



Moya Holdings Asia Limited

MOYA HOLDINGS ASIA LIMITED

Registration number: 201301085G

**Unaudited Financial Statements and Dividend Announcement
For The Second Quarter and Six-Month Financial Period Ended 30 June 2019**

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "Sponsor"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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PART I – INFORMATION REQUIRED FOR RESULTS ANNOUNCEMENT OF SECOND QUARTER (“2Q”) AND SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2019

1(a) A statement of profit or loss and other comprehensive income for the group, together with a comparative statement for the corresponding period of immediately preceding financial year

1(a)(i) Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Group					
	Unaudited 3 months ended 30.06.2019 ("2Q2019")	Unaudited 3 months ended 30.06.2018 ("2Q2018")	Change + / (-)	Unaudited 6 months ended 30.06.2019 ("HY2019")	Unaudited 6 months ended 30.06.2018 ("HY2018")	Change + / (-)
	(\$'000)	(\$'000)	%	(\$'000)	(\$'000)	%
Revenue	45,857	48,560	(6)	92,246	93,626	(1)
Cost of sales	(22,907)	(25,508)	(10)	(46,555)	(51,425)	(9)
Gross profit	22,950	23,052	0	45,691	42,201	8
Other items of income:						
Interest income	753	919	(18)	1,547	1,688	(8)
Other items of expenses:						
Administrative expenses	(9,485)	(9,485)	0	(18,886)	(17,850)	6
Finance cost	(7,978)	(9,826)	(19)	(16,138)	(18,983)	(15)
Other expenses	(228)	(238)	(4)	(403)	(386)	4
Other (losses)/gains	(895)	6,398	(114)	(1,654)	16,545	(110)
Profit before tax	5,117	10,820	(53)	10,157	23,215	(56)
Income tax expense	(2,122)	(3,597)	(41)	(3,910)	(7,192)	(46)
Profit after tax	2,995	7,223	(59)	6,247	16,023	(61)
Other comprehensive income/(loss):						
Item that will not be reclassified to profit or loss:						
Re-measurements of defined benefit pension plans, net of tax	129	822	(84)	390	1,006	(61)
Item that may be reclassified subsequently to profit or loss:						
Exchange differences on translating foreign operations	335	(4,613)	N.M	(452)	(10,723)	(96)
Other comprehensive income/(loss), net of tax	464	(3,791)	N.M	(62)	(9,717)	(99)
Total comprehensive income	3,459	3,432	1	6,185	6,306	(2)
Adjusted EBITDA⁽¹⁾	19,061	17,627	8	38,000	33,919	12

N.M – not meaningful

Note:

- (1) Adjusted EBITDA (being earnings before interest, taxes, depreciation and amortisation) was computed based on the Group's revenue (excluding (i) adjustment from adoption of SFRS (I) INT 12; (ii) service concession construction revenue; and (iii) finance income under service concession arrangements) less cost of sales (excluding service concession construction cost), administrative expenses and other expenses, adding back depreciation and amortisation.

1(a) A statement of profit or loss and other comprehensive income for the group, together with a comparative statement for the corresponding period of immediately preceding financial year

1(a)(i) Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

	Group					
	Unaudited 3 months ended 30.06.2019	Unaudited 3 months ended 30.06.2018	Change + / (-)	Unaudited 6 months ended 30.06.2019	Unaudited 6 months ended 30.06.2018	Change + / (-)
	(\$'000)	(\$'000)	%	(\$'000)	(\$'000)	%
Profit attributable to:						
Owners of the parent, net of tax	2,976	7,215	(59)	6,189	15,973	(61)
Non-controlling interests, net of tax	19	8	138	58	50	16
Profit after tax	2,995	7,223	(59)	6,247	16,023	(61)
Total comprehensive income attributable to:						
Owners of the parent	3,440	3,424	0	6,127	6,256	(2)
Non-controlling interests	19	8	138	58	50	16
Total comprehensive income	3,459	3,432	1	6,185	6,306	(2)

N.M – not meaningful

1(a)(ii) Notes to Consolidated Statement of Profit or Loss

Profit before tax is arrived at after crediting/(charging) the following:

	Group					
	Unaudited 3 months ended 30.06.2019	Unaudited 3 months ended 30.06.2018	Change + / (-)	Unaudited 6 months ended 30.06.2019	Unaudited 6 months ended 30.06.2018	Change + / (-)
	(\$'000)	(\$'000)	%	(\$'000)	(\$'000)	%
Sale of water and related services ⁽¹⁾	37,707	37,354	1	76,066	71,703	6
Adjustment from adoption of SFRS (I) INT 12 ⁽¹⁾⁽²⁾	(1,776)	(1,319)	35	(3,556)	(2,600)	37
Service concession construction revenue ⁽¹⁾	4,092	6,764	(40)	8,108	14,243	(43)
Other revenue ⁽¹⁾	1,484	1,153	29	2,918	2,532	15
Finance income under service concession arrangements ⁽¹⁾⁽²⁾	4,350	4,608	(6)	8,710	7,748	12
Depreciation of property, plant and equipment ⁽³⁾	(1,426)	(1,211)	18	(2,843)	(2,389)	19
Amortisation of service concession assets	(6,972)	(6,392)	9	(13,910)	(12,721)	9
Allowance for doubtful debts	(202)	(475)	(57)	(522)	(879)	(41)
Interest on borrowings	(7,978)	(9,826)	(19)	(16,138)	(18,983)	(15)
Net foreign exchange adjustment (losses)/gains ⁽⁴⁾	(323)	6,047	N.M	(1,016)	13,584	N.M

N.M – not meaningful

Notes:

- (1) Classified as revenue in consolidated statement of profit or loss and other comprehensive income.
- (2) In accordance to the Singapore Financial Reporting Standards (International) Interpretations 12 - Service Concession Arrangements ("SFRS (I) INT 12"), when the Group (as operator) receives payment during the period of the service concession arrangement, it will apportion such payment between a repayment of the financial asset arising from the construction activities of the service concession arrangement, reducing the carrying amount of the financial assets on its statement of financial position, and revenue from operating and maintaining the water treatment plant in its statement of profit or loss. Interest income on financial assets arising from the service concession arrangement will also be recognized.
- (3) The increase was mainly due to depreciation expense from new equipment acquired.
- (4) Classified as other (losses)/gains in consolidated statement of profit or loss and other comprehensive income.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	30.06.2019	31.12.2018	30.06.2019	31.12.2018
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Assets				
Non-current assets				
Property, plant and equipment	25,670	25,631	59	74
Investments in subsidiaries	-	-	188,416	182,507
Service concession assets	353,318	354,175	-	-
Goodwill	72,632	73,324	-	-
Deferred income tax assets	9,933	9,001	-	-
Total non-current assets	461,553	462,131	188,475	182,581
Current assets				
Inventories	5,475	4,929	-	-
Service concession assets	11,633	8,958	-	-
Trade and other receivables	38,951	38,383	226	197
Restricted cash in banks	7,111	5,996	-	-
Cash and cash equivalents	104,937	115,570	56,889	63,074
Total current assets	168,107	173,836	57,115	63,271
Total assets	629,660	635,967	245,590	245,852
Equity and liabilities				
Equity attributable to owners of the parent				
Share capital	253,728	253,618	253,728	253,618
Capital reserve	5,826	5,826	-	-
Share option reserve	591	591	591	591
Foreign currency translation reserve	(20,259)	(19,807)	-	-
Retained earnings/(accumulated losses)	35,056	28,477	(8,881)	(8,519)
Equity attributable to owners of the parent	274,942	268,705	245,438	245,690
Non-controlling interests	1,687	1,629	-	-
Total equity	276,629	270,334	245,438	245,690
Non-current liabilities				
Provisions	20,484	20,841	-	-
Borrowings	209,878	224,281	-	-
Deferred income tax liabilities	40,995	40,246	-	-
Trade and other payables	7,832	7,732	-	-
Total non-current liabilities	279,189	293,100	-	-
Current liabilities				
Provisions	1,515	1,961	-	-
Borrowings	41,998	38,911	-	-
Trade and other payables	30,329	31,661	152	162
Total current liabilities	73,842	72,533	152	162
Total liabilities	353,031	365,633	152	162
Total equity and liabilities	629,660	635,967	245,590	245,852

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year

Amount repayable in one year or less, or on demand

As at 30 June 2019 (S\$'000)		As at 31 December 2018 (S\$'000)	
Secured	Unsecured	Secured	Unsecured
41,998	-	38,911	-

Amount repayable after one year

As at 30 June 2019 (S\$'000)		As at 31 December 2018 (S\$'000)	
Secured	Unsecured	Secured	Unsecured
209,878	-	224,281	-

Details of any collateral

Collateral as at 30 June 2019:

PT Aetra Air Jakarta

- Pledge over subsidiaries' ordinary shares and debt service reserve accounts; and
- Corporate guarantee from the Company and a subsidiary of the Company.

PT Aetra Air Tangerang

- Fiduciary of insurance claims from a subsidiary of the Company;
- Mortgage of land from a subsidiary of the Company;
- Fiduciary of machine and equipment from a subsidiary of the Company;
- Pledge over subsidiaries' ordinary shares and debt service reserve accounts; and
- Corporate guarantee from the Company and a subsidiary of the Company.

PT Moya Bekasi Jaya and PT Moya Tangerang

- Fiduciary of accounts receivables of subsidiaries of the Company and insurance claims from a subsidiary of the Company;
- Pledge over subsidiaries' ordinary shares and debt service reserve accounts; and
- Corporate guarantee from the Company and a subsidiary of the Company.

PT Air Semarang Barat

- Fiduciary of accounts receivables of subsidiaries of the Company and insurance claims from a subsidiary of the Company;
- Pledge over subsidiaries' ordinary shares and debt service reserve accounts;
- Corporate guarantee from the Company;
- Fiduciary of guarantee claim from PT Penjaminan Infrastruktur Indonesia;
- Fiduciary of surety bond from the contractor; and
- Fiduciary of compensation claim from Perusahaan Daerah Air Minum Tirta Moedal Semarang.

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

(S\$'000)	Unaudited	Unaudited	Unaudited	Unaudited
	3 months ended 30.06.2019	3 months ended 30.06.2018	6 months ended 30.06.2019	6 months ended 30.06.2018
Cash flows from operating activities				
Receipts from customers	40,815	36,501	81,916	75,525
Payments to suppliers, directors and employees	(22,975)	(22,024)	(42,180)	(44,928)
Payments of corporate income tax	(4,859)	(4,277)	(7,180)	(6,551)
Net cash flows provided from operating activities	12,981	10,200	32,556	24,046
Cash flows from investing activities				
Acquisitions of fixed assets and other non-current assets	(1,276)	(1,342)	(2,496)	(3,172)
Interest received	716	531	1,471	962
Payments of construction costs ⁽¹⁾	(4,691)	(6,703)	(10,223)	(14,654) ⁽¹⁾
Net cash flows used in investing activities	(5,251)	(7,514)	(11,248)	(16,864)
Cash flows from financing activities				
Interest paid	(7,357)	(8,169)	(15,097)	(20,468)
Net increase in restricted cash in bank	(415)	(2,236)	(1,115)	(5,835)
Proceeds from loans	957	-	3,831	292,637
Repayments of loans	(10,067)	(8,923)	(20,165)	(312,816)
Issuance of ordinary shares	-	-	110	-
Net cash flows used in financing activities	(16,882)	(19,328)	(32,436)	(46,482)
Net decrease in cash and cash equivalents	(9,152)	(16,642)	(11,128)	(39,300)
Cash and cash equivalents, beginning balance	114,038	75,409	115,570	96,921
Net effects of exchange rate changes	51	1,173	495	2,319
Cash and cash equivalents, closing balance	104,937	59,940	104,937	59,940

Note:

- (1) Presentation of cash flows related to the payments of construction costs has been reclassified from operating activities to investing activities to conform to the current period presentation. Such reclassifications are for presentation purposes only and have no effect to the Group's net profit or financial position in any of the periods presented.

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

Group	Share capital	Capital reserve	Share option reserve	Foreign currency translation reserve	Retained earnings/ (accumulated losses)	Equity attributable to parent	Non-controlling interests	Total equity
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
At 1 April 2018	120,595	5,826	591	(19,660)	14,634	121,986	652	122,638
Impact from adoption of SFRS(I) 15	-	-	-	3,559	(2,793)	766	-	766
At 1 April 2018 (restated)	120,595	5,826	591	(16,101)	11,841	122,752	652	123,404
Profit for the financial period	-	-	-	-	7,215	7,215	8	7,223
Other comprehensive loss								
Foreign currency translation differences of foreign operations	-	-	-	(4,613)	-	(4,613)	-	(4,613)
Re-measurement of defined benefit pension plans, net of tax	-	-	-	-	822	822	-	822
Total comprehensive income for the financial period	-	-	-	(4,613)	8,037	3,424	8	3,432
At 30 June 2018	120,595	5,826	591	(20,714)	19,878	126,176	660	126,836
At 1 April 2019	253,728	5,826	591	(20,594)	31,951	271,502	1,668	273,170
Profit for the financial period	-	-	-	-	2,976	2,976	19	2,995
Other comprehensive loss								
Foreign currency translation differences of foreign operations	-	-	-	335	-	335	-	335
Re-measurement of defined benefit pension plans, net of tax	-	-	-	-	129	129	-	129
Total comprehensive income for the financial period	-	-	-	335	3,105	3,440	19	3,459
At 30 June 2019	253,728	5,826	591	(20,259)	35,056	274,942	1,687	276,629

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

Group	Share capital	Capital reserve	Share option reserve	Foreign currency translation reserve	Retained earnings/ (accumulated losses)	Equity attributable to parent	Non-controlling interests	Total equity
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
At 1 January 2018	120,595	5,826	591	(13,550)	5,692	119,154	610	119,764
Impact from adoption of SFRS(I) 15	-	-	-	3,559	(2,793)	766	-	766
At 1 January 2018 (restated)	120,595	5,826	591	(9,991)	2,899	119,920	610	120,530
Profit for the financial period	-	-	-	-	15,973	15,973	50	16,023
Other comprehensive loss								
Foreign currency translation differences of foreign operations	-	-	-	(10,723)	-	(10,723)	-	(10,723)
Re-measurement of defined benefit pension plans, net of tax	-	-	-	-	1,006	1,006	-	1,006
Total comprehensive income for the financial period	-	-	-	(10,723)	16,979	6,256	50	6,306
At 30 June 2018	120,595	5,826	591	(20,714)	19,878	126,176	660	126,836
At 1 January 2019	253,618	5,826	591	(19,807)	28,477	268,705	1,629	270,334
Profit for the financial period	-	-	-	-	6,189	6,189	58	6,247
Other comprehensive loss								
Foreign currency translation differences of foreign operations	-	-	-	(452)	-	(452)	-	(452)
Re-measurement of defined benefit pension plans, net of tax	-	-	-	-	390	390	-	390
Total comprehensive income for the financial period	-	-	-	(452)	6,579	6,127	58	6,185
Proceeds from shares issued, net	110	-	-	-	-	110	-	110
At 30 June 2019	253,728	5,826	591	(20,259)	35,056	274,942	1,687	276,629

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 (continued)

Company	Share capital (S\$'000)	Share option reserve (S\$'000)	Accumulated losses (S\$'000)	Total equity (S\$'000)
At 1 April 2018	120,595	591	(7,030)	114,156
Total comprehensive loss	-	-	(376)	(376)
At 30 June 2018	120,595	591	(7,406)	113,780
At 1 April 2019	253,728	591	(8,674)	245,645
Total comprehensive loss	-	-	(207)	(207)
At 30 June 2019	253,728	591	(8,881)	245,438

Company	Share capital (S\$'000)	Share option reserve (S\$'000)	Accumulated losses (S\$'000)	Total equity (S\$'000)
At 1 January 2018	120,595	591	(6,632)	114,554
Total comprehensive loss	-	-	(774)	(774)
At 30 June 2018	120,595	591	(7,406)	113,780
At 1 January 2019	253,618	591	(8,519)	245,690
Proceeds from shares issued, net	110	-	-	110
Total comprehensive loss	-	-	(362)	(362)
At 30 June 2019	253,728	591	(8,881)	245,438

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, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

Issued share capital	Number of shares	Share capital (S\$'000)
As at 31 March 2019 and 30 June 2019	4,203,585,943	253,728

There were no changes in the Company's share capital since the last reported financial period.

As at 30 June 2019, the number of outstanding share options under the Employee Share Option Scheme was 8,000,000 (as at 30 June 2018: 10,400,000).

Save as disclosed, there were no other outstanding convertibles, treasury shares or subsidiary holdings as at 30 June 2019 and 30 June 2018.

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 shares (excluding treasury shares) as at 30 June 2019 was 4,203,585,943 (as at 31 December 2018: 4,201,385,943).

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

Not applicable. The Company does not have any treasury shares during and as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on

Not applicable. The Company does not have any subsidiary holdings during and as at the end of the current financial period reported on.

2. Please state whether the figures have been audited or reviewed, and if so which auditing standard or practice has been followed

The figures have neither been audited nor reviewed by the Company's auditors.

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 financial statements have been applied

Except as disclosed in paragraph 5 below, the Group has consistently applied the same accounting policies and methods of computation in the Group's financial statements for the current reporting period as compared with the audited financial statements for the financial year ended 31 December 2018.

5. If there are any changes in 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 has adopted the applicable new Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 – Leases which became effective for the accounting period beginning on or after 1 January 2019. The adoption of the new SFRS(I) did not result in material adjustments to the financial position, results of operations or cash flows of the Group for the financial period ended 30 June 2019.

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

Earnings per ordinary share based on - net profit attributable to equity holders (numerator), and - weighted average number of ordinary shares on issue (denominator)	3 months ended 30.06.2019 (S\$ cents)	3 months ended 30.06.2018 (S\$ cents)	6 months ended 30.06.2019 (S\$ cents)	6 months ended 30.06.2018 (S\$ cents)
(i) On a basic basis; and (ii) On a fully diluted basis	0.07 0.07	0.26 0.26	0.15 0.15	0.57 0.57
Weighted average number of ordinary shares in issue: - for the purpose of basic earnings per share - for the purpose of diluted earnings per share	4,203,585,943 4,211,585,943	2,800,923,962 2,811,323,962	4,202,911,910 4,211,676,551	2,800,923,962 2,811,323,962

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 period reported on and (b) immediately preceding financial year

	Group		Company	
	Unaudited 30.06.2019	Audited 31.12.2018	Unaudited 30.06.2019	Audited 31.12.2018
Net asset value per ordinary share based on issued share capital ⁽¹⁾ (S\$ cents)	6.54	6.40	5.84	5.85

Note:

(1) Based on an issued share capital of 4,203,585,943 ordinary shares as at 30 June 2019 (31 December 2018: 4,201,385,943 ordinary shares).

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

The Group's principal business comprises concession arrangements and bulk water provider project undertaken by Acuatico Pte. Ltd. and its subsidiaries (namely, PT Aetra Air Jakarta, PT Aetra Air Tangerang and PT Acuatico Air Indonesia) (the "**Acuatico Group**"), and Build-Operate-Transfer ("**BOT**") projects under contract and development under its subsidiaries, namely PT Moya Bekasi Jaya, PT Moya Tangerang, PT Moya Makassar and PT Air Semarang Barat.

8.1 Statement of Profit or Loss and Other Comprehensive Income (HY2019 vs HY2018)

8.1 (a) Revenue

Revenue decreased by S\$1.4 million, from S\$93.6 million in HY2018 to S\$92.2 million in HY2019. This was mainly due to decrease in service concession construction revenue from the Acuatico Group, and Tangerang and Bekasi BOT Projects. The aforementioned decrease were partially offset by increase in (i) water sales from the Acuatico Group, and Tangerang and Bekasi BOT Projects; and (ii) finance income under service concession arrangements from Tangerang and Bekasi BOT Projects.

8.1 (b) Cost of Sales

Cost of sales decreased by S\$4.9 million, from S\$51.4 million in HY2018 to S\$46.5 million in HY2019. This was mainly due to decrease in concession construction cost from the Acuatico Group, and Tangerang and Bekasi BOT Projects.

8.1 (c) Gross Profit

Gross profit increased by S\$3.5 million, from S\$42.2 million in HY2018 to S\$45.7 million in HY2019. This was mainly due to cost efficiency programs implemented by the Group over the years to reduce costs including but not limited to chemical cost and electricity cost.

8.1 (d) Interest Income

Interest income decreased by S\$0.2 million, from S\$1.7 million in HY2018 to S\$1.5 million in HY2019, mainly due to decrease in receivables from Jakarta's Municipal Water Company ("**PAM JAYA**") which resulted in the decrease of finance income from the recognition of discounted receivables from PAM JAYA.

8.1 (e) Administrative Expenses

Administrative expenses increased by S\$1.0 million, from S\$17.9 million in HY2018 to S\$18.9 million in HY2019, mainly due to increase in employee related expenses and professional fees in relation to pipe network consultancy.

8.1 (f) Finance Cost

Finance cost decreased by S\$2.9 million, from S\$19.0 million in HY2018 to S\$16.1 million in HY2019, mainly due to the repayments of bank loan obtained by the Group in connection with the acquisition of the Acuatico Group (“**Acquisition Loan**”) in July 2018.

8.1 (g) Other Expenses

Other expenses remained relatively stable at S\$0.39 million in HY2018 and S\$0.40 million in HY2019.

8.1 (h) Other (Losses)/ Gains

The Group recorded other losses of S\$1.7 million in HY2019, as compared to other gains of S\$16.5 million in HY2018. Other losses of S\$1.7 million in HY2019 relate mainly to (i) foreign exchange loss of S\$1.0 million arising from the appreciation of the Indonesia Rupiah (“**IDR**”) against the Singapore Dollars (“**SGD**”) and United States Dollar (“**USD**”) in HY2019; (ii) other expenses of S\$0.7 million which relate to charges from PAM Jaya, allowance for doubtful debts and land and building tax. Other gains of S\$16.5 million in HY2018 relate mainly due to (i) foreign exchange gain of S\$13.6 million arising from the appreciation of USD against IDR in HY2018; and (ii) write-back of provision for impairment of trade receivables in the Acuatico Group of S\$3.8 million due to recovery of receivables. The gain was partially offset by other expenses of S\$0.8 million.

8.1 (i) Income Tax Expense

Income tax expense decreased by S\$3.3 million, from S\$7.2 million in HY2018 to S\$3.9 million in HY2019, mainly due to the decrease in income tax expense of the Acuatico Group in HY2019 attributable to lower taxable income.

8.1 (j) Profit, Net of Tax

As a result of the above, the Group’s net profit decreased by S\$9.8 million, from S\$16.0 million in HY2018 to S\$6.2 million in HY2019.

8.1 (k) Adjusted EBITDA

Adjusted EBITDA increased by S\$4.1 million, from S\$33.9 million in HY2018 to S\$38.0 million in HY2019, mainly due to increase in water sales and cost efficiency programs in the Group.

8.1 (l) Exchange Differences on Translating Foreign Operations

The Group experienced currency translation differences from the consolidation of its foreign operations as the reporting currency of the Group’s consolidated financials is in SGD. The Group recognized currency translation loss of S\$0.5 million in HY2019 arising from the appreciation of IDR against SGD and USD in HY2019, and the appreciation of SGD against USD in HY2019.

8.2 Statement of Profit or Loss and Other Comprehensive Income (2Q2019 vs 2Q2018)

8.2 (a) Revenue

Revenue decreased by S\$2.7 million, from S\$48.6 million in 2Q2018 to S\$45.9 million in 2Q2019. This was mainly due to decrease in (i) service concession construction revenue from the Acuatico Group, and Tangerang and Bekasi BOT Projects; and (ii) finance income under service concession arrangements from Tangerang and Bekasi BOT Projects. The aforementioned decrease was partially offset by increase in water sales from the Acuatico Group, and Tangerang and Bekasi BOT Projects.

8.2 (b) Cost of Sales

Cost of sales decreased by S\$2.6 million, from S\$25.5 million in 2Q2018 to S\$22.9 million in 2Q2019. This was mainly due to decrease in concession construction cost of the Acuatico Group, and Tangerang and Bekasi BOT Projects.

8.2 (c) Gross Profit

Gross profit remained relatively stable at S\$23.1 million in 2Q2018 and S\$23.0 million in 2Q2019.

8.2 (d) Interest Income

Interest income decreased by S\$0.1 million, from S\$0.9 million in 2Q2018 to S\$0.8 million in 2Q2019, mainly due to decrease in receivables from PAM JAYA in Aetra Air Jakarta resulted in decrease of finance income from the recognition of discounted receivables from PAM JAYA.

8.2 (e) Administrative Expenses

Administrative expenses remained stable at S\$9.5 million in 2Q2018 and 2Q2019.

8.2 (f) Finance Cost

Finance cost decreased by S\$1.8 million, from S\$9.8 million in 2Q2018 to S\$8.0 million in 2Q2019, mainly due to the repayments of the Acquisition Loan in July 2018.

8.2 (g) Other Expenses

Other expenses remained relatively stable at S\$0.24 million in 2Q2018 and S\$0.23 million in 2Q2019.

8.2 (h) Other (Losses)/ Gains

The Group recorded other losses of S\$0.9 million in 2Q2019, as compared to other gains of S\$6.4 million in 2Q2018. Other losses of S\$0.9 million in 2Q2019 relate mainly to (i) foreign exchange loss of S\$0.3 million arising from the appreciation of IDR against the Singapore Dollars (“**SGD**”) and United States Dollar (“**USD**”) in 2Q2019; (ii) other expenses of S\$0.6 million which relate to charges from PAM Jaya, allowance for doubtful debts and land and building tax. Other gains of S\$6.4 million in 2Q2018, mainly due to (i) foreign exchange gain of S\$6.0 million arising from the appreciation of USD against IDR in 2Q2018; and (ii) write-back of provision for impairment of trade receivables in the Acuatico Group of S\$0.6 million due to recovery of receivables. The gain was partially offset by other expenses of S\$0.2 million.

8.2 (i) Income Tax Expense

Income tax expense decreased by S\$1.5 million, from S\$3.6 million in 2Q2018 to S\$2.1 million in 2Q2019, mainly due to the decrease in income tax expense of the Acuatico Group in 2Q2019 attributable to lower taxable income.

8.2 (j) Profit, Net of Tax

As a result of the above, the Group's net profit decreased by S\$4.2 million, from S\$7.2 million in 2Q2018 to S\$3.0 million in 2Q2019.

8.2 (k) Adjusted EBITDA

Adjusted EBITDA increased by S\$1.5 million, from S\$17.6 million in 2Q2018 to S\$19.1 million in 2Q2019, mainly due to increase in water sales and cost efficiency programs in the Group.

8.2 (l) Exchange Differences on Translating Foreign Operations, Net of Tax

The Group experienced currency translation differences from the consolidation of its foreign operations as the reporting currency of the Group's consolidated financials is in SGD. The Group recognized currency translation gain of S\$0.3 million in 2Q2019 arising from the appreciation of USD against SGD in 2Q2019.

8.3 Statement of Financial Position (HY2019 vs FY2018)

The Group's total equity increased by S\$6.3 million or 2.3%, from S\$270.3 million as at 31 December 2018 to S\$276.6 million as at 30 June 2019. The increase was mainly due to (i) net profit of S\$6.2 million in HY2019; and (ii) increase in share capital of S\$0.1 million from the exercise of Employee Share Option Scheme (“**ESOS**”) in HY2019.

8.3 (a) Non-current Assets

The Group's non-current assets decreased by S\$0.6 million or 0.1%, from S\$462.1 million as at 31 December 2018 to S\$461.6 million as at 30 June 2019. This was mainly due to decrease in (i) service concession assets of S\$0.8 million; and (ii) goodwill of S\$0.7 million, partially offset by increase in deferred income tax assets of S\$0.9 million. Service concession assets comprised service concession arrangements and contractual concession rights. Please refer to Section 1(a)(ii) of this announcement, footnote (2), on the accounting treatment of the Group's financial assets arising from service concession arrangement.

8.3 (b) Current Assets

The Group's current assets decreased by S\$5.7 million or 3.3%, from S\$173.8 million as at 31 December 2018 to S\$168.1 million as at 30 June 2019. This was mainly due to decrease in cash and cash equivalents of S\$10.6 million. The aforementioned decreases were partially offset by increase in (i) service concession assets of S\$2.7 million; (ii) restricted cash in banks of S\$1.1 million; (iii) trade and other receivables of S\$0.6 million; and (iv) inventories of S\$0.5 million. Please refer to Section 8.4 of this announcement on the statement of cash flows for explanations on the increase in cash and cash equivalents of the Group. The increase in service concession assets (current and non-current) of S\$1.8 million was mainly due to the capitalization of expenditure incurred for the BOT projects in PT Moya Bekasi Jaya and PT Moya Tangerang.

8.3 (c) Non-current Liabilities

The Group's non-current liabilities decreased by S\$13.9 million or 4.7%, from S\$293.1 million as at 31 December 2018 to S\$279.2 million as at 30 June 2019. This was mainly due to installment payment of existing bank loans in HY2019 of S\$20.2 million. The decrease was partially offset by drawdown of bank loans of S\$3.8 million.

8.3 (d) Current Liabilities

The Group's current liabilities increased by S\$1.3 million or 1.8%, from S\$72.5 million as at 31 December 2018 to S\$73.8 million as at 30 June 2019. The increase was mainly due to increase in borrowings of S\$3.1 million due in the next 12 months, partially offset by decrease in trade and other payables of S\$1.3 million and provisions of S\$0.5 million.

8.3 (e) Working Capital (defined as current assets less current liabilities)

The Group reported a positive working capital of S\$94.3 million as at 30 June 2019 and S\$101.3 million as at 31 December 2018.

8.4 Statement of Cash Flows (HY2019)

Net cash flows provided from operating activities in HY2019 was S\$32.5 million, due to receipts from customers of S\$81.9 million, partially offset by payment to suppliers, directors and employees of S\$42.2 million, and payment of corporate income tax of S\$7.2 million.

Net cash flows used in investing activities in HY2019 was S\$11.2 million, due to payments of construction cost related to the BOT projects and water supply concessions of S\$10.2 million, purchase of fixed assets and other non-current assets of S\$2.5 million, partially offset by receipt of interest income from time deposit of S\$1.5 million.

Net cash flows used in financing activities in HY2019 was S\$32.4 million, due to repayments of bank loans of S\$20.2 million, payments of interest and finance cost of S\$15.1 million, and increase in restricted cash in banks of S\$1.1 million, partially offset by proceeds from bank loan of S\$3.8 million and proceeds from shares issued in relation with the exercise of ESOS of S\$0.1 million.

As a result of the above, the Group's cash and cash equivalents decreased by S\$11.1 million in HY2019.

8.5 Statement of Cash Flows (2Q2019)

Net cash flows provided from operating activities in 2Q2019 was S\$13.0 million, due to receipts from customers of S\$40.8 million, partially offset by payment to suppliers, directors and employees of S\$23.0 million, and payment of corporate income tax of S\$4.9 million.

Net cash flows used in investing activities in 2Q2019 was S\$5.3 million, due to payments of construction cost related to the BOT projects and water supply concessions of S\$4.7 million, purchase of fixed assets and other non-current assets of S\$1.3 million, partially offset by receipt of interest income from time deposit of S\$0.7 million.

Net cash flows used in financing activities in 2Q2019 was S\$16.9 million, due to repayments of bank loans of S\$10.1 million, payments of interest and finance cost of S\$7.4 million and increase in restricted cash in banks of S\$0.4 million, partially offset by proceeds from bank loan of S\$0.9 million.

As a result of the above, the Group's cash and cash equivalents decreased by S\$9.2 million in 2Q2019.

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

No forecast or prospect statement has been previously disclosed to shareholders.

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

PT Air Semarang Barat ("**ASB**"), a subsidiary of PT Aetra Air Jakarta, is our latest BOT project, won a public-private partnership tender for a 1,000 lps water treatment project located in West Semarang, Central Java. ASB entered into a Cooperation Agreement with Perusahaan Daerah Air Minum Tirta Moedal Semarang ("**PDAM Semarang**"), the municipal water company of Semarang City, in November 2018. The construction has started in May 2019 and is expected to be completed within two years, barring unforeseen circumstances. The commercial operation is targeted to commence by May 2021.

On 29 April 2019, ASB obtained a new bank loan facility up to IDR265 billion (equivalent to S\$25.4 million) with maturity of 12 years to finance the construction of water supply system in West Semarang, Indonesia.

The Group is focusing on organic growth of PT Moya Tangerang, which is in the process of constructing its new water treatment plant of 1,000 lps with completion target by second half of 2020, and PT Aetra Air Tangerang, which is in the process of upgrading water treatment plant from 900 lps to 1,050 lps. Besides focusing on organic growth, the Group is also looking for opportunities to further expand its business via participation in new tender, either Business-to-Business or Public-Private Partnership, as well as mergers and acquisitions to deliver greater value to the shareholders of the Company and to enhance the Group's profitability.

PT Aetra Air Jakarta is currently in discussion with PAM Jaya on future development plans of cooperation scheme for Jakarta. The Company will make an announcement when there are material developments.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended)

No.

(b)(i) Amount per share

Not applicable.

(b)(ii) Previous corresponding period

No.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country whether the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect and reason(s) for the decision

The Board of Directors of the Company (“**Board**”) does not recommend any dividend to be declared for HY2019, as the Board of Directors of the Company deems it appropriate to retain the cash for the Group’s capital expenditure and for the Group’s future growth.

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

No general mandate for IPT has been obtained from shareholders.

14. Confirmation by the Board pursuant to Rule 705(5) of the Catalist Rules

We, Mohammad Syahrial and Low Chai Chong, being directors of the Company, do hereby confirm, on behalf of the Board that, to the best knowledge, nothing has come to the attention of the Board which may render the unaudited financial results for the second quarter and six-month financial period ended 30 June 2019 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1) of the Catalist Rules.

On behalf of the Board, we hereby confirm that we have procured all the required undertakings from all the Directors and Executive Officers of the Company in the format set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

16. Use of Proceeds

Rights Issue, completed in January 2016

Use of net proceeds	Allocation of net proceeds (as disclosed in the circular to shareholders dated 31 December 2015) (S\$'million)	Net proceeds utilised as at 29 April 2019 (S\$'million)	Net proceeds utilised from 30 April 2019 up to the date of this announcement (S\$'million)	Balance of net proceeds as at the date of this announcement (S\$'million)
Development of the BOT projects in Indonesia	32.58	28.57	2.52	1.49
Expansion through acquisitions, joint ventures and/or strategic partnerships	15.04	15.04	-	-
General corporate and working capital requirements of the Group	2.51	2.51	-	-
Total	50.13	46.12	2.52	1.49

Rights Issue, completed in July 2018

Use of net proceeds	Allocation of net proceeds (as disclosed in the Offer Information Statement) (S\$' million)	Net proceeds utilised as at 29 April 2019 (S\$' million)	Net proceeds utilised from 30 April 2019 up to the date of this announcement (S\$'million)	Balance of Net proceeds as at the date of this announcement (S\$' million)	Balance of Net proceeds (on a re-allocated basis) as at the date of this announcement (S\$' million)
Full repayment of the MIH Loan	68.00	64.46	-	3.54 ⁽¹⁾	-(1)
Continual expansion through acquisitions, joint ventures and/or strategic partnerships	50.00	2.85	-	47.15	47.15
Development of BOT Projects in bulk water supply and water supply concessions in Indonesia	13.00	-	1.00	12.00	15.54 ⁽¹⁾
General corporate and working capital requirements of the Group	1.04	0.83	0.46	(0.25)	0.02 ⁽²⁾
Total use of net proceeds	132.04	68.14	1.46	62.44	62.71
Rights Issue expenses	1.00	0.73	-	0.27 ⁽²⁾	-(2)
Total	133.04	68.87	1.46	62.71	62.71

Notes:

- (1) The Company had utilized S\$64.46 million from the net proceeds and its other existing cash balance to repay the entire outstanding balance of the Acquisition Loan. As such, the un-utilized balance of S\$3.54 million of the net proceeds initially allocated for the repayment of the MIH Loan shall be re-allocated for the development of BOT projects in bulk water supply and water supply concessions in Indonesia.
- (2) The Company had utilized S\$0.73 million out of the S\$1.0 million allocated as the expenses for the Rights Issue. The unutilized balance of S\$0.27 million shall be re-allocated to the general corporate and working capital requirements of the Group.

The Company will make periodic announcements via SGXNet on the utilisation of the balance of the net proceeds raised from the above transactions as and when such funds are materially disbursed.

On behalf of the Board of Directors

Mohammad Syahrial
Chief Executive Officer

Low Chai Chong
Non-Executive Chairman

02 August 2019