehensive income of associates and joint ventures	2,038	2,613	(22)	(1,280)	(4,238)	(70)
Net change in fair value of cash flow hedges transferred to profit or loss	(34)	(299)	(89)	(33)	(1,110)	(97)
Realisation of foreign currency translation to profit or loss	-	-	NM	(6,685)	(110)	NM
Other comprehensive income for the period, net of income tax	6,821	1,939	NM	9,223	(24,938)	NM
Total comprehensive income for the period	14,364	15,162	(5)	50,349	87,645	(43)
Total comprehensive income attributable to:						
Owners of the Company	13,368	13,244	1	48,027	85,809	(44)
Non-controlling interests	996	1,918	(48)	2,322	1,836	26
Total comprehensive income for the period	14,364	15,162	(5)	50,349	87,645	(43)

NM: Not Meaningful



NOTES TO CONSOLIDATED INCOME STATEMENT

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

	<u>Group</u>					
	<u>Quarter ended 30 Sep</u>			<u>Nine months ended 30 Sep</u>		
	2015 S\$'000	2014 S\$'000	Change %	2015 S\$'000	2014 S\$'000	Change %
Depreciation, amortisation and impairment	(4,327)	(4,815)	(10)	(15,799)	(16,791)	(6)
Finance costs	(7,485)	(7,149)	5	(29,355)	(23,756)	24
Financial receivables written off	(1,300)	-	NM	(5,651)	-	NM
Gain from acquisition	-	-	NM	3,919	-	NM
Gain on disposal of an associate and a joint venture	-	-	NM	-	54,118	NM
Gain/(Loss) on sale of property, plant and equipment	32	(57)	NM	15,518	83,390	(81)
Interest income	1,035	1,322	(22)	2,980	2,847	5
Net foreign currency exchange (loss)/gain	(2,812)	2,946	NM	(7,825)	592	NM
Property, plant and equipment written off	-	-	NM	(21)	-	NM
Remeasurement to fair value of joint venture to subsidiary	12,259	-	NM	12,259	-	NM
Write back/(Allowance) for inventory obsolescence	-	1	NM	8	(53)	NM
Write back/(Impairment) of trade and other receivables	1,085	(769)	NM	1,085	(11,478)	NM
(Under)/ Overprovision of prior years' tax	-	3,435	NM	(282)	1,984	NM

NM: Not Meaningful



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

STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2015

	<u>Group</u>		<u>Company</u>	
	30 Sep 15 S\$'000	31 Dec 14 S\$'000	30 Sep 15 S\$'000	31 Dec 14 S\$'000
<u>NON-CURRENT ASSETS</u>				
Property, plant and equipment	155,189	115,860	-	-
Intangible assets	26,554	28,093	-	-
Intangible assets arising from service concession arrangements	1,082,325	992,989	-	-
Investments in subsidiaries	-	-	206,208	181,198
Investments in joint ventures	200,288	233,846	-	-
Investments in associates	135,863	100,335	15,333	14,983
Other investments	16,000	18,562	630	630
Financial receivables	500,571	384,670	-	-
Trade and other receivables	-	19,041	952,160	791,173
Deferred tax assets	20,063	9,505	-	-
	<u>2,136,853</u>	<u>1,902,901</u>	<u>1,174,331</u>	<u>987,984</u>
<u>CURRENT ASSETS</u>				
Gross amounts due for contract work	107,162	94,410	-	-
Inventories	47,624	44,181	-	-
Financial receivables	14,442	10,558	-	-
Trade and other receivables, including derivatives	344,812	241,284	894,345	769,352
Cash and cash equivalents	322,975	444,428	39,116	203,243
Assets held for sale	22,899	3,953	-	-
	<u>859,914</u>	<u>838,814</u>	<u>933,461</u>	<u>972,595</u>
<u>CURRENT LIABILITIES</u>				
Trade and other payables	227,849	229,879	75,332	70,364
Loans and borrowings	333,822	153,464	288,623	92,257
Tax payable	8,171	7,285	4,087	3,699
Liabilities held for sale	13,721	-	-	-
	<u>583,563</u>	<u>390,628</u>	<u>368,042</u>	<u>166,320</u>
Net current assets	276,351	448,186	565,419	806,275
<u>NON-CURRENT LIABILITIES</u>				
Trade and other payables - derivatives	18,583	29,275	-	-
Loans and borrowings	1,082,817	979,331	613,255	618,792
Deferred tax liabilities	1,336	493	-	-
	<u>1,102,736</u>	<u>1,009,099</u>	<u>613,255</u>	<u>618,792</u>
Net assets	<u>1,310,468</u>	<u>1,341,988</u>	<u>1,126,495</u>	<u>1,175,467</u>



STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2015 (cont'd)

	<u>Group</u>		<u>Company</u>	
	30 Sep 15 S\$'000	31 Dec 14 S\$'000	30 Sep 15 S\$'000	31 Dec 14 S\$'000
<u>EQUITY</u>				
Share capital	607,258	607,258	607,258	607,258
Perpetual capital securities	469,096	469,096	469,096	469,096
Reserve for own shares	(76,409)	(61,936)	(76,409)	(61,936)
Capital reserve	12,638	10,043	7,997	5,402
Foreign currency translation reserve	11,583	14,029	-	-
Hedging reserve	(17,272)	(29,728)	330	-
Employees' share option reserve	24,743	24,755	24,743	24,755
Retained earnings	270,895	303,664	93,480	130,892
Total equity attributable to owners of the Company	1,302,532	1,337,181	1,126,495	1,175,467
Non-controlling interests	7,936	4,807	-	-
Total equity	1,310,468	1,341,988	1,126,495	1,175,467
<i>Group net borrowings (S\$)</i>	1,093,664	688,367	n.a.	n.a.
<i>Group net gearing (times)</i>	0.83x	0.51x	n.a.	n.a.



NOTES TO STATEMENTS OF FINANCIAL POSITION

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

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

30 Sep 15		31 Dec 14	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	333,822	-	153,464

(ii) Amount repayable after one year

30 Sep 15		31 Dec 14	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
227,506	855,311	226,614	752,717

Details of any collateral

As at 30 September 2015, secured bank loans of the Group were secured over specific project assets of a subsidiary under project financing arrangement.



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

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2015**

	Quarter ended 30 Sep		Group Nine months ended 30 Sep	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Cash flows from operating activities				
Profit before income tax	8,102	8,021	43,048	106,737
Adjustments for:				
Amortisation of transaction costs related to borrowings	115	145	359	447
Depreciation, amortisation and impairment	4,327	4,815	15,799	16,791
Employees' share option expense	129	203	(12)	233
Finance costs	7,485	7,149	29,355	23,756
Financial receivables written off	1,300	-	5,651	-
Gain from acquisition	-	-	(3,919)	-
Gain on disposal of an associate and a joint venture	-	-	-	(54,118)
(Gain)/Loss on sale of property, plant and equipment	(32)	57	(15,518)	(83,390)
Interest income	(1,035)	(1,322)	(2,980)	(2,847)
Other income	(7,883)	-	(13,770)	-
Property, plant and equipment written off	-	-	21	-
Remeasurement to fair value of joint venture to subsidiary	(12,259)	-	(12,259)	-
Share of losses of associates and joint ventures, net of income tax	9,435	4,120	15,563	11,748
(Write back)/Impairment of trade and other receivables	(1,085)	769	(1,085)	11,478
(Write back)/Allowance for inventory obsolescence	-	(1)	(8)	53
	8,599	23,956	60,245	30,888
Change in inventories	7,771	(3,859)	3,502	(2,029)
Change in gross amounts due for contract work	(5,613)	(5,083)	1,075	3,607
Change in trade and other receivables	(7,399)	(5,098)	(51,030)	(5,548)
Change in trade and other payables	12,931	12,119	(18,273)	18,990
Cash from/(used in) operating activities before service concession arrangement projects	16,289	22,035	(4,481)	45,908
Change in financial receivables from service concession arrangements	39,369	(56)	39,214	874
Change in intangible assets arising from service concession arrangements	(34,887)	(64,102)	(93,186)	(177,246)
Cash from/(used in) operating activities after service concession arrangement projects	20,771	(42,123)	(58,453)	(130,464)
Income tax paid	(2,221)	(4,537)	(6,889)	(8,972)
Net cash from/(used in) operating activities	18,550	(46,660)	(65,342)	(139,436)



	<u>Group</u>			
	<u>Quarter ended 30 Sep</u>		<u>Nine months ended 30 Sep</u>	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from investing activities				
Acquisition of intangible assets	(296)	(541)	(873)	(1,534)
Acquisition of property, plant and equipment	(8,868)	(3,589)	(18,689)	(7,041)
Acquisition of subsidiaries, net of cash acquired	(36,989)	-	(45,942)	-
Acquisition of other investments	-	(515)	-	(515)
Acquisition of associates	(47,304)	-	(47,304)	-
Additional investments in an associate	-	-	-	(8,589)
Dividends received from associates	677	780	1,697	5,608
Interest received	515	1,094	1,600	2,402
Loans to a joint venture	-	(5,638)	(6,660)	(5,638)
Net proceeds from disposal of an associate and a joint venture	-	-	-	63,432
Net proceeds from sale of property, plant and equipment	135	16,915	17,723	169,431
Net cash (used in)/from investing activities	(92,130)	8,506	(98,448)	217,556
Cash flows from financing activities				
Contribution from non-controlling interests	543	-	807	-
Dividends paid	(18,350)	(14,344)	(56,158)	(39,546)
Decrease in deposits pledged	-	-	-	1,832
Interest paid	(13,983)	(17,580)	(38,176)	(41,882)
Net proceeds from capital securities issued	-	173,610	-	469,096
Proceeds from borrowings	183,815	2,497	278,888	34,393
Proceeds from exercise of share options	-	155	-	371
Purchases of treasury shares	(1,877)	-	(13,297)	-
Repayment of borrowings	(1,405)	(60,000)	(100,467)	(209,901)
Net cash from financing activities	148,743	84,338	71,597	214,363
Net increase/(decrease) in cash and cash equivalents	75,163	46,184	(92,193)	292,483
Cash and cash equivalents at beginning of the period	217,608	419,804	382,044	182,585
Effect of exchange rate fluctuations on cash held	14,099	517	17,019	(8,563)
Cash and cash equivalents at end of the period [Note 1(c)(i)]	306,870	466,505	306,870	466,505

NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

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

	<u>Group</u>	
	<u>Nine months ended 30 Sep</u>	
	2015	2014
	S\$'000	S\$'000
Cash and cash equivalents as per statement of financial position	322,975	528,003
Less: Bank overdraft	(21,304)	(61,189)
Less: Deposits pledged	(334)	(309)
	301,337	466,505
Add: Cash and cash equivalents included in entities held for sale	5,533	-
Cash and cash equivalents as per statement of cash flows	306,870	466,505



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

STATEMENT OF CHANGES IN EQUITY OF THE GROUP

	Share capital	Perpetual capital securities	Reserve for own shares	Capital reserve	Foreign currency translation reserve	Hedging reserve	Employees' share option reserve	Retained earnings	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1.1.2015	607,258	469,096	(61,936)	10,043	14,029	(29,728)	24,755	303,664	1,337,181	4,807	1,341,988
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	38,017	38,017	3,109	41,126
Other comprehensive income											
Foreign currency translation differences for foreign operations	-	-	-	-	5,859	-	-	-	5,859	(787)	5,072
Realisation of foreign currency translation to profit or loss	-	-	-	-	(6,685)	-	-	-	(6,685)	-	(6,685)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	12,149	-	-	12,149	-	12,149
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	-	(33)	-	-	(33)	-	(33)
Share of other comprehensive income of associates and joint ventures	-	-	-	-	(1,620)	340	-	-	(1,280)	-	(1,280)
Total comprehensive income for the period	-	-	-	-	(2,446)	12,456	-	38,017	48,027	2,322	50,349
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Dividends paid/payable	-	-	-	-	-	-	-	(68,191)	(68,191)	-	(68,191)
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	807	807
Own shares acquired	-	-	(14,473)	-	-	-	-	-	(14,473)	-	(14,473)
Value of employee services received for issue of share options	-	-	-	-	-	-	(12)	-	(12)	-	(12)
Transfer to capital reserve	-	-	-	2,595	-	-	-	(2,595)	-	-	-
Total transactions with owners	-	-	(14,473)	2,595	-	-	(12)	(70,786)	(82,676)	807	(81,869)
At 30.9.2015	607,258	469,096	(76,409)	12,638	11,583	(17,272)	24,743	270,895	1,302,532	7,936	1,310,468



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

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



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

	Share capital	Perpetual capital securities	Reserve for own shares	Capital reserve	Hedging reserve	Employees' share option reserve	Retained earnings	Total equity attributable to owners of the Company
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1.1.2015	607,258	469,096	(61,936)	5,402	-	24,755	130,892	1,175,467
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	-	33,374	33,374
Other comprehensive income								
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	330	-	-	330
Total comprehensive income for the period	-	-	-	-	330	-	33,374	33,704
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends paid/ payable	-	-	-	-	-	-	(68,191)	(68,191)
Own shares acquired	-	-	(14,473)	-	-	-	-	(14,473)
Value of employee services received for issuance of share options	-	-	-	-	-	(12)	-	(12)
Transfer to capital reserve	-	-	-	2,595	-	-	(2,595)	-
Total transactions with owners	-	-	(14,473)	2,595	-	(12)	(70,786)	(82,676)
At 30.9.2015	607,258	469,096	(76,409)	7,997	330	24,743	93,480	1,126,495
At 1.1.2014	606,887	-	(51,484)	2,919	-	24,186	92,877	675,385
Profit for the period representing total comprehensive income for the period	-	-	-	-	-	-	112,845	112,845
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends paid/payable	-	-	-	-	-	-	(51,579)	(51,579)
Issuance of perpetual capital securities	-	469,096	-	-	-	-	-	469,096
Issuance of shares for cash under Employees' Share Option Schemes	371	-	-	-	-	-	-	371
Value of employee services received for issuance of share options	-	-	-	-	-	233	-	233
Transfer to capital reserve	-	-	-	1,617	-	-	(1,617)	-
Total transactions with owners	371	469,096	-	1,617	-	233	(53,196)	418,121
At 30.9.2014	607,258	469,096	(51,484)	4,536	-	24,419	152,526	1,206,351



1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Changes in the Company's share capital

The movements in the Company's issued and fully paid-up share capital during the third quarter ended 30 September 2015 were as follows:

Issued share capital

	No. of shares	Amount S\$'000
Ordinary shares		
At 1 July 2015	804,454,989	141,333
Less: Purchase of treasury shares	<u>(4,345,500)</u>	<u>(3,053)</u>
At 30 September 2015	<u>800,109,489</u>	<u>138,280</u>
Preference shares		
At 1 July 2015 and 30 September 2015	4,000,000	<u>392,569</u>
Issued share capital at 30 September 2015 (<i>Note A</i>)		<u><u>530,849</u></u>

As at 30 September 2015, the number of ordinary shares in issue were 800,109,489 (30 September 2014: 827,384,989), excluding 64,421,500 (30 September 2014: 37,146,000) held by the Company as treasury shares.

The total number of issued 6% Cumulative Non-convertible Non-voting Perpetual Class A Preference Shares (preference shares) as at 30 September 2015 were 4,000,000 (30 September 2014: 4,000,000).

Note A:

Per Statement of Financial Position

	S\$'000
- Share capital	607,258
- Reserve for own shares	<u>(76,409)</u>
Issued share capital as at 30 September 2015	<u><u>530,849</u></u>

Outstanding share options under the Scheme

	No. of options
At 1 July 2015	31,078,000
Options granted	-
Exercised/Forfeited	<u>(514,000)</u>
At 30 September 2015	<u><u>30,564,000</u></u>

As at 30 September 2015, the number of outstanding share options under the Schemes were 30,564,000 (30 September 2014: 36,780,250).



Perpetual capital securities

	Amount S\$'000
At 1 July 2015 and 30 September 2015	<u>469,096</u>

As at 30 September 2015, perpetual capital securities comprised \$300 mil issued at 5.75% per annum and \$175 mil issued at 4.80% per annum (30 September 2014: \$300 mil issued at 5.75% per annum and \$175 mil issued at 4.80% per annum).

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

The total number of issued ordinary shares as at 30 September 2015 were 800,109,489 (31 December 2014: 816,984,989), excluding 64,421,500 (31 December 2014: 47,546,000) held by the Company as treasury shares.

There was no change in the Company's issued preference shares during the financial period ended 30 September 2015. The total number of issued preference shares as at 30 September 2015 were 4,000,000 (31 December 2014: 4,000,000).

There was no change in the Company's issued perpetual capital securities during the financial period ended 30 September 2015. The total amount of issued perpetual capital securities as at 30 September 2015 were \$475 mil (31 December 2014: \$475 mil).

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

There were no sales, transfer, disposal, cancellation and/or use of treasury shares for the financial period ended 30 September 2015.

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

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group and the Company have consistently applied the same accounting policies and methods of computation as in the most recently audited annual financial statements.



5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group and the Company has reviewed the application of the new/revised FRS and Interpretations of FRS that are effective for the financial year beginning on 1 January 2015. Those new/revised FRS and Interpretations of FRS did not result in any significant impact on the financial statements.

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

	<u>Quarter ended 30 Sep</u>			<u>Nine months ended 30 Sep</u>		
	2015	2014	Change %	2015	2014	Change %
(Loss)/Earnings per ordinary share of the Group based on net profit attributable to owners of the Company:-						
Based on the weighted average number of ordinary shares in issue	(0.75) cts#	(0.07) cts	NM	0.10 cts#	9.58 cts	(99)
- Weighted average number of shares	803,006,489	827,356,322	(3)	805,317,545	827,204,767	(3)
On a fully diluted basis of ordinary shares	(0.75) cts#	(0.07) cts	NM	0.10 cts#	9.58 cts	(99)
- Adjusted weighted average number of shares	<u>803,006,489</u>	<u>827,600,399</u>	(3)	<u>805,317,545</u>	<u>827,423,558</u>	(3)

adjusted for dividends attributable to perpetual preference shares and perpetual capital securities for the nine months ended 30 September 2015 (9M2015) of \$37.2mil and quarter ended 30 September 2015 (3Q2015) of \$12.5mil. Excluding these adjustments, the earning per share would have been 4.72 cents for the 9M2015 and 0.80 cents for 3Q2015.

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:

	<u>Group</u>		<u>Company</u>	
	30 Sep 15 Cents	31 Dec 14 Cents	30 Sep 15 Cents	31 Dec 14 Cents
Based on 800,109,489 (31 December 2014): 816,984,989) ordinary shares in issue	<u>54.4</u>	<u>56.6</u>	<u>31.4</u>	<u>36.8</u>



8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

8(a)(i) Revenue and earnings

The Group achieved profit attributable to the shareholders of the Company ("PATMI") of \$6.4 mil for the third quarter ended 30 September 2015 ("3Q2015") on revenue of \$133.5 mil. Total revenue for 3Q2015 increased 32%, contributed mainly by the Qurayyat Independent Water Project ("IWP") in the Sultanate of Oman. Gross profits for the quarter was \$57.2 mil.

For the nine months ended 30 September 2015 ("9M2015"), the Group achieved PATMI of \$38.0 mil on revenue of \$288.8 mil. Gross profits for 9M2015 was \$167.9 mil. The Group's PATMI was \$110.6 mil and revenue was \$270.0 mil over the same period last year. The PATMI reflected a lower level of divestment activities in 9M2015 compared to 9M2014.

Divestment in 9M2014 contributed significantly to Other Income, comprising \$83.5 mil gain from sale and leaseback of Hyflux Innovation Centre (HIC) building and \$54.1 mil gain from disposal of Marmon entities. Other income in 9M2015 contributed mainly by \$15.8 mil gain on disposal on one of the Group's buildings.

As announced on 30 July 2015, the Group entered into sale and purchase agreement to acquire its remaining 50% equity stake in H.J. NewSpring Limited, the holding company of Tianjin Dagang Desalination Plant in China. A provisional fair value remeasurement gain of \$12.3 mil was recognised in 3Q2015 and the Group consolidated these entities as at 30 September 2015.

Other Income also included a gain from acquisition of Hyflux Filtech (Shanghai) Co., Ltd and Hyflux Unitech (Shanghai) Co., Ltd ("Filtech entities"); and incentives income recognised by the Group as a market-making participant to the Singapore Electricity Futures Market.

Basic and diluted loss per share was 0.75 cents in 3Q2015 while basic and diluted earnings per share was 0.10 cent for 9M2015. EPS was adjusted for dividends on perpetual preference shares and perpetual capital securities.

Sector Review

Municipal sector continued to be the main contributor to the Group's revenue, accounting for 92% of the total revenue for both 3Q2015 (\$123.6 mil) and 9M2015 (\$265.5 mil). In 2014, the municipal sector contributed 84% (\$84.9 mil) in 3Q2014 and 86% (\$232.0 mil) in 9M2014.

Revenue from the industrial sector made up 7% of the Group's revenue for both 3Q2015 and 9M2015. These represented a decrease from 15% for 3Q2014 and 12% for 9M2014.

Geographical Review

The geographical mix for the quarter shifted from Singapore to Middle East and North Africa ("MENA") and China reflecting the project activities in these regions during the period.

Revenue from MENA region accounted for 58% (\$77.0 mil) to the total revenue in 3Q2015, an increase from 8% (\$8.1 mil) in 3Q2014. For 9M2015, MENA accounted for 32% (\$91.8 mil) from 6% (\$15.6 mil) in 9M2014. Initial contributions from Qurayyat IWP and a containerised desalination system project to augment the existing Yanbu Desalination Plant in the Kingdom of Saudi Arabia contributed to the increase in both periods.



With the substantial completion of our Tuaspring plant construction, Singapore market contributed 29% (\$39.0 mil) of total revenue in 3Q2015, down from 74% (\$75.0 mil) in 3Q2014. For 9M2015, Singapore market accounted for 38% (\$111.4 mil), a decrease from 77% (\$209.2 mil) in 9M2014.

The Group's China market generated 12% (\$16.0 mil) to the total revenue in 3Q2015, an increase from 11% (\$11.0 mil) in 3Q2014. For 9M2015, revenue from China was 26% (\$74.5 mil) compared to 13% (\$33.2 mil) in 9M2014, contributed mainly by the divestments of 5 water assets in 2Q2015.

Rest of World (ROW) made up of 1% in 3Q2015, a decrease from 7% in 3Q2014. For both 9M2015 and 9M2014, ROW contributed 4% to the total revenue.

8(a)(ii) Costs and expenses

Higher direct costs for 3Q2015 was in line with higher revenue.

Staff costs decreased for 3Q2015 and 9M2015 were due to substantial completion of Tuaspring plant and gearing up of Qurayyat IWP construction activities.

Finance costs increased in 3Q2015 and 9M2015 relating mainly to the financing of the Tuaspring plant.

Depreciation, amortisation and impairment are largely consistent with corresponding period.

Higher Other Expenses in both periods were primarily due to unrealised foreign exchange losses arising from strengthening of US dollars against Singapore dollars and Chinese Renminbi; and financial receivables write-off of \$5.7 mil to the recoverable amounts of entities classified as Held for Sale (see more details under "Statements of Financial Position Analysis").

Share of losses of associates and joint ventures reflect the lower than expected plant utilisation rates compared to designed capacity.

The Group recorded net income tax expense of \$1.9 mil for 9M2015, compared to net tax credit of \$5.8mil in 9M2014. Tax credit in prior periods was partly contributed by reversal of provision relating to prior years. Overall lower effective tax rates than the Singapore prevailing rates due mainly to recognition of tax losses incurred by certain entities within the Group for both periods and gain arising from divestments in 9M2014 that were not taxable.

8(b) Statements of Financial Position Analysis

8(b)(i) The Group

Main contributors to the movements in the Group's shareholders' equity included dividends of \$68.2 mil, purchase of 16.9 mil treasury shares for a total cost of \$14.5 mil and lower hedging reserves loss by \$12.5 mil arising mainly from interest rate swaps.

Increase in current assets mainly contributed by the receivables from divestments in 2Q2015, partially offset by the utilisation of cash for payments of dividends and interests as well as operations requirements during the period.

Increase in non-current assets mainly contributed by the continuing investments in service concession projects in Qurayyat IWP and Tuaspring. Additionally, the Group consolidated Tianjin Dagang desalination plant which was previously equity accounted as joint venture, at 30 September 2015. This contributed to the increase in financial receivables consolidated and decrease in investment in joint ventures balance. Increase in investment in associates was from the Group's 25% stake invested in Tus Water Group Limited, a company set up in collaboration with TUS-Holding Co., Ltd as reported last quarter.



Increase in current liabilities mainly due to the reclassification of fixed-rate unsecured notes issued under the Group's Multicurrency Debt Issuance Programme amounting to \$155.0 mil that will mature within a year. Overall increase in non-current liabilities due to consolidation of Tianjin Dagang loan and additional borrowings drawn down, offset by reclassification to short-term loans.

The Group had reclassified two of its wholly owned plants in China, namely Hyflux Newspring (Nantong) WWT Co., Ltd ("Nantong WWT SPC") and Hyflux Newspring (Wuhu) Co., Ltd ("Wuhu SPC") as Assets/Liabilities Held for Sale as at 30 September 2015, as the carrying amount of these entities would be recovered through sale. Carrying amounts are written down to its net realisable value based on expected selling prices. Other than the write-off of financial receivables amounting to \$5.7 mil for Nantong WWT SPC in 9M2015, no other significant impact is expected from these two plants. For Nantong WWT SPC, discussions are in progress.

On 3 November 2015, the Group entered into a Sale and Purchase Agreement with Tus Water Group Limited to sell its 100% shareholding of Wuhu SPC to Tus Water Group Limited for RMB 23mil (\$5.1 mil), determined on an arm's length basis. The completion is subject to the fulfilment of certain conditions including but not limited to regulatory approval and registrations as set out in the agreement.

The Group's net gearing ratio stood at 0.83 times as at 30 September 2015, from 0.51 times as at 31 December 2014.

8(b)(ii) The Company

Decrease in the Company's shareholders' equity mainly due to dividends paid/payable amounting to \$68.2 mil for the period as well as purchase of 16.9 mil treasury shares for a total cost of \$14.5 mil during the period.

8(c) Statement of Cash flows

The Group's overall cash balance decreased from \$444.4 mil as at 31 December 2014 to \$323.0 mil as at 30 September 2015.

For 9M2015, net cash of \$65.3 mil was used in the Group's operating activities, mainly towards the Group's investments in projects with service concession arrangements offset by part of the proceeds from the divestment of 5 China plants received in 3Q2015.

Cash used in investing activities of \$92.1 mil and \$98.4 mil in 3Q2015 and 9M2015 respectively were mainly for additional capital expenditure as well as acquisitions of Filtech entities, effective additional 50% stake in Tianjin Dagang and 25% stake in Tus Water Group Limited. These outflows were partly offset by net proceeds from the disposal of one of the Group's leasehold buildings.

If the proceeds from the divestment of the 5 China plants had been classified under investing rather than operating activities, cash used for operations would have been an outflow of \$163.0 mil and investing outflow would have been \$0.8 mil for 9M2015.

Net cash from financing activities in 3Q2015 amounted to \$148.7 mil mainly from the proceeds from borrowings, partially offset by payment of dividends and interest during the period. Net cash used in 9M2015 was contributed by repayment of borrowings, payment of dividends and interests and purchase of treasury shares.

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.

MENA and Singapore are expected to be the main revenue contributors for the next few years as the Group develops water and waste-to-energy projects in these two regions.

In October 2015, Hyflux and its consortium partner Mitsubishi Heavy Industries (“MHI”) signed a 25-year waste-to-energy (“WTE”) services agreement with Singapore’s National Environment Agency to provide 3,600 tonnes per day of incineration capacity from the country’s sixth and largest waste-to-energy plant, which will be developed on a design-build-own-operate model.

Hyflux will undertake engineering, procurement and construction works while MHI will provide the technology. In addition, Hyflux and MHI will jointly manage, operate and maintain the WTE plant over the concession period. The project will have one of the best land utilisation factors in terms of incineration capacity per unit floor area and will also be one of the most efficient in terms of energy recovery per unit waste incinerated in the world.

Meanwhile, testing and commissioning for Hyflux’s 411 MW combined cycle gas turbine power plant co-located with Tuaspring Desalination Plant in Singapore is on schedule and the plant is expected to be fully operational in early 2016.

In Oman, construction of Qurayyat IWP is underway and the project is scheduled to commence commercial operation by May 2017.

The addition of Singapore’s sixth waste-to-energy plant to the Group’s project wins in Oman and Saudi Arabia is a major milestone for Hyflux as it expands its business to include sustainable solutions that help municipalities and industries to optimise resources. With many countries scaling back on infrastructure projects as a result of the depressed oil prices, Hyflux is cautious about its business outlook in the near term. Nevertheless, the Group has a strong order book and will continue to strengthen its capabilities in anticipation of the longer-term growth opportunities.

As part of the Group’s asset light strategy, the Group will continue to explore water asset divestments to recycle capital for strategic investments.

11. Dividend

(a) Current financial period reported on.

Any dividend recommended for the current financial period reported on?

On 26 October 2015, the Company paid a tax-exempt (one-tier) dividend of \$12.0 mil to holders of perpetual preference shares, calculated on the basis of 183 days from (and including) 25 April 2015 to (but excluding) 25 October 2015 (being the relevant dividend period).

On 31 August 2015, the Company paid a tax-exempt (one-tier) interim dividend amounting to \$5.6 mil of 0.70 cents per ordinary share for the year ending 31 December 2015.

In July 2015, the Company paid dividends of \$8.6 million and \$4.2 million on its \$300 million issued at 5.75% per annum and \$175 million issued at 4.80% per annum perpetual capital securities respectively.



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

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

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

On 5 September 2014, the Company paid a tax-exempt (one-tier) interim dividend amounting to \$5.8 mil of 0.70 cents per ordinary share for the year ended 31 December 2014.

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

(c) Date payable.

Not applicable.

(d) Books closure date.

Not applicable.

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

Not applicable.

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

No IPT mandate has been obtained from shareholders.

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

The directors of the Company confirm that to the best of their knowledge, nothing has come to the attention of the board of directors which may render the financial results for the quarter ended 30 September 2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Lim Poh Fong
Company Secretary
4 November 2015