

**Unaudited Financial Statements and Distribution Announcement for the Financial Year ended 31 December 2009**

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**Hyflux Water Trust**  
**Unaudited Financial Statements for the Financial Year ended 31 December 2009**

**1(a)(i) Consolidated Income Statement for the period ended**

	GROUP		Var	GROUP		Var
	Quarter ended 31 Dec			Full year ended 31 Dec		
	2009	2008		2009	2008	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Revenue</b>						
Operating and maintenance income	4,079	2,396	70%	17,457	9,378	86%
Finance income	1,794	1,364	32%	7,159	4,505	59%
Construction revenue	253	5,247	(95)%	9,292	40,115	(77)%
<b>Total revenue</b>	<b>6,126</b>	<b>9,007</b>	<b>(32)%</b>	<b>33,908</b>	<b>53,998</b>	<b>(37)%</b>
<b>Operating expenses</b>						
Construction expense	(253)	(5,247)	(95)%	(9,292)	(40,115)	(77)%
Electricity costs	(986)	(440)	124%	(3,819)	(2,060)	85%
Manpower costs	(376)	(198)	90%	(1,334)	(780)	71%
Operation and Maintenance fees						
Chemical costs	(212)	(6)	nm	(718)	(147)	388%
Maintenance costs	(412)	(38)	nm	(1,448)	(274)	428%
Sludge treatment	(201)	(135)	49%	(802)	(495)	62%
Management services fee	(240)	21	nm	(863)	(146)	491%
Amortisation	(646)	(385)	68%	(2,501)	(1,516)	65%
Other operating expenses	(301)	(125)	141%	(1,755)	(731)	140%
<b>Total operating expenses</b>	<b>(3,627)</b>	<b>(6,553)</b>	<b>(45)%</b>	<b>(22,532)</b>	<b>(46,264)</b>	<b>(51)%</b>
<b>Net operating income</b>	<b>2,499</b>	<b>2,454</b>	<b>2%</b>	<b>11,376</b>	<b>7,734</b>	<b>47%</b>
Trustee-Manager's management fees	(198)	(163)	21%	(842)	(545)	54%
Other trust expenses	(40)	(24)	67%	(484)	(554)	(13)%
Other (expenses) / income**	(642)	1,504	(143)%	(2,080)	3,462	(160)%
Other finance income	15	33	(55)%	821	297	176%
Other finance costs	(632)	(191)	231%	(2,824)	(612)	361%
Net other finance costs	(617)	(158)	291%	(2,003)	(315)	536%
<b>Profit before income tax **</b>	<b>1,002</b>	<b>3,613</b>	<b>(72)%</b>	<b>5,967</b>	<b>9,782</b>	<b>(39)%</b>
Income tax (expense) / credit	(947)	(9)	nm	(939)	308	(405)%
<b>Profit for the period / year **</b>	<b>55</b>	<b>3,604</b>	<b>(98)%</b>	<b>5,028</b>	<b>10,090</b>	<b>(50)%</b>

\* Certain comparative amounts have been reclassified to be consistent with current period presentation

\*\* The 2008 other (expenses) / income and profit for the period were restated to take into account changes resulting from the finalisation of the provisional negative goodwill arising from the acquisitions in 2008.

nm – not meaningful

1(a)(ii) Consolidated Statement of Comprehensive Income for the period ended

	GROUP		Var	GROUP		Var
	Quarter ended 31 Dec			Full year ended 31 Dec		
	2009 S\$'000	2008 S\$'000	%	2009 S\$'000	2008 S\$'000	%
Profit for the period / year	55	3,604	(98)%	5,028	10,090	(50)%
<u>Other comprehensive income:</u>						
Exchange differences on translating foreign operations	(2,034)	1,042	(295)%	(6,531)	9,349	(170)%
Cash flow hedge	264	529	(50)%	(529)	529	(200)%
Other comprehensive income for the period / year, net of tax	(1,770)	1,571	(213)%	(7,060)	9,878	(171)%
Total comprehensive income for the period / year	(1,715)	5,175	(133)%	(2,032)	19,968	(110)%

**Footnote:**

The following items have been included in arriving at the (loss) / profit for the period / year:

	GROUP		Var	GROUP		Var
	Quarter ended 31 Dec			Full year ended 31 Dec		
	2009 S\$'000	2008 S\$'000	%	2009 S\$'000	2008 S\$'000	%
Allowance for doubtful debts	-	-	-	(142)	-	nm
Foreign exchange (loss) / gain	(642)	(51)	nm	(2,080)	1,907	(209)%

**1(b)(i) Statements of Financial Position as at 31 December 2009**

	Notes	GROUP			TRUST		
		As at	As at	Var	As at	As at	Var
		31 Dec	31 Dec		31 Dec	31 Dec	
		2009	2008	%	2009	2008	%
		S\$'000	S\$'000		S\$'000	S\$'000	%
<b>NON-CURRENT ASSETS</b>							
	(a)	149,530	129,058	16%	-	-	-
Intangible assets							
Investment in subsidiaries		-	-	-	82,097	64,522	27%
Financial receivables	(b)	155,928	145,335	7%	-	-	-
Trade and other receivables		593	1,289	(54)%	210,648	209,361	1%
Lease prepayments		14,450	15,258	(5)%	-	-	-
		320,501	290,940		292,745	273,883	
<b>CURRENT ASSETS</b>							
Financial receivables	(b)	3,746	3,456	8%	-	-	-
Trade and other receivables		29,622	26,215	13%	4,671	552	nm
Derivative financial instruments		31	563	(94)%	31	563	(94)%
Cash and cash equivalents		35,880	35,570	1%	9,354	13,583	(31)%
		69,279	65,804		14,056	14,698	
<b>TOTAL ASSETS</b>		<b>389,780</b>	<b>356,744</b>	<b>9%</b>	<b>306,801</b>	<b>288,581</b>	<b>6%</b>
<b>NON-CURRENT LIABILITIES</b>							
Deferred tax liabilities		(20,352)	(16,711)	22%	-	-	-
Trade payables		(220)	(243)	(9)%	-	-	-
Interest bearing borrowings		(89,583)	(58,159)	54%	(89,583)	(58,159)	54%
		(110,155)	(75,113)		(89,583)	(58,159)	
<b>CURRENT LIABILITIES</b>							
Trade and other payables *		(51,931)	(41,160)	26%	(7,028)	(6,420)	9%
Corporate tax payable		(680)	(208)	227%	(141)	-	nm
		(52,611)	(41,368)		(7,169)	(6,420)	
<b>TOTAL LIABILITIES</b>		<b>(162,766)</b>	<b>(116,481)</b>	<b>40%</b>	<b>(96,752)</b>	<b>(64,579)</b>	<b>50%</b>
<b>NET ASSETS</b>		<b>227,014</b>	<b>240,263</b>	<b>(6)%</b>	<b>210,049</b>	<b>224,002</b>	<b>(6)%</b>
<b>UNITHOLDERS' FUNDS</b>							
Units in issue (net of issue costs)		222,515	221,753	-	222,515	221,753	-
Accumulated (losses) / profits *		(2,296)	5,957	(139)%	(13,153)	1,720	nm
Other components of equity		6,795	12,553	(46)%	687	529	30%
		227,014	240,263	(6)%	210,049	224,002	(6)%

\* The 2008 accumulated (losses) / profits and trade and other payables were restated to take into account changes resulting from the finalisation of the provisional negative goodwill arising from the acquisitions in 2008.

nm – not meaningful

**Footnotes:**

(a) Intangible assets comprise the following:

	<b>GROUP</b>	
	<b>As at 31 Dec 2009</b>	<b>As at 31 Dec 2008</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Goodwill <sup>(i)</sup>	20,489	16,534
Concession rights <sup>(ii)</sup>	129,041	112,524
Intangible assets	149,530	129,058

- (i) On 30 June 2009, HWT acquired the fifth ROFOAR Plant. The provisional goodwill arising from the above acquisition is subject to the finalisation of the net assets and liabilities acquired. HWT has 12 months from the date of acquisition to finalise its acquisition accounting.
- (ii) In accordance with Interpretation of Financial Reporting Standard 112 *Service Concession Arrangements* ("INT FRS 112"), the concession rights are recognised to the extent that the Group has a right to charge fees for the usage of the plants and are amortised over the concession period from the commencement of the operations of the plant.

(b) The Group recognises a financial receivable if it has a contractual right under the concession agreements to receive a fixed and determinable amount of payments during the concession period irrespective of the usage of the plants. The financial receivable is measured on initial recognition at its fair value. Subsequent to initial recognition, the financial receivable is measured at amortised cost using the effective interest method.

When the Group receives a payment during the concession period, it will apportion such payment between (i) a repayment of the financial receivable (if any), which will be used to reduce the carrying amount of the financial receivable on its balance sheet, (ii) interest income (if any), which will be recognised as finance income in its income statement and (iii) revenue from operating and maintaining the plants in its income statement.

**1(b)(ii) Aggregate amount of borrowings and debt securities**

**Amount repayable after one year**

	<b>GROUP</b>		<b>TRUST</b>	
	<b>As at 31 Dec 2009</b>	<b>As at 31 Dec 2008</b>	<b>As at 31 Dec 2009</b>	<b>As at 31 Dec 2008</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Secured borrowing</b>				
- Amount repayable after one year	90,102	59,102	90,102	59,102
Less: Transaction costs in relation to credit facility	(519)	(943)	(519)	(943)
	<b>89,583</b>	<b>58,159</b>	<b>89,583</b>	<b>58,159</b>

Under the terms of the revolving credit facility, amounts repaid prior to final maturity date may be re-borrowed and all amounts outstanding must be repaid on the final maturity date. The secured bank loans are repayable in full on 28 February 2011.

**Details of any collateral**

The bank loans are secured by share mortgages of all the shares of the subsidiaries incorporated or formed to hold or own the PRC subsidiaries.

### 1(c)(i) Consolidated Cash Flow Statement

	Notes		GROUP		GROUP	
			Quarter ended 31 Dec		Full year ended 31 Dec	
			2009	2008	2009	2008
			S\$'000	S\$'000	S\$'000	S\$'000
<b>OPERATING ACTIVITIES</b>						
Profit before income tax *		1,002	3,613	5,967	9,782	
Adjustments for:						
Amortisation		646	385	2,501	1,516	
Construction revenue		(253)	(5,247)	(9,292)	(40,115)	
Negative goodwill on acquisition *		-	(1,327)	-	(1,327)	
Allowance for doubtful debts		-	-	142	-	
Trustee-Manager's management fees paid / payable in units		392	-	762	-	
Net finance costs		617	158	2,003	315	
Unrealised foreign exchange loss / (gain)		593	(69)	2,018	(1,963)	
Operating cash flow before working capital changes		2,997	(2,487)	4,101	(31,792)	
Changes in working capital:						
Trade and other receivables		(1,530)	(2,226)	(2,470)	(9,144)	
Trade and other payables		1,670	(12,166)	10,136	(3,156)	
Cash generated from / (used in) operations		3,137	(16,879)	11,767	(44,092)	
Tax paid		(289)	-	(994)	(202)	
<b>Cash flows from / (used in) operating activities</b>		<b>2,848</b>	<b>(16,879)</b>	<b>10,773</b>	<b>(44,294)</b>	
<b>INVESTING ACTIVITIES</b>						
Acquisition of subsidiary, net of cash acquired	(a)	(15)	(44,387)	(26,666)	(44,387)	
Interest received		14	33	45	297	
<b>Cash flows used in investing activities</b>		<b>(1)</b>	<b>(44,354)</b>	<b>(26,621)</b>	<b>(44,090)</b>	
<b>FINANCING ACTIVITIES</b>						
Distribution paid to unitholders		-	-	(12,666)	(4,459)	
Finance costs paid		(991)	(72)	(2,240)	(229)	
Interest income received pursuant to the Interest Rate Swaps		-	-	837	-	
Issue costs paid		-	(12)	-	(4,487)	
Proceeds from bank borrowings		-	59,102	31,000	59,102	
<b>Cash flows (used in) / from financing activities</b>		<b>(991)</b>	<b>59,018</b>	<b>16,931</b>	<b>49,927</b>	
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>1,856</b>	<b>(2,215)</b>	<b>1,083</b>	<b>(38,457)</b>	
<b>Cash and cash equivalents at beginning of the period / year</b>		<b>34,263</b>	<b>37,520</b>	<b>35,570</b>	<b>73,566</b>	
<b>Effect of exchange rate fluctuations</b>		<b>(239)</b>	<b>265</b>	<b>(773)</b>	<b>461</b>	
<b>Cash and cash equivalents at end of the period / year</b>	(b)	<b>35,880</b>	<b>35,570</b>	<b>35,880</b>	<b>35,570</b>	

\* The 2008 profit before tax and negative goodwill were restated to take into account changes resulting from the finalisation of the provisional negative goodwill arising from the acquisitions in 2008.

## NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(a) Acquisition of subsidiary:

	<b>Fair value as at Acquisition Date S\$'000</b>
Non-current assets	31,833
Current assets	5,410
Non-current liabilities	(18,379)
Current liabilities	(6,011)
	<u>12,853</u>
Goodwill on acquisition	4,020
Shareholders' loan and interest assumed	14,437
Net identifiable assets and liabilities acquired	<u>31,310</u>
Purchase consideration	31,000
Add: Transaction costs	310
Total consideration	31,310
Less: Cash and cash equivalents of subsidiary acquired	(4,644)
Cash outflow on acquisition of subsidiary	<u>26,666</u>

(b) Cash and cash equivalents:

	<b>GROUP</b>	<b>GROUP</b>
	<b>As at 31 Dec 2009</b>	<b>As at 31 Dec 2008</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Cash and cash equivalents as at end of the period	35,880	35,570
Less: Restricted cash at bank	(5,729)	(10,453)
Cash and cash equivalents	<u>30,151</u>	<u>25,117</u>

Restricted cash at bank represents the amount of cash set aside to settle the development costs incurred for the construction of the completing plants acquired pursuant to the initial public offering ("IPO").

### 1(c)(ii) Cash Distribution Statement and Distribution Per Unit (“DPU”)

In the HWT prospectus dated 23 November 2007 (“Prospectus”), it was stated that HWT will make distributions to unitholders on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ended on each of the said dates.

The reconciliations of the accounting profit to the distributable cash for the second half and full year ended 31 December 2009 and 2008 are as follows:

Notes	GROUP		GROUP	
	Second Half ended 31 Dec		Full year ended 31 Dec	
	2009	2008	2009	2008
	S\$'000	S\$'000	S\$'000	S\$'000
(Loss) / Profit for the period / year	(92)	6,803	5,028	10,090
Distribution adjustments :				
- Amortisation of intangible assets	1,003	611	1,936	1,148
- Amortisation of lease prepayments	279	202	565	368
- Repayment of financial receivables due to INT FRS 112	1,727	1,058	3,349	1,872
- Deferred tax credit	535	(188)	(227)	(543)
- Amortisation of transaction costs on credit facility	226	240	452	383
- Unrealised foreign exchange loss / (gain)	2,731	(1,748)	2,018	(1,963)
- Negative goodwill on acquisition	-	(1,327)	-	(1,327)
- Adjustments pursuant to the Deeds of Undertaking (a)	908	-	687	-
- Trustee-Manager's management fees paid/payable in units (b)	392	-	762	-
- Others	89	75	165	164
Amount available for distribution (before subordination of the Sponsor's distribution in respect of the Initial Portfolio)	7,798	5,726	14,735	10,192

Distribution available to unitholders (excluding Sponsor and Trustee-Manager)	(c)	5,881	5,726	11,142	10,192
Distribution available to Sponsor	(d)	1,917	-	3,593	-

Notes	GROUP		GROUP		
	Second Half ended 31 Dec		Full year ended 31 Dec		
	2009	2008	2009	2008	
	Cents	Cents	Cents	Cents	
Distribution per unit (excluding Sponsor's and Trustee-Manager's units)	(c)	2.86	2.79	5.42	4.96
Distribution per Sponsor's unit	(d)	2.03	-	3.80	-

**Footnotes:**

- (a) HWT and Hyflux Ltd (“Sponsor”) have entered into Deeds of Undertaking pursuant to the acquisition of the ROFOAR Plants. Under the Deeds of Undertaking, if the aggregate of the Distributable Cash received by HWT in relation to the ROFOAR Plants is more than the aggregate of the relevant Guaranteed Amounts for the relevant Guaranteed Period, the difference shall be carried forward and applied to determine the amount payable/receivable by the Sponsor in the next Guaranteed Period.

For FY2009, S\$687,000 will be received from the Sponsor pursuant to the Deed of undertaking. This amount takes into consideration the excess S\$221,000 which was carried forward from the first half of 2009.

- (b) The period under review falls within the 2009 Subordination Period (as defined in HWT’s Prospectus), during which in the event the forecast distribution is not achieved, the Trustee-Manager has agreed to elect to receive its management fees in respect of the Initial Portfolio in units instead of cash and waive all its entitlement to the distribution payable in respect of these units in FY2009.

The Trustee-Manager received its management fees in cash for FY2008.

- (c) The distribution available to unitholders other than the Sponsor is after subordination by the Sponsor as described in (d) below. The DPU available to unitholders other than the Sponsor is based on 205,500,000 units (ie. excluding the Sponsor’s and Trustee-Manager’s units) issued as at the end of the respective periods.

- (d) During the 2009 Subordination Period, the Sponsor has agreed to waive its entitlement to the distribution in respect of its units to the extent necessary for HWT to meet the forecast distribution to the other unitholders in respect of the Initial Portfolio.

In FY2008, the Sponsor had waived its entitlement to all distributions in favour of the holders of all the other units pursuant to HWT’s IPO.

### 1(d)(i) Statements of changes in unitholders' fund for the period

GROUP (2009)	Units in issue S\$'000	Foreign currency translation reserve S\$'000	Hedging reserve S\$'000	Statutory reserve S\$'000	Capital reserve S\$'000	Accumulated profits / (loss) S\$'000	Total Unitholders' funds S\$'000
<b>At 01/01/2009, as previously reported</b>	221,753	11,699	529	325	-	6,171	240,477
Effect of finalisation of provisional goodwill	-	-	-	-	-	(214)	(214)
<b>At 01/01/2009, restated *</b>	221,753	11,699	529	325	-	5,957	240,263
Total comprehensive income for the period	-	11,018	277	-	-	6,297	17,592
Distribution to unitholders	-	-	-	-	-	(5,733)	(5,733)
<b>At 31/03/2009</b>	<b>221,753</b>	<b>22,717</b>	<b>806</b>	<b>325</b>	<b>-</b>	<b>6,521</b>	<b>252,122</b>
<b>At 01/04/2009</b>	221,753	22,717	806	325	-	6,521	252,122
Units to be issued in satisfaction of Trustee-Manager's management fees for 1H 2009	370	-	-	-	-	-	370
Total comprehensive (loss) for the period	-	(9,260)	(1,122)	-	-	(1,177)	(11,559)
<b>At 30/06/2009</b>	<b>222,123</b>	<b>13,457</b>	<b>(316)</b>	<b>325</b>	<b>-</b>	<b>5,344</b>	<b>240,933</b>
<b>At 01/07/2009</b>	222,123	13,457	(316)	325	-	5,344	240,933
Total comprehensive (loss) / income for the period	-	(6,255)	52	-	-	(147)	(6,350)
Distribution to unitholders	-	-	-	-	-	(6,933)	(6,933)
<b>At 30/09/2009</b>	<b>222,123</b>	<b>7,202</b>	<b>(264)</b>	<b>325</b>	<b>-</b>	<b>(1,736)</b>	<b>227,650</b>
<b>At 01/10/2009</b>	222,123	7,202	(264)	325	-	(1,736)	227,650
Units to be issued in satisfaction of Trustee-Manager's management fees for 2H 2009	392	-	-	-	-	-	392
Total comprehensive (loss) / income for the period	-	(2,034)	264	-	-	55	(1,715)
Transfer from accumulated profits	-	-	-	615	-	(615)	-
Adjustments pursuant to the Deed of Undertaking	-	-	-	-	687	-	687
<b>At 31/12/2009</b>	<b>222,515</b>	<b>5,168</b>	<b>-</b>	<b>940</b>	<b>687</b>	<b>(2,296)</b>	<b>227,014</b>

\* The 2008 accumulated profits was restated to take into account changes resulting from the finalisation of the provisional negative goodwill arising from the acquisitions in 2008.

GROUP (2008)	Units in issue	Foreign currency translation reserve	Hedging reserve	Statutory reserve	Capital reserve	Accumulated profits	Total Unitholders' funds
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>At 01/01/2008</b>	<b>218,928</b>	<b>2,350</b>	-	-	-	<b>651</b>	<b>221,929</b>
Total comprehensive (loss) income for the period	-	(1,361)	-	-	-	1,117	(244)
<b>At 31/03/2008</b>	<b>218,928</b>	<b>989</b>	-	-	-	<b>1,768</b>	<b>221,685</b>
<b>At 01/04/2008</b>	<b>218,928</b>	<b>989</b>	-	-	-	<b>1,768</b>	<b>221,685</b>
Total comprehensive income for the period	-	1,666	-	-	-	2,170	3,836
<b>At 30/06/2008</b>	<b>218,928</b>	<b>2,655</b>	-	-	-	<b>3,938</b>	<b>225,521</b>
<b>At 01/07/2008</b>	<b>218,928</b>	<b>2,655</b>	-	-	-	<b>3,938</b>	<b>225,521</b>
Units issue costs	2,825	-	-	-	-	-	2,825
Total comprehensive income for the period	-	8,002	-	-	-	3,199	11,201
Distributions to unitholders	-	-	-	-	-	(4,459)	(4,459)
<b>At 30/09/2008</b>	<b>221,753</b>	<b>10,657</b>	-	-	-	<b>2,678</b>	<b>235,088</b>
<b>At 01/10/2008</b>	<b>221,753</b>	<b>10,657</b>	-	-	-	<b>2,678</b>	<b>235,088</b>
Total comprehensive income for the period *	-	1,042	529	-	-	3,604	5,175
Transfer from accumulated profits	-	-	-	325	-	(325)	-
<b>At 31/12/2008</b>	<b>221,753</b>	<b>11,699</b>	<b>529</b>	<b>325</b>	-	<b>5,957</b>	<b>240,263</b>

\* The comprehensive income for 4Q08 was restated to take into account changes resulting from the finalisation of the provisional negative goodwill arising from the acquisitions in 2008.

TRUST (2009)	Units in issue S\$'000	Foreign currency translation reserve S\$'000	Hedging reserve S\$'000	Statutory reserve S\$'000	Capital reserve S\$'000	Accumulated profits / (loss) S\$'000	Total Unitholders' funds S\$'000
<b>At 01/01/2009</b>	<b>221,753</b>	-	<b>529</b>	-	-	<b>1,720</b>	<b>224,002</b>
Total comprehensive income for the period	-	-	277	-	-	11,758	12,035
Distribution to unitholders	-	-	-	-	-	(5,733)	(5,733)
<b>At 31/03/2009</b>	<b>221,753</b>	-	<b>806</b>	-	-	<b>7,745</b>	<b>230,304</b>
<b>At 01/04/2009</b>	<b>221,753</b>	-	<b>806</b>	-	-	<b>7,745</b>	<b>230,304</b>
Units to be issued in satisfaction of Trustee-Manager's management fees for 1H 2009	370	-	-	-	-	-	370
Total comprehensive (loss) for the period	-	-	(1,122)	-	-	(7,506)	(8,628)
<b>At 30/06/2009</b>	<b>222,123</b>	-	<b>(316)</b>	-	-	<b>239</b>	<b>222,046</b>
<b>At 01/07/2009</b>	<b>222,123</b>	-	<b>(316)</b>	-	-	<b>239</b>	<b>222,046</b>
Total comprehensive income (loss) for the period	-	-	52	-	-	(5,355)	(5,303)
Distribution to unitholders	-	-	-	-	-	(6,933)	(6,933)
<b>At 30/09/2009</b>	<b>222,123</b>	-	<b>(264)</b>	-	-	<b>(12,049)</b>	<b>209,810</b>
<b>At 01/10/2009</b>	<b>222,123</b>	-	<b>(264)</b>	-	-	<b>(12,049)</b>	<b>209,810</b>
Units to be issued in satisfaction of Trustee-Manager's management fees for 2H 2009	392	-	-	-	-	-	392
Total comprehensive income (loss) for the period	-	-	264	-	-	(1,104)	(840)
Adjustments pursuant to the Deed of Undertaking	-	-	-	-	687	-	687
<b>At 31/12/2009</b>	<b>222,515</b>	-	-	-	<b>687</b>	<b>(13,153)</b>	<b>210,049</b>

TRUST (2008)	Units in issue S\$'000	Foreign currency translation reserve S\$'000	Hedging reserve S\$'000	Statutory reserve S\$'000	Capital reserve S\$'000	Accumulated profits / (losses) S\$'000	Total Unitholders' funds S\$'000
<b>At 01/01/2008</b>	<b>218,928</b>	-	-	-	-	<b>1,323</b>	<b>220,251</b>
Total comprehensive (loss) for the period	-	-	-	-	-	(4,054)	(4,054)
<b>At 31/03/2008</b>	<b>218,928</b>	-	-	-	-	<b>(2,731)</b>	<b>216,197</b>
<b>At 01/04/2008</b>	<b>218,928</b>	-	-	-	-	<b>(2,731)</b>	<b>216,197</b>
Total comprehensive income for the period	-	-	-	-	-	263	263
<b>At 30/06/2008</b>	<b>218,928</b>	-	-	-	-	<b>(2,468)</b>	<b>216,460</b>
<b>At 01/07/2008</b>	<b>218,928</b>	-	-	-	-	<b>(2,468)</b>	<b>216,460</b>
Units issue costs	2,825	-	-	-	-	-	2,825
Total comprehensive income for the period	-	-	-	-	-	6,847	6,847
Distribution to unitholders	-	-	-	-	-	(4,459)	(4,459)
<b>At 30/09/2008</b>	<b>221,753</b>	-	-	-	-	<b>(80)</b>	<b>221,673</b>
<b>At 01/10/2008</b>	<b>221,753</b>	-	-	-	-	<b>(80)</b>	<b>221,673</b>
Total comprehensive income for the period	-	-	529	-	-	1,800	2,329
<b>At 31/12/2008</b>	<b>221,753</b>	-	<b>529</b>	-	-	<b>1,720</b>	<b>224,002</b>

**1(d)(ii) Details of any change in Units**

	Note	GROUP		GROUP	
		Quarter ended 31 Dec		Full year ended 31 Dec	
		2009	2008	2009	2008
<u>Number of units:</u>					
Issued units at beginning of the period / year		300,711,152	300,000,000	300,000,000	300,000,000
Units issued as payment of Trustee-Manager's management fees	(a)	-	-	711,152	-
Units to be issued as payment of Trustee-Manager's management fees	(b)	559,781	-	559,781	-
Total issued and issuable units at end of the period / year		301,270,933	300,000,000	301,270,933	300,000,000

**Footnote:**

- (a) The number of units issued to the Trustee-Manager as partial payment of the Trustee-Manager's management fees for the six-months period ended 30 June 2009 is based on a unit price of S\$0.52, which represents the volume weighted average price of HWT units traded on the SGX-ST over the last 15 trading days prior to the period ended 30 June 2009.
- (b) The number of units to be issued to the Trustee-Manager as partial payment of the Trustee-Manager's management fees for the six-months period ended 31 December 2009 is based on a unit price of S\$0.70, which represents the volume weighted average price of HWT units traded on the SGX-ST over the last 15 trading days prior to the period ended 31 December 2009.

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

The figures for the year ended 31 December 2009 have not been audited nor reviewed.

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

Not applicable.

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

Except as disclosed in paragraph 5 below, the Group and the Trust have consistently applied the same accounting policies and methods of computation as in its 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**

FRS 1 (revised 2008) becomes effective for the Group beginning 1 January 2009. The revised standard requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are presented in a separate statement of comprehensive income. FRS 1 (revised 2008) does not have any impact on the Group's financial position or results.

FRS 108 *Operating Segments*, which replaces FRS 14 *Segment Reporting*, becomes effective for the Group beginning 1 January 2009. The standard requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance. FRS 108 does not have any impact on the Group's financial position or results.

**6. Earnings per unit of the Group for the current period reported on and the corresponding period of the immediately preceding financial year**

	GROUP		GROUP	
	Quarter ended 31 Dec		Full year ended 31 Dec	
	2009	2008	2009	2008
(i) Weighted average number of units	300,711,152	300,000,000	300,185,094	300,000,000
(ii) Earnings per unit for the period based on the weighted average number of units in issue (cents) – basic and diluted	0.02	1.20	1.67	3.36
(iii) Number of units issued at end of the period	300,711,152	300,000,000	300,711,152	300,000,000

**Footnote:**

The EPU is computed based on the weighted average number of units for the respective periods.

**7. Net asset value per unit based on units issued at end of the period**

	GROUP		TRUST	
	As at 31 Dec 2009	As at 31 Dec 2008	As at 31 Dec 2009	As at 31 Dec 2008
	Cents	Cents	Cents	Cents
Net asset value per unit	75	80	70	75

**Footnote:**

The NAV per unit as at 31 December 2009 is computed based on 301,270,933 units which is the total of the 300,711,152 units in issue at end of the period and 559,781 units to be issued to the Trustee-Manager as partial payment of the Trustee-Manager's management fee for the period from 1 July 2009 to 31 December 2009.

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

### Review of Income Statement

#### Three months ended 31 December 2009

For the quarter ended 31 December 2009, total revenue was S\$6.1 million with an operating profit of S\$2.5 million.

#### Revenue

Total revenue of S\$6.1 million was S\$2.9 million or 32% lower than the 4Q08 revenue of S\$9.0 million. The lower revenue was mainly due to the lower construction revenue recognised for this quarter, offset by the increase in operating and maintenance income. Excluding construction revenue, the 4Q09 operating and maintenance income, and finance income totalling S\$5.9 million is a growth of S\$2.1 million or 56% from S\$3.8 million in 4Q08.

Construction revenue of S\$0.3 million for this quarter was S\$5.0 million or 95% lower than that for 4Q08 of S\$5.2 million. The lower construction revenue was due to the completion of construction for several plants. Construction revenue is recognised on a percentage of completion basis in accordance with Interpretation of Financial Reporting Standard 112 *Service Concession Arrangements* ("INT FRS 112") and is offset by an equivalent construction expense recognised and as such has no impact on operating profit and distributable cash.

Operating and maintenance income for the quarter of S\$4.1 million was S\$1.7 million or 70% higher than the 4Q08 operating and maintenance income of S\$2.4 million. The higher operating and maintenance income for the reported quarter was mainly due to the contribution from eight newly completed or acquired plants since December 2008. In addition, some plants had obtained tariff increases at the end of or subsequent to second half of FY2008 which contributed to the higher income for FY2009.

Finance income of S\$1.8 million for the quarter was S\$0.4 million or 32% higher than that for 4Q08 of S\$1.4 million. Finance income represents the interest income on the financial receivable recognised in respect of the construction services in accordance with INT FRS 112. In accordance with INT FRS 112, whenever the Group receives a payment during the concession period, a portion of such payment will be recognised as finance income. The higher finance income was mainly due to the increase in the number of operating plants as well as the acquisition of ROFOAR Plants in December 2008.

#### Operating income

For the quarter ended 31 December 2009, net operating income of S\$2.5 million was relatively consistent with that of 4Q08.

The decrease in total operating expenses was mainly due to lower construction costs for the reported quarter. This was however offset by higher operating costs due to a corresponding increase in variable costs to process the higher water throughput volume; and higher fixed costs including manpower and maintenance due to increase in number of plants in operation.

Amortisation of S\$0.6 million comprises amortisation on concession rights and land use rights (accounted for as lease prepayments).

Other operating expenses of S\$0.3 million was contributed by water discharge fees, water procurement charges and taxes such as land and property taxes.

#### Other income and expenses

Other trust expenses comprises mainly professional fees.

Other expenses of S\$0.6 million comprises mainly unrealised foreign exchange loss due primarily to the depreciation of the US dollar against the Singapore dollar in the reported quarter.

#### Net other finance costs

Other finance income of S\$0.02 million comprises mainly interest income from bank deposits.

Other finance costs of S\$0.6 million comprises mainly interest expense on bank borrowings, amortisation of a revolving credit facility fee and commitment fee on the credit facility. The finance cost in 4Q09 was S\$0.4 million higher than 4Q08 due mainly to higher bank borrowings.

#### Income tax

The higher income tax expense in 4Q09 was caused by higher PRC withholding tax on the interest income from subsidiaries and corporate income tax and lower deferred tax credit arising from the recognition of deferred tax assets on unutilised tax losses.

#### Other comprehensive income

The foreign exchange loss on translation of foreign operations in 4Q09 as compared to a gain in 4Q08 was mainly due to the depreciation of the Renminbi against Singapore dollar during the reported period.

### **Full year ended 31 December 2009**

For FY2009, total revenue was S\$33.9 million with an operating profit of S\$11.4 million.

#### Revenue

Total revenue of S\$33.9 million was S\$20.1 million or 37% lower than FY2008 revenue of S\$54.0 million. The lower revenue was mainly due to lower construction revenue recognised for this period offset by the increase in operating and maintenance income.

Construction revenue of S\$9.3 million is S\$30.8 million or 77% lower than the previous year. The lower construction revenue was attributed to the completion of construction for several plants. Construction revenue was recognised on a percentage of completion basis in accordance with INT FRS 112 and the amount was offset by an equivalent construction expense recognised and had no impact on operating profits or distributable cash.

Operating and maintenance income of S\$17.5 million was S\$8.1 million or 86% higher than the previous year's operating and maintenance income of S\$9.4 million. The higher operating and maintenance income for this year was mainly due to the increase in the number of operational plants, as well as higher tariffs applicable in the period under review.

Finance income of S\$7.2 million was S\$2.7 million or 59% higher than the previous year's finance income of S\$4.5 million and this represents the interest income on the financial receivable recognised in respect of the construction services in accordance with INT FRS 112. The higher finance income

was mainly due to the increase in the number of operating plants as well as the acquisition of ROFOAR plants in December 2008.

#### Operating income

For FY2009, net operating income of S\$11.4 million was S\$3.7 million or 47% higher than that of S\$7.7 million in the previous year due to higher operating revenue.

The decrease in total operating expenses of S\$23.7 million was mainly due to lower construction costs for the reported quarter. However, non-construction operating costs rose by S\$7.1 million due to increase in variable costs to process a higher water throughput volume. In addition, with more plants in operation, fixed costs had also risen compared to FY2008.

Amortisation of S\$2.5 million comprises amortisation on concession rights and land use rights (accounted for as lease prepayments).

Other operating expenses of S\$1.8 million comprises mainly water discharge fees, water procurement charges and taxes such as land and property taxes.

#### Other income and expenses

Other trust expenses comprise mainly professional fees.

Other expenses of S\$2.1 million comprises mainly unrealised foreign exchange loss due primarily to the depreciation of the US dollar against the Singapore dollar during the reported year. Net other income in FY2008 was attributed to unrealised foreign exchange gain.

#### Net other finance costs

Other finance income of S\$0.8 million comprises mainly interest income arising from interest rate swaps and interest income from bank deposits.

Other finance costs of S\$2.8 million comprises mainly interest expense on bank borrowings, amortisation of a revolving credit facility fee and commitment fee on the credit facility. The finance cost in FY2009 is S\$2.2 million higher than FY2008 due mainly to higher bank borrowings.

#### Income tax

The higher income tax expense in FY2009 was mainly due to higher PRC withholding tax on the interest income from subsidiaries and corporate income tax and lower deferred tax credit arising from the recognition of deferred tax assets on unutilised tax losses.

#### Other comprehensive income

The foreign exchange loss on translation of foreign operations in FY2009 as compared to a gain in FY2008 was mainly due to the SGD appreciating against the RMB during the financial year.

The reversal of the cash flow hedge in FY2009 was due to the maturity of the interest rate swap in December 2009.

## **Review of Statements of Financial Position**

### **Group level**

#### **Assets**

##### *Non-current assets*

Total non-current assets increased by S\$29.6 million or 10% from S\$290.9 million as at 31 December 2008 to S\$320.5 million as at 31 December 2009. This was mainly due to the increase in intangible assets and financial receivables recognised under INT FRS 112 arising from the acquisition of the fifth and final ROFOAR plant in June 2009.

##### *Current assets*

Current assets increased by S\$3.5 million or 5% from S\$65.8 million as at 31 December 2008 to S\$69.3 million as at 31 December 2009 mainly due to increase in trade and other receivables due to receivables from suppliers for certain water plants pursuant to the service agreements with them.

#### **Liabilities**

##### *Non-current liabilities*

Total non-current liabilities increased by S\$35.0 million or 47% from S\$75.1 million as at 31 December 2008 to S\$110.2 million as at 31 December 2009 mainly due to the drawdown of the credit facility for the payment of the fifth and final ROFOAR plant acquired in June 2009 as well as increase in deferred tax liabilities arising from this acquisition.

##### *Current liabilities*

Current liabilities increased by S\$11.2 million or 27% from S\$41.4 million as at 31 December 2008 to S\$52.6 million as at 31 December 2009. The increase relates mainly to the increase in payables to suppliers for operating expenses and construction costs as at 31 December 2009.

#### **Unitholders' funds**

##### *Units in issue (net of issue costs)*

The increase in units in issue is due to the units issued to the Trustee-Manager as partial payment of the Trustee-Manager's management fees for the six months ended 30 June 2009, as well as the units to be issued to the Trustee-Manager as partial payment of the Trustee-Manager's management fees for the six months ended 31 December 2009.

##### *Accumulated (losses) / profits*

The decrease of S\$8.3 million or 139% from accumulated profits of S\$6.0 million as at 31 December 2008 to accumulated losses of S\$2.3 million as at 31 December 2009 was due to the S\$12.7 million distribution paid to unitholders in March 2009 and September 2009 and the transfer of S\$0.6 million from accumulated profits to statutory reserves, offset by the S\$5.0 million profits generated during the period.

Other components of equity

Foreign currency translation reserve

Foreign currency translation reserve decreased by S\$6.5 million or 56% from S\$11.7 million as at 31 December 2008 to S\$5.2 million as at 31 December 2009 due to the depreciation of the Renminbi against the Singapore dollar from 31 December 2008 to 31 December 2009.

Hedging reserve

The decrease in hedging reserve of S\$0.5 million resulted from the maturity of the interest rate swap in December 2009.

Statutory reserve

PRC regulations require wholly owned foreign enterprises to apportion 10% of its annual after tax-profit to the general reserve account until such reserve reaches 50% of the PRC company's registered capital.

Capital reserve

This refers to the after-tax amount to be received from the Sponsor under the Deed of Undertaking, which was entered into between HWT and the Sponsor pursuant to the acquisition of the ROFOAR Plants.

**Trust level**

**Assets**

Non-current assets increased by S\$18.9 million or 7% from S\$273.9 million as at 31 December 2008 to S\$292.7 million as at 31 December 2009. This was attributable to the increase in investment in subsidiaries due to the acquisition of the fifth and final ROFOAR Plant in June 2009. The increase in non-current trade and other receivables relates to higher inter-company loans pursuant to the acquisition.

Cash and cash equivalents decreased by S\$4.2 million or 31% from S\$13.6 million as at 31 December 2008 to S\$9.4 million as at 31 December 2009 due mainly to inter-company loans given to subsidiaries, payments of professional fees in relation to the ROFOAR acquisition and distribution paid to unitholders in March 2009 and September 2009.

**Liabilities**

Non-current liabilities increased by S\$31.4 million or 54% from S\$58.2 million as at 31 December 2008 to S\$89.6 million as at 31 December 2009 mainly due to the drawdown of the credit facility for the payment of the fifth and final ROFOAR plant acquired in June 2009.

Current liabilities increased by S\$0.8 million or 12% from S\$6.4 million as at 31 December 2008 to S\$7.2 million as at 31 December 2009. This relates mainly to the increase in intercompany payables as at 31 December 2009.

**Unitholders' funds**

Units in issue (net of issue costs)

The increase in units in issue is due to the units issued to the Trustee-Manager as partial payment of the Trustee-Manager's management fees for the six months ended 30 June 2009 as well as the units to be issued to the Trustee-Manager as partial payment of the Trustee-Manager's management fees for the six months ended 31 December 2009

Accumulated (losses) / profits

The decrease of S\$14.9 million from accumulated profits of S\$1.7 million as at 31 December 2008 to accumulated losses of S\$13.2 million as at 31 December 2009 was due to the S\$12.7 million distribution paid to unitholders in March 2009 and September 2009, as well as the S\$2.2 million loss generated during the period.

Other components of equity

Hedging reserve

The decrease in hedging reserve of S\$0.5 million resulted from the maturity of the interest rate swap in December 2009.

Capital reserve

This refers to the after-tax amount to be received from the Sponsor under the Deed of Undertaking, which was entered into between HWT and the Sponsor pursuant to the acquisition of the ROFOAR Plants.

**Review of Consolidated Cash Flow Statement**

**Three months ended 31 December 2009**

As at 31 December 2009, cash and cash equivalents amounted to S\$35.9 million, which was S\$1.6 million or 5% higher compared to 30 September 2009.

The cash generated from operating activities of S\$2.8 million was mainly due to lower construction expenses for the reported quarter.

Cash used in financing activities of S\$1.0 million was due to the payment of the interest expense on bank borrowings in December 2009.

**Full year ended 31 December 2009**

As at 31 December 2009, cash and cash equivalents amounted to S\$35.9 million, which was S\$0.3 million or 1% higher compared to 31 December 2008.

The cash generated from operating activities of S\$10.8 million was mainly due to lower construction expenses for the year.

Cash used in investing activities of S\$26.6 million was mainly due to the payment for the fifth and final ROFOAR plant acquired in June 2009.

Cash generated from financing activities of S\$16.9 million was mainly due to the drawdown of the credit facility of S\$31.0 million for payment of the fifth and final ROFOAR plant acquired, and proceeds received pursuant to the interest rate swaps, offset by distribution payment and interest expense.



### **Distribution Statement**

In the Circular dated 29 November 2008, HWT had forecast a distribution per unit ("DPU") of 2.56 cents for 1H09 and 2.86 cents for 2H09, giving a total of 5.42 cents for FY2009 (taking account of the subordination and waiver, to the extent necessary, of the Sponsor's distribution in respect of its units and the Sponsor's undertaking in respect of the ROFOAR Plants).

HWT's policy is to make distributions to unitholders on a semi-annual basis for the six-month period ending 30 June and 31 December of each year.

For 1H09, the distributable cash of S\$6.9 million was S\$2.4 million or 53% higher than the distributable cash of S\$4.5 million for 1H08. This translates to a DPU (excluding the Sponsor's units) of 2.56 cents (after taking into account, to the extent necessary, the subordination, waiver, and/or undertaking by the Sponsor).

For 2H09, the available distributable cash of S\$7.8 million was S\$2.1 million or 36% higher than the distributable cash of S\$5.7 million for 2H08. This translates to a DPU (excluding the Sponsor's and Trustee-Manager's units) of 2.86 cents (after taking into account, to the extent necessary, the subordination, waiver, and/or undertaking by the Sponsor).

The total FY2009 DPU (excluding the Sponsor's and Trustee-Manager's units) of 5.42 cents is as per the forecast in the Circular dated 29 November 2008 and is 9% higher than the FY2008 DPU of 4.96 cents. The total FY2009 DPU for the Sponsor after its partial subordination and waiver of its distribution entitlement is 3.80 cents. The Sponsor waived its entire distribution entitlement in FY2008.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Review of actual performance against the forecast disclosed in the Prospectus dated 23 November 2007 and Circular dated 29 November 2008:

	Actual 2009	Forecast 2009	Var
Notes	S\$'000	S\$'000	%
<b>Revenue</b>			
Operating and maintenance income	17,457	35,285	(51)%
Finance income	7,159	2,734	162%
Construction revenue	9,292	-	nm
<b>Total revenue</b>	(a) 33,908	38,019	(11)%
<b>Operating expenses</b>			
Construction expense	(9,292)	-	nm
Electricity costs	(3,819)	(8,229)	(54)%
Manpower costs	(1,334)	(1,840)	(28)%
Operation and Maintenance fees			
Chemical costs	(718)	(3,045)	(76)%
Maintenance costs	(1,448)	(3,847)	(62)%
Sludge treatment	(802)	(1,140)	(30)%
Management services fee	(863)	(2,492)	(65)%
Amortisation	(2,501)	(5,229)	(52)%
Other operating expenses	(1,755)	(1,997)	(12)%
<b>Total operating expenses</b>	(b) (22,532)	(27,819)	(19)%
<b>Net operating income</b>	11,376	10,200	12%
Trustee-Manager's management fees	(842)	(1,101)	(24)%
Other trust expenses	(c) (484)	(1,397)	(65)%
Other expenses	(d) (2,080)	-	nm
Other finance income	821	597	38%
Other finance costs	(2,824)	(3,617)	(22)%
<b>Net other finance costs</b>	(e) (2,003)	(3,020)	(34)%
<b>Profit before income tax</b>	5,967	4,682	27%
Income tax expense	(f) (939)	(423)	122%
<b>Profit for the period attributable to unitholders</b>	5,028	4,259	18%

The Forecast 2009 is a summation of the Projection disclosed in the Prospectus dated 23 November 2007 and the Forecast disclosed in the Circular dated 29 November 2008.

(a) Revenue

Total revenue of S\$33.9 million was about 11% or S\$4.1 million lower than the forecast revenue of S\$38.0 million mainly due to the lower operating and maintenance income offset by the higher construction revenue from projects brought forward from FY2008 due to delays in completion and higher finance income due to the interest income on the financial receivable recognised in respect of the construction services in accordance with INT FRS 112.

Operating and maintenance income of S\$17.5 million was about 51% or S\$17.8 million lower than the forecast operating and maintenance income of S\$35.3 million mainly due to lower than expected utilisation of some plants and delays in the completion of the plants under construction.

(b) Total operating expenses

Total operating expenses of S\$22.5 million was 19% or S\$5.3 million lower than the forecast total operating expenses of S\$27.8 million.

Construction expenses of S\$9.3 million was incurred this financial year due to the delays in the completion of the plants under construction.

Due to the lower than expected utilisation rates, the contracted operating expenses for electricity costs, manpower costs, operating and maintenance costs including chemical cost, maintenance costs and sludge treatment, and management service fee, were reviewed and renegotiated with the service providers. This resulted in a lower charge for such expenses.

Total amortisation of S\$2.5 million was 52% or S\$2.7 million lower than the forecast mainly due to lower amortisation expense of concession rights for FY2009.

Other expenses of S\$1.8 million was 12% or S\$0.2 million lower than the forecast due to lower water discharge fees and property taxes incurred in FY2009.

(c) Other trust expenses

Other trust expenses comprise HWT's operating expenses such as annual listing fees, professional fees, and other statutory expenses. Actual trust expenses was 65% lower than the forecast due to cost saving measures adopted by HWT.

(d) Other expenses

Other expenses comprise mainly foreign exchange losses, which were not assumed in the forecast.

(e) Net finance costs

Net finance costs was 34% lower than the forecast due to lower interest expense and commitment fees incurred.

(f) Income tax

Income tax expense comprises mainly PRC withholding tax on the interest income from subsidiaries and corporate income tax. This was offset by deferred tax credit arising from the recognition of deferred tax assets on unutilised tax losses as well as the reversal of deferred tax liabilities recognised in relation to the concession rights. Total income tax expense of S\$0.9 million was 122% or S\$0.5 million higher than the forecast due to the higher deferred tax credits assumed in the forecast.

**10. A commentary at the date of the announcement of the competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months**

The overall global economy has shown some signs of recovery but remains mixed. The Trustee-Manager expects HWT's business to remain resilient with moderate revenue growth as total water throughput is expected to increase marginally in tandem with the industrial activities in the concession areas it operates in. In the PRC where HWT's plants operate, growth in some concession areas have prompted plans to expand some of the existing plants which upon completion would increase total designed capacity by approximately 14% or 80,000m<sup>3</sup>/day. The construction of these expansion projects is expected to be completed by year 2011 and will not contribute to the 2010 performance materially.

The Trustee-Manager will continue to focus on measures to improve its overall performance, such as tariff adjustments, cost management as well as asset enhancement. The Trustee-Manager remains committed to distribute at least 90% of its distributable cash in 2010.

The Trustee-Manager is currently working on the refinancing of the US\$66 million credit facility which is due in February 2011. Further announcement on the refinancing of the credit facility will be made in due course.

**11. Distributions**

***(a) Current Financial Period Reported On***

Any distribution declared for the current financial period : Yes

Amount : S\$7.798 million  
 Distribution Period : 1 July 2009 to 31 December 2009  
 Distribution Type : Cash, Tax-exempt Distribution  
 Distribution Rate : 2.86 Singapore cents per unit  
 (excluding Sponsor's and Trustee-Manager's units)  
 Distribution Rate : 2.03 Singapore cents per unit (Sponsor's units)  
 Par Value of units : Not applicable  
 Tax Rate : Distribution received by either Singapore tax resident Unitholders or non-Singapore tax resident Unitholders are exempt from Singapore income tax and also not subject to Singapore withholding tax. The Unitholders are not entitled to tax credit of any taxes paid by the Trustee-Manager.

***(b) Corresponding Period of the Immediately Preceding Financial Year***

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

Any distribution declared for the corresponding financial period : Yes

Amount : S\$5.726 million  
 Distribution Period : 1 July 2008 to 31 December 2008  
 Distribution Type : Cash, Tax-exempt Distribution  
 Distribution Rate : 2.79 Singapore cents per unit  
 Par Value of units : Not applicable  
 Tax Rate : Distribution received by either Singapore tax resident Unitholders or non-Singapore tax resident Unitholders are exempt from Singapore income tax and also not subject to Singapore withholding tax. The Unitholders are not entitled to tax credit of any taxes paid by the Trustee-Manager.

***(c) Date payable***

29 March 2010

**(d) Books closure date**

The Transfer Book and Register of HWT will be closed at 5.00pm on 5 March 2010 for the purposes of determining each Unitholder's entitlement to the Distribution. Unitholders whose Securities Accounts with The Central Depository (Pte) Limited ("CDP") are credited with units at 5.00pm on 5 March 2010 will be entitled to the Distribution to be paid on 29 March 2010.

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

Not applicable.

**13. Segmented revenue and results for business of geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediate preceding financial year**

There is only one reportable segment as the Group's operations relate to water treatment business. No geographical information has been prepared as the Group's operations are located only in the People's Republic of China ("PRC"). The Group receives water tariffs primarily from the PRC Administrative Authority pursuant to long-term concession agreements.

**14. A breakdown of Group revenue and profit after tax is as follows:**

	<b>GROUP</b>	
	<b>2009 S\$'000</b>	<b>2008 S\$'000</b>
(a) Revenue reported for first half year	20,707	31,045
(b) Profit after tax reported for first half year	5,120	3,287
(c) Revenue reported for second half year	13,201	22,953
(d) (Loss)/Profit after tax reported for second half year *	(92)	6,803

\* The 2008 profit after tax was restated to take into account changes resulting from the finalisation of the provisional negative goodwill arising from the acquisitions in 2008.

**15. Interested Person Transactions**

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under unitholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions during the financial year under review conducted under unitholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	<b>2009 S\$'000</b>	<b>2009 S\$'000</b>
Hyflux Ltd and its subsidiaries and associates:		
Engineering, Procurement and Construction	Nil	3,902
Operations and Maintenance	Nil	(596) *
Management Service	Nil	2,923



\* Includes a reduction in value of a transaction entered into before FY2009

Additional information:

	<b>GROUP Full year ended 31 December 2009</b>
	<b>S\$'000</b>
Amount paid / payable by the Group to Hyflux Ltd, its subsidiaries and associates in FY2009 pursuant to existing contracts	17,340
Payments made by the Group on behalf of Hyflux Ltd, its subsidiaries and associates in FY2009	251
Management fees paid / payable by HWT to the Trustee-Manager in FY2009	842

During the reported period, HWT made an SGXNET announcement dated 30 June 2009 that it had acquired a waste water treatment plant from Hyflux Ltd for a consideration of S\$31.0 million pursuant to the approval by unitholders at the Extraordinary General Meeting on 16 December 2008.

In the HWT Prospectus dated 23 November 2007, it was noted that HWT had held back part of the proceeds from the Initial Public Offer ("IPO") to pay for the issue expenses relating to the IPO. In the event that the amount held back exceeds the actual amount of fees and expenses incurred, such excess will be paid back to SinoSpring Utility Ltd, a subsidiary of the Sponsor. The Trustee-Manager will make an announcement setting out the amount of such payment to SinoSpring Utility Ltd.

The amount held back by HWT exceeds the actual amount of fees and expenses incurred for the IPO by S\$4.0 million and this amount was settled with SinoSpring Utility Ltd during the reported period.

#### **16. Confirmation by the Board**

The Board of Directors of Hyflux Water Trust Management Pte. Ltd. (as Trustee-Manager of HWT) confirm that, to the best of their knowledge, nothing has come to their attention which may render the financial results for the period from 1 January 2009 to 31 December 2009 to be false or misleading in any material respect.

#### **BY ORDER OF THE BOARD**

**Pang Yeong Piao**  
**Company Secretary**  
**HYFLUX WATER TRUST MANAGEMENT PTE. LTD.**  
**(Company Registration Number : 200717960D)**  
**As Trustee-Manager of Hyflux Water Trust**  
**Submitted on 25<sup>th</sup> February 2010 to SGX-ST**