



HYFLUX LTD

Registration number : 200002722Z

Unaudited Financial Statements For The Financial Year Ended 31 December 2016

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

**CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

	<u>Group</u>		Change
	2016	2015	%
	S\$'000	S\$'000	
		Restated	
Revenue	986,978	445,241	NM
Other income	44,060	83,814	(47)
Changes in inventories of finished goods and work-in-progress	(7,413)	1,624	NM
Raw materials and consumables used and subcontractors' costs	(721,972)	(225,890)	NM
Staff costs	(84,026)	(65,200)	29
Depreciation, amortisation and impairment	(61,574)	(22,235)	NM
Other expenses	(89,228)	(105,000)	(15)
Finance costs	(62,361)	(42,790)	46
Share of losses of associates and joint ventures, net of income tax	(2,730)	(19,610)	(86)
Profit before income tax	1,734	49,954	(97)
Tax credit	8,803	6,695	31
Profit for the year	10,537	56,649	(81)
Profit attributable to:			
Owners of the Company	4,762	52,450	(91)
Non-controlling interests	5,775	4,199	38
Profit for the year	10,537	56,649	(81)

NM: Not Meaningful



**1 (a)(ii) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

	<u>Group</u>		
	2016 S\$'000	2015 S\$'000 Restated	Change %
Profit for the year	10,537	56,649	(81)
Other comprehensive income:			
<u>Items that are or may be subsequently reclassified to profit or loss</u>			
Foreign currency translation differences for foreign operations	(9,324)	(2,907)	NM
Effective portion of changes in fair value of cash flow hedges	(11,904)	13,969	NM
Share of other comprehensive income of associates and joint ventures	1,936	(4,525)	NM
Net change in fair value of cash flow hedges transferred to profit or loss	2,938	49	NM
Realisation of foreign currency translation to profit or loss	-	(6,685)	NM
Other comprehensive income for the year, net of income tax	(16,354)	(99)	NM
Total comprehensive income for the year	(5,817)	56,550	NM
Total comprehensive (loss)/income attributable to:			
Owners of the Company	(11,781)	53,333	NM
Non-controlling interests	5,964	3,217	85
Total comprehensive (loss)/income for the year	(5,817)	56,550	NM

NM: Not Meaningful



NOTES TO CONSOLIDATED INCOME STATEMENT

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

	<u>Group</u>		
	2016	2015	Change
	S\$'000	S\$'000	%
		Restated	
Depreciation, amortisation and impairment	(61,574)	(22,235)	NM
Finance costs	(62,361)	(42,790)	46
Financial receivables written off	-	(5,989)	NM
Gain from acquisition of subsidiaries	-	28,962	NM
Gain on disposal of other investment	11	-	NM
Intangible assets arising from service concession arrangement written off	-	(6,086)	NM
Interest income	3,990	3,563	12
(Loss)/gain on sale of property, plant and equipment	(80)	15,502	NM
Net foreign currency exchange loss	(1,179)	(9,231)	(87)
Property, plant and equipment written off	(25)	(88)	(72)
(Under)/over provision of prior years' tax	(875)	43	NM
Write-back/(allowance) for inventory obsolescence	15	(288)	NM
Write-back of trade and other receivables	447	153	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 31 DECEMBER 2016

	<u>Group</u>		<u>Company</u>	
	31 Dec 16 S\$'000	31 Dec 15 S\$'000 Restated	31 Dec 16 S\$'000	31 Dec 15 S\$'000
<u>NON-CURRENT ASSETS</u>				
Property, plant and equipment	156,359	167,604	-	-
Intangible assets	23,910	25,648	-	-
Intangible assets arising from service concession arrangements	1,083,682	1,127,767	-	-
Subsidiaries	-	-	278,958	219,048
Joint ventures	42,344	7,374	-	-
Associates	143,573	138,291	15,952	15,455
Other investments	-	542	-	-
Financial receivables	1,036,869	546,271	-	-
Trade and other receivables, including derivatives	3,751	-	1,163,449	972,287
Deferred tax assets	54,466	27,530	-	-
	<u>2,544,954</u>	<u>2,041,027</u>	<u>1,458,359</u>	<u>1,206,790</u>
<u>CURRENT ASSETS</u>				
Gross amounts due for contract work	69,656	128,126	-	-
Inventories	42,460	51,613	-	-
Financial receivables	8,439	14,409	-	-
Trade and other receivables	423,925	275,786	681,478	847,315
Cash and cash equivalents	321,781	313,706	185,482	112,382
Assets held for sale	432,118	211,865	-	-
	<u>1,298,379</u>	<u>995,505</u>	<u>866,960</u>	<u>959,697</u>
<u>CURRENT LIABILITIES</u>				
Trade and other payables	577,828	266,006	29,829	69,823
Loans and borrowings	292,139	659,652	240,597	614,800
Tax payable	22,663	6,864	4,071	2,756
Liabilities held for sale	91,006	13,347	-	-
	<u>983,636</u>	<u>945,869</u>	<u>274,497</u>	<u>687,379</u>
Net current assets	314,743	49,636	592,463	272,318
<u>NON-CURRENT LIABILITIES</u>				
Trade and other payables - derivatives	14,520	13,169	-	-
Loans and borrowings	1,291,413	764,297	585,289	305,424
Deferred tax liabilities	4,749	1,169	-	-
	<u>1,310,682</u>	<u>778,635</u>	<u>585,289</u>	<u>305,424</u>
Net assets	1,549,015	1,312,028	1,465,533	1,173,684



STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 (cont'd)

	<u>Group</u>		<u>Company</u>	
	31 Dec 16 S\$'000	31 Dec 15 S\$'000 Restated	31 Dec 16 S\$'000	31 Dec 15 S\$'000
<u>EQUITY</u>				
Share capital	607,258	607,258	607,258	607,258
Perpetual capital securities	790,280	469,096	790,280	469,096
Perpetual capital securities – treasury	(5,000)	-	(5,000)	-
Treasury shares	(85,929)	(85,929)	(85,929)	(85,929)
Capital reserve	16,720	13,731	11,373	8,863
Foreign currency translation reserve	(7,152)	469	-	-
Hedging reserve	(24,207)	(15,285)	-	1,277
Employees' share option reserve	25,392	25,069	25,392	25,069
Retained earnings	210,327	284,236	122,159	148,050
Total equity attributable to owners of the Company	1,527,689	1,298,645	1,465,533	1,173,684
Non-controlling interests	21,326	13,383	-	-
Total equity	1,549,015	1,312,028	1,465,533	1,173,684
<i>Group net borrowings (S\$'000)</i>	1,261,771	1,110,243	n.a	n.a.
<i>Group net gearing (times)</i>	0.81x	0.85x	n.a	n.a.



NOTES TO STATEMENTS OF FINANCIAL POSITION

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

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

31 Dec 16		31 Dec 15	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
1,049	291,090	-	659,652

(ii) Amount repayable after one year

31 Dec 16		31 Dec 15	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
562,783	728,630	227,803	536,494

Details of any collateral

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



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

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

	<u>Group</u>	
	2016	2015
	S\$'000	S\$'000
		Restated
Cash flows from operating activities		
Profit before income tax	1,734	49,954
Adjustments for:		
Amortisation of transaction costs related to borrowings	3,187	499
Depreciation, amortisation and impairment	61,574	22,235
Employees' share option expense	323	314
Fair value gain on derivative financial instruments	(2,433)	-
Finance costs	62,361	42,790
Financial receivables written off	-	5,989
Gain from acquisition of subsidiaries	-	(28,962)
Gain on disposal of other investment	(11)	-
Intangible assets arising from service concession arrangements written off	-	6,086
Interest income	(3,990)	(3,563)
Loss/(gain) on sale of property, plant and equipment	80	(15,502)
Other income	(2,333)	(17,866)
Property, plant and equipment written off	25	88
Share of losses of associates and joint ventures, net of income tax	2,730	19,610
(Write-back)/allowance for inventory obsolescence	(15)	288
Write-back of trade and other receivables	(447)	(153)
	122,785	81,807
Change in inventories	6,851	(372)
Change in gross amounts due for contract work	3,922	(19,889)
Change in trade and other receivables	(1,516)	(6,915)
Change in trade and other payables	282,562	29,669
Cash from operating activities before service concession arrangement projects	414,604	84,300
Change in financial receivables from service concession arrangements	(683,618)	25,193
Change in intangible assets arising from service concession arrangements	-	(146,110)
Cash used in operating activities after service concession arrangement projects	(269,014)	(36,617)
Income tax paid	(2,986)	(7,034)
Net cash used in operating activities	(272,000)	(43,651)



	<u>Group</u>	
	2016	2015
	S\$'000	S\$'000
		Restated
Cash flows from investing activities		
Acquisition of intangible assets	(1,248)	(1,168)
Acquisition of property, plant and equipment	(35,002)	(27,611)
Acquisition of subsidiaries, net of cash acquired	-	(45,942)
Acquisition and additional interests in joint ventures	(33,344)	(7,063)
Acquisition and additional interests in associates	(9,315)	(47,304)
Deposits paid	-	(70)
Dividends received from an associate	2,430	2,271
Interest received	2,414	2,062
Loans to joint ventures	(76,377)	(6,660)
Net proceeds from liquidation	3,731	-
Net proceeds from disposal of other investments	553	-
Net proceeds from liquidation of other investment	-	10,153
Net proceeds from sale of property, plant and equipment	52	17,742
Net cash used in investing activities	(146,106)	(103,590)
Cash flows from financing activities		
Contribution from non-controlling interests	1,979	5,359
Dividends paid	(74,330)	(68,190)
Interest paid	(64,083)	(48,977)
Net proceeds from perpetual capital securities	494,794	-
Proceeds from borrowings	947,870	352,726
Purchases of treasury shares	-	(23,993)
Redemption of perpetual capital securities	(175,000)	-
Restricted cash	(51,161)	-
Repurchase of perpetual capital securities	(4,962)	-
Repayment of borrowings	(691,449)	(157,387)
Net cash from financing activities	383,658	59,538
Net decrease in cash and cash equivalents	(34,448)	(87,703)
Cash and cash equivalents at beginning of the year	298,478	382,044
Effect of exchange rate fluctuations on cash held	(3,708)	4,137
Cash and cash equivalents at end of the year [Note 1(c)(i)]	260,322	298,478

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>	
	2016	2015
	S\$'000	S\$'000
Cash and cash equivalents in the statements of financial position	321,781	313,706
Less: Bank overdrafts used for cash management purposes	(23,839)	(20,315)
Less: Restricted cash	(52,682)	-
Less: Deposits pledged	(305)	(325)
	244,955	293,066
Add: Cash and cash equivalents included in assets held for sale	15,367	5,412
Cash and cash equivalents in the statement of cash flows	260,322	298,478



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 1.1.2016, as restated	607,258	469,096	-	(85,929)	13,731	469	(15,285)	25,069	284,236	1,298,645	13,383	1,312,028
Total comprehensive income for the year												
Profit for the year	-	-	-	-	-	-	-	-	4,762	4,762	5,775	10,537
Other comprehensive income												
Foreign currency translation differences for foreign operations	-	-	-	-	-	(9,571)	-	-	-	(9,571)	247	(9,324)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	-	(11,846)	-	-	(11,846)	(58)	(11,904)
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	-	-	2,938	-	-	2,938	-	2,938
Share of other comprehensive income of associates and joint ventures	-	-	-	-	-	1,950	(14)	-	-	1,936	-	1,936
Total comprehensive income for the year	-	-	-	-	-	(7,621)	(8,922)	-	4,762	(11,781)	5,964	(5,817)
Transactions with owners, recognised directly in equity												
Contributions by and distributions to owners												
Dividends	-	-	-	-	-	-	-	-	(74,330)	(74,330)	-	(74,330)
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	1,979	1,979
Issuance of perpetual capital securities	-	494,794	-	-	-	-	-	-	-	494,794	-	494,794
Redemption and repurchase of perpetual capital securities	-	(173,610)	(5,000)	-	(1,352)	-	-	-	-	(179,962)	-	(179,962)
Value of employee services received for issue of share options	-	-	-	-	-	-	-	323	-	323	-	323
Transfer to capital reserve	-	-	-	-	4,341	-	-	-	(4,341)	-	-	-
Total transactions with owners	-	321,184	(5,000)	-	2,989	-	-	323	(78,671)	240,825	1,979	242,804
At 31.12.2016	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



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 1.1.2015	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 year											
Profit for the year, as previously stated	-	-	-	-	-	-	-	41,273	41,273	4,199	45,472
Fair value adjustment on acquisition of subsidiaries	-	-	-	-	-	-	-	11,177	11,177	-	11,177
Profit for the year, as restated	-	-	-	-	-	-	-	52,450	52,450	4,199	56,649
Other comprehensive income											
Foreign currency translation differences for foreign operations	-	-	-	-	(1,925)	-	-	-	(1,925)	(982)	(2,907)
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	-	-	-	-	-	13,969	-	-	13,969	-	13,969
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	-	49	-	-	49	-	49
Share of other comprehensive income of associates and joint ventures	-	-	-	-	(4,950)	425	-	-	(4,525)	-	(4,525)
Total comprehensive income for the year, as restated	-	-	-	-	(13,560)	14,443	-	52,450	53,333	3,217	56,550
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Dividends	-	-	-	-	-	-	-	(68,190)	(68,190)	-	(68,190)
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	5,359	5,359
Own shares acquired	-	-	(23,993)	-	-	-	-	-	(23,993)	-	(23,993)
Value of employee services received for issue of share options	-	-	-	-	-	-	314	-	314	-	314
Transfer to capital reserve	-	-	-	3,688	-	-	-	(3,688)	-	-	-
Total transactions with owners	-	-	(23,993)	3,688	-	-	314	(71,878)	(91,869)	5,359	(86,510)
At 31.12.2015, as restated	607,258	469,096	(85,929)	13,731	469	(15,285)	25,069	284,236	1,298,645	13,383	1,312,028



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 1.1.2016	607,258	469,096	-	(85,929)	8,863	1,277	25,069	148,050	1,173,684
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	-	-	52,301	52,301
Other comprehensive income									
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	(4,215)	-	-	(4,215)
Net changes in fair value of cash flows hedges transferred to profit of loss	-	-	-	-	-	2,938	-	-	2,938
Total comprehensive income for the year	-	-	-	-	-	(1,277)	-	52,301	51,024
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Dividends	-	-	-	-	-	-	-	(74,330)	(74,330)
Issuance of perpetual capital securities	-	494,794	-	-	-	-	-	-	494,794
Redemption and repurchase of perpetual capital securities	-	(173,610)	(5,000)	-	(1,352)	-	-	-	(179,962)
Value of employee services received for issue of share options	-	-	-	-	-	-	323	-	323
Transfer to capital reserve	-	-	-	-	3,862	-	-	(3,862)	-
Total transactions with owners	-	321,184	(5,000)	-	2,510	-	323	(78,192)	240,825
At 31.12.2016	607,258	790,280	(5,000)	(85,929)	11,373	-	25,392	122,159	1,465,533
At 1.1.2015	607,258	469,096	-	(61,936)	5,402	-	24,755	130,892	1,175,467
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	-	-	88,809	88,809
Other comprehensive income									
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	1,277	-	-	1,277
Total comprehensive income for the year	-	-	-	-	-	1,277	-	88,809	90,086
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Dividends	-	-	-	-	-	-	-	(68,190)	(68,190)
Own shares acquired	-	-	-	(23,993)	-	-	-	-	(23,993)
Value of employee services received for issue of share options	-	-	-	-	-	-	314	-	314
Transfer to capital reserve	-	-	-	-	3,461	-	-	(3,461)	-
Total transactions with owners	-	-	-	(23,993)	3,461	-	314	(71,651)	(91,869)
At 31.12.2015	607,258	469,096	-	(85,929)	8,863	1,277	25,069	148,050	1,173,684



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 fourth quarter ended 31 Dec 2016 were as follows:

Issued share capital

	No. of shares	Amount S\$'000
Ordinary shares		
At 1 Oct 2016 and 31 Dec 2016	785,284,989	128,760
Preference shares		
At 1 Oct 2016 and 31 Dec 2016	4,000,000	392,569
Issued share capital at 31 Dec 2016 (Note A)		<u>521,329</u>

As at 31 Dec 2016, the number of ordinary shares in issue were 785,284,989 (31 Dec 2015: 785,284,989), excluding 79,246,000 (31 Dec 2015: 79,246,000) held by the Company as treasury shares.

The total number of issued 6% Cumulative Non-convertible Non-voting Perpetual Class A Preference Shares (preference shares) as at 31 Dec 2016 were 4,000,000 (31 Dec 2015: 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 Dec 2016	<u>521,329</u>

Outstanding share options under the Scheme

	No. of options
At 1 Jan 2016	28,039,000
Options granted	6,415,000
Expired/Forfeited	(4,151,000)
At 31 Dec 2016	<u>30,303,000</u>

As at 31 Dec 2016, the number of outstanding share options under the Schemes were 30,303,000 (31 Dec 2015: 28,039,000).



Perpetual capital securities

At 1 Oct 2016 and 31 Dec 2016

Amount
S\$'000

785,280

As at 31 Dec 2016, perpetual capital securities comprised:

- \$295 mil 5.75% per annum, issued on 23 Jan 2014, net of \$5 mil repurchased in Sep 2016; and
- \$500 mil 6.00% per annum, issued on 27 May 2016.

As at 31 Dec 2015, perpetual capital securities comprised:

- \$300 mil 5.75% per annum, issued on 20 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 Dec 2016 were 785,284,989 (31 Dec 2015: 785,284,989), excluding 79,246,000 (31 Dec 2015: 79,246,000) held by the Company as treasury shares.

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

The total amount of perpetual capital securities issued as at 31 Dec 2016, net of \$5 mil held in treasury, were \$795 mil (31 Dec 2015: \$475 mil).

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

There were no sales, transfer, disposal, cancellation and/or use of treasury shares for the financial year ended 31 Dec 2016.

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

The figures have not been audited or reviewed.

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

Not applicable.

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

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



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

The Group and the Company has reviewed the application of the new/revised FRS and Interpretations of FRS that are effective for the financial year beginning on 1 Jan 2016. Those new/revised FRS and Interpretations of FRS did not result in any significant impact on the financial statements.

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

	2016	2015 Restated	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 [#]	(7.51) cts	0.35 cts	NM
- Weighted average number of shares	785,284,989	801,484,406	(2)
On a fully diluted basis of ordinary shares [#]	(7.51) cts	0.35 cts	NM
- Adjusted weighted average number of shares	<u>785,360,760</u>	<u>801,484,406</u>	(2)

adjusted for dividends attributable to perpetual preference shares and perpetual capital securities of \$63.8 mil. Excluding these adjustments, the earnings per share would have been 0.61 cents for FY2016.

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>	
	31 Dec 16 Cents	31 Dec 15 Cents Restated	31 Dec 16 Cents	31 Dec 15 Cents
Based on 785,284,989 (31 Dec 2015: 785,284,989) ordinary shares in issue	<u>45.1</u>	<u>55.7</u>	<u>34.5</u>	<u>38.0</u>



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

8(a)(i) Revenue and earnings

The Group achieved record revenue of \$987.0 mil in FY2016, more than double the FY2015 revenue of \$445.2 mil. Higher revenue for FY2016 was contributed mainly by TuasOne waste-to-energy ("WTE") project, Qurayyat Independent Water Project ("IWP") in the Sultanate of Oman and Tuaspring power plant.

The profits generated by the higher engineering, procurement and construction ("EPC") activities for the above projects were substantially wiped out by losses arising from the weak Singapore power market and electricity prices, resulting in FY2016 profit attributable to the shareholders of the Company ("PATMI") of \$4.8 mil, a decrease of 91% from FY2015. Excluding losses from the Tuaspring plant, PATMI for FY2016 would have been \$118 mil.

Other income in FY2016 comprised mainly incentives income earned by the Group for its role as market-making participants in the Singapore Electricity Futures Market. Correspondingly, contributors to higher other income in FY2015 were non-recurring disposal gain of \$15.8 mil on the Group's leasehold building in China, gain from acquisition of subsidiaries of \$5.5 mil as well as provisional fair value gain at acquisition date of \$12.3 mil for the acquisition of Tianjin Dagang desalination plant. As required by Singapore Financial Reporting Standards, other income of FY2015 was restated to include \$11.2 mil adjustment to the provisional fair value arising from subsequent remeasurement within one year from the date of acquisition of Tianjin Dagang to reflect information obtained about facts and circumstances that existed as of the acquisition date. As such, FY2015 PATMI was restated from \$41.3 mil to \$52.5 mil.

Basic and diluted loss per share was 7.51 cents for FY2016. Both basic and diluted loss per share were adjusted for dividends on perpetual preference shares and perpetual capital securities.

Sector Review

Municipal sector continued to be the main contributor to the Group's revenue, accounting for approximately 92% or \$912.4 mil of the total revenue in FY2016 (FY2015: 94% or \$419.1 mil).

Industrial sector revenue contributed 7% or \$69.5 mil to the Group's revenue for FY2016, versus 5% or \$24.1 mil for FY2015.

Geographical Review

The Singapore market continued to be a key market contributing 68% or \$676.8 mil of the Group's total revenue in FY2016 mainly driven by TuasOne WTE project. In FY2015, Singapore market contributed only 38% or \$168.9 mil of total revenue as construction of Tuaspring plant which contributed to revenue of prior period was substantially completed towards 2H2015.

Revenue from Middle East & North Africa ("MENA") region was 26% or \$252.5 mil in FY2016, a decline from 39% or \$176.0 mil in FY2015, mainly contributed by the construction of the Qurayyat IWP.

The Group's China market contributed 5% or \$48.8 mil of the total revenue in FY2016. Revenue from China made up of 20% or \$88.1 mil of the total revenue in FY2015, mainly from the divestment of water plants in 2015.

Rest of World accounted for 1% and 3% to the total revenue in FY2016 and FY2015 respectively.



8(a)(ii) Costs and expenses

Higher direct costs as well as staff costs for FY2016 were mainly driven by EPC activities for TuasOne WTE project and Qurayyat IWP. Fuel costs incurred for generation of electricity by the Tuaspring power plant also contributed to the higher direct costs in FY2016.

Depreciation, amortisation and impairment increased in FY2016 mainly due to amortisation of Tuaspring power plant since Mar 2016.

Other expenses decreased due to lower electricity costs and lower exchange losses.

Finance costs increased in FY2016 relating mainly to the financing of the Group's projects.

Lower share of losses of associates and joint ventures in FY2016 compared to FY2015 was due to lower losses contributed by joint ventures.

The Group recorded net income tax credit for both years mainly from recognition of tax losses of certain entities within the Group.

8(b) Statements of Financial Position Analysis

8(b)(i) The Group

The Group's shareholder's equity increased from \$1.3 bil as at 31 Dec 2015 to \$1.5 bil as at 31 Dec 2016. The increase was mainly contributed by the issuance of perpetual capital securities of \$500.0 mil in May 2016, offset by dividends for the period, higher hedging reserve loss relating to the floating-to-fixed interest rate swaps on the Group's project finance loans and full redemption of the \$175.0 mil 4.8% perpetual capital securities on the first call date.

In 4Q2016, the Group commenced the process to dispose of its entire equity interest of the Tianjin Dagang desalination plant portfolio ("Tianjin Dagang Disposal Group"). Accordingly, identified assets and liabilities of the Tianjin Dagang Disposal Group were classified as assets/liabilities held for sale.

Also included as held for sale as at 31 Dec 2016 were the Group's 50% joint venture, Galaxy NewSpring Pte Ltd ("Galaxy") and a wholly-owned plant, Hyflux Newspring (Wuhu) Co., Ltd ("Wuhu SPC"). The completion of Wuhu SPC is currently pending regulatory approval by the Chinese authorities. On 26 Oct 2016, Hyflux Asset Management Pte Ltd, a wholly owned subsidiary of the Group entered into a Sale and Purchase Agreement ("SPA") with Yunnan Water (Hong Kong) Company Limited ("Yunnan") for the divestment of Galaxy. The completion of Galaxy sale is expected to take place by Mar 2017.

The sale of Hyflux NewSpring (Nantong) WWT Co., Ltd ("Nantong WWTP SPC"), another water plant held for sale as at 31 Dec 2015, was completed in Aug 2016. The Group expects to receive the remaining proceeds of approximately \$7.2 mil over the next one to two years after completion, in accordance with the agreement.

In addition to held for sale portfolios as discussed above, increase in current assets was contributed by a US\$56.1 mil short-term loan extended to a subsidiary of Galaxy. The short-term loan is repayable upon completion of the divestment of Galaxy.

Increase in non-current assets mainly from financial receivables on TuasOne WTE and Qurayyat IWP projects, capital injection of \$33.0 mil into PT Oasis Waters International ("PT Oasis"), a 50% owned joint venture, additional injection of \$9.3 mil into Tus Water Group, a 25% associate; as well as recognition of deferred tax assets.



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

Increase in non-current liabilities was also contributed by long-term secured project finance loans relating to TuasOne WTE project and Qurayyat IWP.

As at 31 Dec 2016, the Group's net gearing ratio stood at 0.81 times (31 Dec 2015: 0.85 times).

8(b)(ii) The Company

The Company's shareholders' equity increased from \$1.2 bil as at 31 Dec 2015 to \$1.5 bil as at 31 Dec 2016. The increase was mainly contributed by the issuance of perpetual capital securities of \$500.0 mil at 6% in May 2016, offset by dividends for the period.

As mentioned above, the Company had in Jul 2016 fully redeemed the \$175.0 mil 4.8% perpetual capital securities on the first call date. In Sep 2016, the Company repurchased a total of \$5.0 mil of existing 5.75% \$300 mil perpetual capital securities from the market, and held in treasury.

8(c) Statement of Cash flows

The Group's overall cash balance increased from \$313.7 mil as at 31 Dec 2015 to \$321.8 mil as at 31 Dec 2016.

For FY2016, net cash of \$272.0 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 inflows from the Group's operating activities were \$414.6 mil.

Cash used in investing activities of \$146.1 mil in FY2016 was mainly for an injection into PT Oasis, the 50% joint venture, a short-term loan extended Galaxy of US\$56.1 mil as mentioned above, as well as capital expenditures.

Net cash inflow from financing activities were mainly proceeds from borrowings to finance the Group's projects and the issuance of \$500.0 mil perpetual capital securities. These inflows were offset by the full redemption of \$175.0 mil perpetual capital securities, repayment of borrowings including the fixed-rate medium term unsecured notes of \$155.0 mil, payments of dividends and interest during the year.

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.

FY2017 is expected to be another challenging year. Construction of the Qurayyat IWP in Oman, TuasOne WTE project in Singapore and Khurais desalination project in Saudi Arabia will continue to contribute to the Group's revenue and profits. However, profits from these projects are expected to be offset by losses arising from the weak Singapore power market.

Despite these challenges, the Group continues to forge ahead with new project tenders. The Group recently announced signing of a Memorandum of Understanding with Saudi Arabia state-owned Saline Water Conversion Corporation to deliver three seawater reverse osmosis desalination plants valued at US\$180 mil in the Kingdom of Saudi Arabia. In Egypt, as requested by the General Authority for Suez Canal Economic Zone (SCZone), the Group will be developing the Ain Sokhna IWPP in Egypt on a build operate and transfer (BOT) or build operate and own (BOO) structure in place of the EPC contract announced earlier. The Group has identified partners to develop this project and will continue to discuss the investment terms with SCZone. Construction of both these projects will commence upon finalisation of contracting arrangements.

In line with its asset light strategy, the Group will be seeking partial divestment of the Tuaspring plant subject to the relevant regulatory approvals.

On the consumer front, the Group announced two key developments in the ELO Water business. Firstly, with the support of the Singapore Economic Development Board and the Singapore Land Authority, the Group will be developing and launching its flagship ELO Lab in central Singapore in the third quarter of FY2017. Secondly, the Group signed an agreement with Changi General Hospital to conduct two clinical trials to establish the effectiveness of ELO Water and ELO Gel on diabetes control and diabetic foot ulcer patients. In addition to the above developments, the Group is also looking to expand the ELO line of products and extend the ELO business overseas within the coming year.

The clinical trials are being conducted with the outcomes expected before end of FY2017. The Group is optimistic that the ELO business will grow and become significant to the Group in the near future.

11. Dividend

(a) Current financial period reported on.

Any dividend recommended for the current financial period reported on?

Name of dividend	Final
Dividend type	Cash
Dividend rate	0.25 cents per ordinary share
Tax rate	One-tier tax exempt

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

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

Name of dividend	Final
Dividend type	Cash
Dividend rate	1.00 cent per ordinary share
Tax rate	One-tier tax exempt



(c) Date payable.

Subject to shareholders' approval at the Annual General Meeting to be held on 28 April 2017, the dividend will be paid on 25 May 2017.

(d) Books closure date.

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 12 May 2017 for the preparation of dividend warrants.

Duly completed registrable transfers of ordinary shares received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd., 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 11 May 2017 will be registered to determine shareholders' entitlement to the said dividend. Members whose securities accounts with The Central Depository (Pte) Limited are credited with the Company's ordinary shares as at 5.00 p.m. on 11 May 2017 will be entitled to the proposed dividend.

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

Not applicable.

13. Operating segments

Information about reportable segments

	Municipal		Industrial		All other segments		Total	
	2016 S\$'000	2015 S\$'000 Restated	2016 S\$'000	2015 S\$'000 Restated	2016 S\$'000	2015 S\$'000 Restated	2016 S\$'000	2015 S\$'000 Restated
External revenue	912,396	419,089	69,474	24,110	5,108	2,042	986,978	445,241
Interest income	1,985	3,018	321	225	1,020	1	3,326	3,244
Finance costs	(61,041)	(41,598)	(897)	(662)	(57)	(53)	(61,995)	(42,313)
Depreciation, amortisation and impairment	(55,723)	(12,806)	(2,375)	(5,531)	(1,789)	(1,452)	(59,887)	(19,789)
Reportable segment profit/(loss) before income tax	4,673	62,613	983	7,774	169	1,781	5,825	72,168
Share of (loss)/profit of associates and joint ventures, net of income tax	(3,841)	(19,610)	-	-	1,111	-	(2,730)	(19,610)
Tax credit/(expense)	8,814	8,780	(504)	(1)	493	(2,084)	8,803	6,695
Operating lease expenses	(21,421)	(18,986)	(606)	(1,761)	(324)	(212)	(22,351)	(20,959)
Contribution to defined contribution plan, included in staff cost	(5,882)	(5,074)	(413)	(759)	(276)	(193)	(6,571)	(6,026)
Reportable segment assets	3,271,745	2,545,038	156,804	185,700	48,524	84,751	3,477,073	2,815,489
Interests in joint ventures	308	311	-	-	42,036	7,063	42,344	7,374
Interests in associates	143,573	138,291	-	-	-	-	143,573	138,291
Capital expenditure	28,019	21,497	2,349	4,852	4,425	131	34,793	26,480
Reportable segment liabilities	2,156,941	1,558,223	97,744	117,562	28,861	26,985	2,283,546	1,702,770



Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items

	2016 S\$'000	2015 S\$'000 Restated
Revenue		
Total revenue for reportable segments	981,870	443,199
Revenue for all other segments	5,108	2,042
Consolidated revenue	<u>986,978</u>	<u>445,241</u>
Profit or loss		
Total profit or loss for reportable segments	5,656	70,387
Profit or loss for all other segments	169	1,781
	<u>5,825</u>	<u>72,168</u>
Unallocated corporate expenses	(1,361)	(2,604)
Share of loss of associates and joint ventures, net of income tax	(2,730)	(19,610)
Consolidated profit before income tax	<u>1,734</u>	<u>49,954</u>
Assets		
Total assets for reportable segments	3,428,549	2,730,738
Assets for all other segments	48,524	84,751
Investments in associates and joint ventures	185,917	145,665
Other unallocated amounts	180,343	75,378
Consolidated total assets	<u>3,843,333</u>	<u>3,036,532</u>
Liabilities		
Total liabilities for reportable segments	2,254,685	1,675,785
Liabilities for all other segments	28,861	26,985
Other unallocated amounts	10,772	21,734
Consolidated total liabilities	<u>2,294,318</u>	<u>1,724,504</u>

	All segments totals S\$'000	Reconciliations S\$'000	Consolidated totals S\$'000
<u>Other material items in 2016</u>			
Interest income	3,326	664	3,990
Finance costs	(61,995)	(366)	(62,361)
Capital expenditure	34,793	1,457	36,250
Depreciation, amortisation and impairment	(59,887)	(1,687)	(61,574)

	All segments totals S\$'000 Restated	Reconciliations S\$'000 Restated	Consolidated totals S\$'000 Restated
<u>Other material items in 2015</u>			
Interest income	3,244	319	3,563
Finance costs	(42,313)	(477)	(42,790)
Capital expenditure	26,480	1,377	27,857
Depreciation, amortisation and impairment	(19,789)	(2,446)	(22,235)



Geographical information

	Revenue S\$'000	Non-current assets S\$'000
31 December 2016		
Singapore	676,786	1,975,279
Middle East and North Africa	252,528	397,220
People's Republic of China	48,788	129,088
Others	8,876	43,367
	<u>986,978</u>	<u>2,544,954</u>
	Revenue S\$'000	Non-current assets S\$'000 Restated
31 December 2015		
Singapore	168,850	1,498,897
Middle East and North Africa	175,981	183,335
People's Republic of China	88,154	350,430
Others	12,256	8,365
	<u>445,241</u>	<u>2,041,027</u>

14. Breakdown of sales

	2016 S\$'000	2015 S\$'000 Restated	Increase/ (decrease)
Sales reported for the first half year	508,340	155,232	NM
Profit after tax before non-controlling interests reported for the first half year	<u>12,268</u>	<u>33,583</u>	(63)
Sales reported for the second half year	478,638	290,009	65
(Loss)/profit after tax before non-controlling interests reported for the second half year	<u>(1,731)</u>	<u>23,066</u>	NM

15. Breakdown of total annual dividend (In dollar value).

	Latest Full Year 2016 S\$'000	Previous Full Year 2015 S\$'000
Ordinary	9,423	18,540
Preference shares	24,063	24,000
Perpetual capital securities	40,844	25,650
Total	<u>74,330</u>	<u>68,190</u>



- 16. 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.

- 17. 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
23 February 2017