



Moya Holdings Asia Limited

MOYA HOLDINGS ASIA LIMITED

Registration number: 201301085G

**Unaudited Financial Statements and Dividend Announcement
For The Third Quarter and Nine-Month Financial Period Ended 30 September 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 Catalist.

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 THIRD QUARTER (“3Q”) AND NINE-MONTH FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 30.09.2019 ("3Q2019")	Unaudited 3 months ended 30.09.2018 ("3Q2018")	Change + / (-)	Unaudited 9 months ended 30.09.2019 ("9M2019")	Unaudited 9 months ended 30.09.2018 ("9M2018")	Change + / (-)
	(S\$'000)	(S\$'000)	%	(S\$'000)	(S\$'000)	%
Revenue	51,788	48,329	7	144,034	141,955	1
Cost of sales	(26,840)	(25,812)	4	(73,395)	(77,237)	(5)
Gross profit	24,948	22,517	11	70,639	64,718	9
Other item of income:						
Interest income	948	609	56	2,495	2,297	9
Other items of expenses:						
Administrative expenses	(9,330)	(9,701)	(4)	(28,216)	(27,551)	2
Finance costs	(7,544)	(10,439)	(28)	(23,682)	(29,422)	(20)
Other expenses	(235)	(211)	11	(638)	(597)	7
Other (losses)/gains	(1,558)	8,294	N.M	(3,212)	24,839	N.M
Profit before tax	7,229	11,069	(35)	17,386	34,284	(49)
Income tax expense	(2,985)	(4,182)	(29)	(6,895)	(11,374)	(39)
Profit after tax	4,244	6,887	(38)	10,491	22,910	(54)
Other comprehensive income/(loss):						
Item that will not be reclassified to profit or loss:						
Re-measurements of defined benefit pension plans, net of tax	109	381	(71)	499	1,387	(64)
Item that may be reclassified subsequently to profit or loss:						
Exchange differences on translating foreign operations	5,278	(8,971)	N.M	4,826	(19,694)	N.M
Other comprehensive income/(loss), net of tax	5,387	(8,590)	N.M	5,325	(18,307)	N.M
Total comprehensive income /(loss)	9,631	(1,703)	N.M	15,816	4,603	N.M
Adjusted EBITDA⁽¹⁾	22,047	17,341	27	60,047	51,260	17

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 the 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 costs), 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					
	Change			Change		
	3Q2019	3Q2018	+ / (-)	9M2019	9M2018	+ / (-)
	(S\$'000)	(S\$'000)	%	(S\$'000)	(S\$'000)	%
Profit attributable to:						
Owners of the parent, net of tax	4,186	6,865	(39)	10,375	22,838	(55)
Non-controlling interests, net of tax	58	22	164	116	72	61
Profit after tax	4,244	6,887	(38)	10,491	22,910	(54)
Total comprehensive income/(loss) attributable to:						
Owners of the parent	9,573	(1,725)	N.M	15,700	4,531	247
Non-controlling interests	58	22	164	116	72	61
Total comprehensive income	9,631	(1,703)	N.M	15,816	4,603	244

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					
	Change			Change		
	3Q2019	3Q2018	+ / (-)	9M2019	9M2018	+ / (-)
	(S\$'000)	(S\$'000)	%	(S\$'000)	(S\$'000)	%
Sale of water and related services ⁽¹⁾	41,914	37,457	12	117,980	109,160	8
Adjustment from adoption of SFRS (I) INT 12 ⁽¹⁾⁽²⁾	(2,005)	(1,371)	46	(5,561)	(3,971)	40
Service concession construction revenue ⁽¹⁾	5,839	6,323	(8)	13,947	20,566	(32)
Other revenue ⁽¹⁾	1,608	1,686	(5)	4,526	4,218	7
Finance income under service concession arrangements ⁽¹⁾⁽²⁾	4,432	4,234	5	13,142	11,982	10
Depreciation of property, plant and equipment ⁽³⁾	(1,932)	(1,170)	65	(4,775)	(3,559)	34
Amortisation of service concession assets ⁽⁴⁾	(7,157)	(6,433)	11	(21,067)	(19,154)	10
Allowance for doubtful debts ⁽⁵⁾	(278)	(444)	(37)	(800)	(1,323)	(40)
Interest on borrowings	(7,544)	(10,439)	(28)	(23,682)	(29,422)	(20)
Net foreign exchange adjustment (losses)/gains ⁽⁶⁾	(923)	8,410	N.M	(1,939)	21,994	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 recognised.
- (3) The increase was mainly due to depreciation charges arising from new equipment acquired.
- (4) The increase was mainly due to amortization expense from new intangible assets arising from a service concession arrangement.
- (5) The decrease was mainly due to lower allowance for doubtful debts provided resulted from improvement in the collection of receivables.
- (6) 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 30.09.2019 (S\$'000)	Audited 31.12.2018 (S\$'000)	Unaudited 30.09.2019 (S\$'000)	Audited 31.12.2018 (S\$'000)
Assets				
Non-current assets				
Property, plant and equipment	27,363	25,631	52	74
Investments in subsidiaries	-	-	188,356	182,507
Service concession assets	360,417	354,175	-	-
Goodwill	74,136	73,324	-	-
Deferred income tax assets	10,503	9,001	-	-
Total non-current assets	472,419	462,131	188,408	182,581
Current assets				
Inventories	5,547	4,929	-	-
Service concession assets	12,969	8,958	-	-
Trade and other receivables	39,857	38,383	133	197
Restricted cash in banks	5,955	5,996	-	-
Cash and cash equivalents	101,406	115,570	56,852	63,074
Total current assets	165,734	173,836	56,985	63,271
Total assets	638,153	635,967	245,393	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	(14,981)	(19,807)	-	-
Retained earnings/(accumulated losses)	39,351	28,477	(9,079)	(8,519)
Equity attributable to owners of the parent	284,515	268,705	245,240	245,690
Non-controlling interests	1,745	1,629	-	-
Total equity	286,260	270,334	245,240	245,690
Non-current liabilities				
Provisions	20,984	20,841	-	-
Borrowings	205,177	224,281	-	-
Deferred income tax liabilities	42,222	40,246	-	-
Trade and other payables	7,913	7,732	-	-
Total non-current liabilities	276,296	293,100	-	-
Current liabilities				
Provisions	1,590	1,961	-	-
Borrowings	44,564	38,911	-	-
Trade and other payables	29,443	31,661	153	162
Total current liabilities	75,597	72,533	153	162
Total liabilities	351,893	365,633	153	162
Total equity and liabilities	638,153	635,967	245,393	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 September 2019 (S\$'000)		As at 31 December 2018 (S\$'000)	
Secured	Unsecured	Secured	Unsecured
44,564	-	38,911	-

Amount repayable after one year

As at 30 September 2019 (S\$'000)		As at 31 December 2018 (S\$'000)	
Secured	Unsecured	Secured	Unsecured
205,177	-	224,281	-

Details of any collateral

Collateral as at 30 September 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 30.09.2019	3 months ended 30.09.2018	9 months ended 30.09.2019	9 months ended 30.09.2018
Cash flows from operating activities				
Receipts from customers	42,520	37,902	124,436	113,427
Payments to suppliers, directors and employees	(23,556)	(18,404)	(65,736)	(63,332)
Payments of corporate income tax	(2,345)	(1,464)	(9,525)	(8,015)
Net cash flows generated from operating activities	16,619	18,034	49,175	42,080
Cash flows from investing activities				
Acquisitions of fixed assets and other non-current assets	(1,844)	(1,277)	(4,340)	(4,449)
Interest received	888	644	2,359	1,606
Payments of construction costs ⁽¹⁾	(6,122)	(8,358)	(16,345)	(23,012) ⁽¹⁾
Net cash flows used in investing activities	(7,078)	(8,991)	(18,326)	(25,855)
Cash flows from financing activities				
Interest paid	(7,066)	(7,416)	(22,163)	(27,884)
Net decrease/(increase) in restricted cash in bank	1,156	5,079	41	(756)
Proceeds from loans	2,508	-	6,339	292,637
Repayments of loans	(10,461)	(79,089)	(30,626)	(391,905)
Issuance of ordinary shares	-	133,044	110	133,044
Net cash flows used in financing activities	(13,863)	51,618	(46,299)	5,136
Net (decrease)/increase in cash and cash equivalents	(4,322)	60,661	(15,450)	21,361
Cash and cash equivalents, beginning balance	104,937	59,940	115,570	96,921
Net effects of exchange rate changes	791	(3,712)	1,286	(1,393)
Cash and cash equivalents, closing balance	101,406	116,889	101,406	116,889

Note:

- (1) Presentation of prior period 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 July 2018	120,595	5,826	591	(24,273)	22,671	125,410	660	126,070
Impact from adoption of SFRS(I) 15	-	-	-	3,559	(2,793)	766	-	766
At 1 July 2018 (restated)	120,595	5,826	591	(20,714)	19,878	126,176	660	126,836
Profit for the financial period	-	-	-	-	6,865	6,865	22	6,887
Other comprehensive loss								
Foreign currency translation differences of foreign operations	-	-	-	(8,971)	-	(8,971)	-	(8,971)
Re-measurement of defined benefit pension plans, net of tax	-	-	-	-	381	381	-	381
Total comprehensive loss for the financial period	-	-	-	(8,971)	7,246	(1,725)	22	(1,703)
At 30 September 2018	120,595	5,826	591	(29,685)	27,124	124,451	682	125,133
At 1 July 2019	253,728	5,826	591	(20,259)	35,056	274,942	1,687	276,629
Profit for the financial period	-	-	-	-	4,186	4,186	58	4,244
Other comprehensive income								
Foreign currency translation differences of foreign operations	-	-	-	5,278	-	5,278	-	5,278
Re-measurement of defined benefit pension plans, net of tax	-	-	-	-	109	109	-	109
Total comprehensive income for the financial period	-	-	-	5,278	4,295	9,573	58	9,631
At 30 September 2019	253,728	5,826	591	(14,981)	39,351	284,515	1,745	286,260

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(l) 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	-	-	-	-	22,838	22,838	72	22,910
Other comprehensive income								
Foreign currency translation differences of foreign operations	-	-	-	(19,694)	-	(19,694)	-	(19,694)
Re-measurement of defined benefit pension plans, net of tax	-	-	-	-	1,387	1,387	-	1,387
Total comprehensive income for the financial period	-	-	-	(19,694)	24,225	4,531	72	4,603
At 30 September 2018	120,595	5,826	591	(29,685)	27,124	124,451	682	125,133
At 1 January 2019	253,618	5,826	591	(19,807)	28,477	268,705	1,629	270,334
Profit for the financial period	-	-	-	-	10,375	10,375	116	10,491
Other comprehensive income								
Foreign currency translation differences of foreign operations	-	-	-	4,826	-	4,826	-	4,826
Re-measurement of defined benefit pension plans, net of tax	-	-	-	-	499	499	-	499
Total comprehensive income for the financial period	-	-	-	4,826	10,874	15,700	116	15,816
Proceeds from shares issued, net	110	-	-	-	-	110	-	110
At 30 September 2019	253,728	5,826	591	(14,981)	39,351	284,515	1,745	286,260

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 July 2018	120,595	591	(7,406)	113,780
Proceeds from shares issued, net	133,023	-	-	133,023
Total comprehensive loss	-	-	(1,047)	(1,047)
At 30 September 2018	253,618	591	(8,453)	245,756
At 1 July 2019	253,728	591	(8,881)	245,438
Total comprehensive loss	-	-	(198)	(198)
At 30 September 2019	253,728	591	(9,079)	245,240

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
Proceeds from shares issued, net	133,023	-	-	133,023
Total comprehensive loss	-	-	(1,821)	(1,821)
At 30 September 2018	253,618	591	(8,453)	245,756
At 1 January 2019	253,618	591	(8,519)	245,690
Proceeds from shares issued, net	110	-	-	110
Total comprehensive loss	-	-	(560)	(560)
At 30 September 2019	253,728	591	(9,079)	245,240

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

Save as disclosed, there were no other outstanding convertibles, treasury shares or subsidiary holdings as at 30 September 2019 and 30 September 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 September 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 September 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 30.09.2019 (S\$ cents)	3 months ended 30.09.2018 (S\$ cents)	9 months ended 30.09.2019 (S\$ cents)	9 months ended 30.09.2018 (S\$ cents)
(i) On a basic basis; and (ii) On a fully diluted basis	0.10 0.10	0.17 0.17	0.25 0.25	0.70 0.70
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	4,140,496,292 4,150,896,292	4,203,139,057 4,211,646,016	3,252,354,930 3,262,754,930

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 30.09.2019	Audited 31.12.2018	Unaudited 30.09.2019	Audited 31.12.2018
Net asset value per ordinary share based on issued share capital ⁽¹⁾ (S\$ cents)	6.77	6.40	5.83	5.85

Note:

(1) Based on an issued share capital of 4,203,585,943 ordinary shares as at 30 September 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 (9M2019 vs 9M2018)

8.1 (a) Revenue

Revenue increased by S\$2.1 million, from S\$141.9 million in 9M2018 to S\$144.0 million in 9M2019. This was mainly due to 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. The aforementioned increase were partially offset by decrease in service concession construction revenue from the Acuatico Group, and Tangerang and Bekasi BOT Projects.

8.1 (b) Cost of Sales

Cost of sales decreased by S\$3.8 million, from S\$77.2 million in 9M2018 to S\$73.4 million in 9M2019. 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\$5.9 million, from S\$64.7 million in 9M2018 to S\$70.6 million in 9M2019. This was mainly due to cost efficiency programmes implemented by the Group over the years to reduce costs, including but not limited to, chemical costs and electricity costs.

8.1 (d) Interest Income

Interest income increased by S\$0.2 million, from S\$2.3 million in 9M2018 to S\$2.5 million in 9M2019, mainly due to increase in interest income from the time deposit.

8.1 (e) Administrative Expenses

Administrative expenses increased by S\$0.6 million, from S\$27.6 million in 9M2018 to S\$28.2 million in 9M2019, mainly due to increase in employee related expenses.

8.1 (f) Finance Cost

Finance cost decreased by S\$5.7 million, from S\$29.4 million in 9M2018 to S\$23.7 million in 9M2019, 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\$0.6 million in 9M2018 and 9M2019.

8.1 (h) Other (Losses)/ Gains

The Group recorded other losses of S\$3.2 million in 9M2019, as compared to other gains of S\$24.8 million in 9M2018. Other losses of S\$3.2 million in 9M2019 relate mainly to (i) foreign exchange loss of S\$1.9 million arising from the appreciation of the Indonesia Rupiah (“IDR”) against the Singapore Dollars (“SGD”) and United States Dollar (“USD”) in 9M2019; (ii) other expenses of S\$1.3 million which relate to charges from PAM Jaya, allowance for doubtful debts and land and building tax.

Other gains of S\$24.8 million in 9M2018 relate mainly to (i) foreign exchange gain of S\$22.0 million arising from the appreciation of USD against IDR in 9M2018; and (ii) write-back of provision for impairment of trade receivables in the Acuatico Group of S\$4.2 million due to recovery of receivables. The gain was partially offset by other expenses of S\$1.4 million.

8.1 (i) Income Tax Expense

Income tax expense decreased by S\$4.5 million, from S\$11.4 million in 9M2018 to S\$6.9 million in 9M2019, mainly due to the decrease in income tax expense of the Acuatico Group in 9M2019, attributable to lower taxable income.

8.1 (j) Profit After Tax

As a result of the above, the Group’s net profit decreased by S\$12.4 million, from S\$22.9 million in 9M2018 to S\$10.5 million in 9M2019.

8.1 (k) Adjusted EBITDA

Adjusted EBITDA increased by S\$8.8 million, from S\$51.2 million in 9M2018 to S\$60.0 million in 9M2019, mainly due to increase in water sales and cost efficiency programmes 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 recognised currency translation gain of S\$4.8 million in 9M2019 arising from the appreciation of IDR against SGD in 9M2019 and the appreciation of USD against SGD in 9M2019.

8.2 Statement of Profit or Loss and Other Comprehensive Income (3Q2019 vs 3Q2018)

8.2 (a) Revenue

Revenue increased by S\$3.5 million, from S\$48.3 million in 3Q2018 to S\$51.8 million in 3Q2019. This was mainly due to increase in (i) water sales from the Acuatico Group, and Tangerang and Bekasi BOT Projects; (ii) service concession construction revenue from Tangerang BOT Projects; and (iii) finance income under service concession arrangements from Tangerang and Bekasi BOT Projects. The aforementioned increase was partially offset by decrease in service concession construction revenue from the Acuatico Group and Bekasi BOT Projects.

8.2 (b) Cost of Sales

Cost of sales increased by S\$1.0 million, from S\$25.8 million in 3Q2018 to S\$26.8 million in 3Q2019. This was mainly due to increase in concession construction cost from Tangerang BOT Projects.

8.2 (c) Gross Profit

Gross profit increased by S\$2.4 million, from S\$22.5 million in 3Q2018 to S\$24.9 million in 3Q2019. This was mainly due to cost efficiency programmes implemented by the Group over the years to reduce costs, including but not limited to, chemical cost and electricity cost.

8.2 (d) Interest Income

Interest income increased by S\$0.3 million, from S\$0.6 million in 3Q2018 to S\$0.9 million in 3Q2019, mainly due to increase in interest income from the time deposit.

8.2 (e) Administrative Expenses

Administrative expenses decreased by S\$0.4 million, from S\$9.7 million in 3Q2018 to S\$9.3 million in 3Q2019, mainly due to the absence of certain professional fees in 3Q2019 (as the Company undertook a rights issue exercise in 3Q2018 which was completed in July 2018).

8.2 (f) Finance Cost

Finance cost decreased by S\$2.9 million, from S\$10.4 million in 3Q2018 to S\$7.5 million in 3Q2019, mainly due to the repayment of the Acquisition Loan in July 2018.

8.2 (g) Other Expenses

Other expenses remained relatively stable at S\$0.2 million in 3Q2018 and S\$0.2 million in 3Q2019.

8.2 (h) Other (Losses)/ Gains

The Group recorded other losses of S\$1.6 million in 3Q2019, as compared to other gains of S\$8.3 million in 3Q2018. Other losses of S\$1.6 million in 3Q2019 relate mainly to (i) foreign exchange loss of S\$0.9 million arising from the appreciation of IDR against the Singapore Dollars (“SGD”) in 3Q2019; and (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\$8.3 million in 3Q2018 relate mainly to (i) foreign exchange gain of S\$8.4 million arising from the appreciation of USD against IDR in 3Q2018; and (ii) write-back of provision for impairment of trade receivables of the Acuatico Group of S\$0.4 million due to recovery of receivables. The gain was partially offset by other expenses of S\$0.5 million.

8.2 (i) Income Tax Expense

Income tax expense decreased by S\$1.2 million, from S\$4.2 million in 3Q2018 to S\$3.0 million in 3Q2019, mainly due to the decrease in income tax expense of the Acuatico Group in 3Q2019, attributable to lower taxable income.

8.2 (j) Profit After Tax

As a result of the above, the Group’s net profit decreased by S\$2.7 million, from S\$6.9 million in 3Q2018 to S\$4.2 million in 3Q2019.

8.2 (k) Adjusted EBITDA

Adjusted EBITDA increased by S\$4.7 million, from S\$17.3 million in 3Q2018 to S\$22.0 million in 3Q2019, mainly due to increase in water sales and cost efficiency programmes 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 recognised currency translation gain of S\$5.3 million in 3Q2019 arising from the appreciation of IDR against SGD in 3Q2019 and the appreciation of USD against SGD in 3Q2019.

8.3 Statement of Financial Position

The Group’s total equity increased by S\$15.9 million or 5.9%, from S\$270.3 million as at 31 December 2018 to S\$286.2 million as at 30 September 2019. The increase was mainly due to (i) net profit of S\$10.5 million in 9M2019; (ii) gain on foreign currency translation reserve of S\$4.8 million; and (iii) increase in share capital of S\$0.1 million from the exercise of Employee Share Option Scheme (“ESOS”) in 9M2019.

8.3 (a) Non-current Assets

The Group's non-current assets increased by S\$10.3 million or 2.2%, from S\$462.1 million as at 31 December 2018 to S\$472.4 million as at 30 September 2019. This was mainly due to increase in (i) service concession assets of S\$6.3 million; (ii) property, plant and equipment of S\$1.7 million; (iii) deferred income tax assets of S\$1.5 million; and (iv) goodwill of S\$0.8 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\$8.1 million or 4.7%, from S\$173.8 million as at 31 December 2018 to S\$165.7 million as at 30 September 2019. This was mainly due to decrease in cash and cash equivalents of S\$14.2 million. The aforementioned decreases were partially offset by increase in (i) service concession assets of S\$4.0 million; (ii) trade and other receivables of S\$1.5 million; and (iii) inventories of S\$0.6 million.

Cash and cash equivalents decreased by 12.3% or S\$14.2 million, from S\$115.6 million as at 31 December 2018 to S\$101.4 million as at 30 September 2019. Please refer to Section 8.4 of this announcement on the statement of cash flows for explanations on the decrease in cash and cash equivalents of the Group.

Service concession assets (current and non-current) increased by 2.8% or S\$10.3 million, from S\$363.2 million as at 31 December 2018 to S\$373.4 million as at 30 September 2019, mainly due to the capitalization of expenditure incurred for the BOT projects in PT Moya Bekasi Jaya and PT Moya Tangerang.

Inventories increased by 12.5% or S\$0.6 million, from S\$4.9 million as at 31 December 2018 to S\$5.5 million as at 30 September 2019, mainly due to the purchase of pipes for the BOT projects in PT Moya Tangerang and Aetra Air Tangerang.

8.3 (c) Non-current Liabilities

The Group's non-current liabilities decreased by S\$16.8 million or 5.7%, from S\$293.1 million as at 31 December 2018 to S\$276.3 million as at 30 September 2019. This was mainly due to installment payment of existing bank loans in 9M2019 of S\$30.5 million. The decrease was partially offset by drawdown of bank loans of S\$6.3 million.

8.3 (d) Current Liabilities

The Group's current liabilities increased by S\$3.1 million or 4.2%, from S\$72.5 million as at 31 December 2018 to S\$75.6 million as at 30 September 2019. The increase was mainly due to increase in borrowings of S\$5.7 million due in the next 12 months, partially offset by decrease in trade and other payables of S\$2.2 million and provisions of S\$0.4 million.

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

The Group reported a positive working capital of S\$90.1 million as at 30 September 2019 and S\$101.3 million as at 31 December 2018.

8.4 Statement of Cash Flows (9M2019)

Net cash flows generated from operating activities in 9M2019 was S\$49.2 million, due to receipts from customers of S\$124.4 million, partially offset by payment to suppliers, directors and employees of S\$65.7 million, and payment of corporate income tax of S\$9.5 million.

Net cash flows used in investing activities in 9M2019 was S\$18.3 million, due to payments of construction cost related to the BOT projects and water supply concessions of S\$16.3 million, purchase of fixed assets and other non-current assets of S\$4.3 million, partially offset by receipt of interest income from time deposit of S\$2.4 million.

Net cash flows used in financing activities in 9M2019 was S\$46.3 million, due to repayments of bank loans of S\$30.6 million, and payments of interest and finance cost of S\$22.2 million, partially offset by proceeds from bank loan of S\$6.3 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\$15.5 million in 9M2019.

8.5 Statement of Cash Flows (3Q2019)

Net cash flows generated from operating activities in 3Q2019 was S\$16.6 million, due to receipts from customers of S\$42.5 million, partially offset by payment to suppliers, directors and employees of S\$23.6 million, and payment of corporate income tax of S\$2.3 million.

Net cash flows used in investing activities in 3Q2019 was S\$7.1 million, due to payments of construction cost related to the BOT projects and water supply concessions of S\$6.1 million, purchase of fixed assets and other non-current assets of S\$1.8 million, partially offset by receipt of interest income from time deposit of S\$0.9 million.

Net cash flows used in financing activities in 3Q2019 was S\$13.9 million, due to repayments of bank loans of S\$10.5 million and payments of interest and finance cost of S\$7.1 million, partially offset by proceeds from bank loan of S\$2.5 million and decrease in restricted cash in banks of S\$1.2 million.

As a result of the above, the Group's cash and cash equivalents decreased by S\$4.3 million in 3Q2019.

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, won a public-private partnership tender for a 1,000 litre per second ("**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 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\$25.5 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.

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.

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-to-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.

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 9M2019, as the Board 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 third quarter and nine-month financial period ended 30 September 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 2 August 2019 (S\$'million)	Net proceeds utilised from 3 August 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	31.09	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	48.64	1.49	-

Rights Issue, completed in July 2018

Use of net proceeds	Allocation of net proceeds (as disclosed in the circular to Shareholders dated 11 June 2018) (S\$' million)	Net proceeds utilised as at 2 August 2019 (S\$' million)	Net proceeds utilised from 3 August 2019 up to 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 bank 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	1.31	10.69	14.23 ⁽¹⁾
General corporate and working capital requirements of the Group	1.04	1.29	0.02	(0.27)	-(²)
Total use of net proceeds	132.04	69.60	1.33	61.11	61.38
Rights Issue expenses	1.00	0.73	-	0.27 ⁽²⁾	-(²)
Total	133.04	70.33	1.33	61.38	61.38

Notes:

- (1) The Company had utilised 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 unutilised 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 incurred actual expenses of S\$0.73 million in respect of the Rights Issue, lower than the initial estimate of S\$1.00 million. Accordingly, the balance of S\$0.27 million has been re-allocated to be utilised for 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

1 November 2019

Low Chai Chong
Lead Independent Director