



Pengurusan Aset Air

ANNUAL REPORT

2023



OPTIMISING
LIQUID WEALTH
FOR ALL





**ANNUAL
REPORT**
2023

OPTIMISING LIQUID WEALTH FOR ALL

The cover explores the theme "Optimising Liquid Wealth for All". This captivating image delves deeper, drawing inspiration from life-sustaining water droplets. These droplets symbolise not just physical water, but its intrinsic value in achieving equitable access and prosperity.

By contemplating the connection between water and wealth, we transcend mere monetary value to highlight the fundamental right to clean, abundant water for all. As we work towards a sustainable future, this cover serves as a potent reminder of the crucial role water plays, indirectly highlighting Pengurusan Aset Air Berhad (PAAB)'s influence on shaping Malaysia's water industry. It underscores the pressing need to optimise "liquid wealth" for the benefit of both current and future generations.

This year, PAAB is taking a significant step forward by introducing a new format that highlights the Sustainable Development Goals (SDGs) that PAAB is actively working on. Each article produced in this report will focus on a specific SDG, showcasing the organisation's commitment to supporting these global sustainability objectives.

PAAB aims to not only raise awareness about the SDGs but also engage its audience and position as a leading advocate for sustainable development in water industry.

SUSTAINABLE DEVELOPMENT GOALS



To easily access our **2023 Annual Report online** simply scan the QR code

WHAT'S INSIDE

01 ABOUT US

- 04 Vision & Mission
- 05 ISO 9001:2015 & ABMS
- 05 Head Office & State Offices
- 05 Company Secretary & Auditor

02 KEY MESSAGES

- 06 Chairman's Statement
- 09 CEO's Strategic Review

03 OUR LEADERSHIP

- 12 Board of Directors
- 14 Directors Profile
- 19 Management Team
- 21 Management's Profile
- 25 Corporate Structure
- 26 Organisation Chart

04 OUR GOVERNANCE

- 28 Corporate Policies
- 30 Integrity and Governance
- 33 Internal Audit
- 33 Risk Management
- 35 Procurement

05 KEY HIGHLIGHTS

- 36 Financial Highlights
- 37 Technical Highlights
- 38 Human Resources Highlights
- 40 Migration Journey
- 42 Projects Outlook
- 43 Technology and Innovation

06 PAAB'S SUSTAINABILITY JOURNEY

- 46 Key Milestone
- 48 Sustainability Framework
- 49 Sustainable Funding

07 OUR ADVANCEMENT IN DIGITALISATION

- 50 Information of Water Asset System (i-WA) Successfully Registered with MyIPO
- 51 Project Revenue Management System (PRMS)

08 SUCCESS STORIES

- 54 Selangor – Langat 2 Phase I
- 55 Technical-Twin Tunnels
- 60 Ngoi-Ngoi Water Treatment Plant Phase 2
- 61 Merlimau Water Treatment Plant Phase 2

09 ASSETS MANAGEMENT

- 62 Geospatial Data Provider (Utility) for MYGDI
- 63 Awareness Conference on ISO 55001 Asset Management System
- 64 Unlocking Partnerships for Resilience in Asset and Project Management
- 65 Enrich GIS by Collaborating with PGN
- 66 Approach to Implementing Asset Management System and Digital Transformation
- 66 PAAB Co-Developed National Occupational Skill Standard (NOSS) for Water Infrastructure Development (Asset Management)
- 67 Completion of Data Collection for Migrated Water Assets in Pahang

10 INDUSTRY LEADERSHIP

- 68 Water Malaysia 2023
- 68 Malaysia Water Association (MWA) Forum: Challenges in Meeting Regulatory Requirements for the Water Industry
- 69 Malaysia International Water Convention (MIWC) 2023 (SPAN Stream: Water Services Sustainability)

11 HAPPENINGS

- 70 Empowerment of Bumiputera Contractors
- 70 Safety Culture in PAAB
- 71 Operational Restructure
- 72 Calendar of Events 2023
- 79 Newspaper Coverage 2023

12 AWARDS & ACHIEVEMENTS

- 83 Malaysia Book of Records Award: The Longest & Deepest Micro -Tunnelling
- 84 ASIAN Water Awards
- 85 PAAB in Milestone Magazine
- 88 Land Title Handover Ceremony to Pengurusan Asest Air Berhad

13 COMPLETED PROJECTS

- 89 Major
- 91 Minor
- 92 Langat 2 Phase 1

14 FINANCIAL STATEMENT FOR THE YEAR 2023

- 94

ABOUT US

Formed in 2006 under the Water Services Industry Act 2006, Pengurusan Aset Air Berhad (PAAB) is a government-owned company driving change in Malaysia's water sector. A wholly owned subsidiary of the Ministry of Finance (Incorporated), PAAB spearheads the restructuring of the industry.

This restructuring aims to achieve a dual purpose: enhancing the efficiency and quality of water services for Malaysians, while ensuring the industry's long-term sustainability. PAAB acts as the national water assets holding company, enabling centralised management and strategic development of these vital resources.

PAAB's core function lies in developing new water infrastructure projects across Peninsular Malaysia and Labuan. We achieve this by utilising innovative financing solutions, tapping into competitive sources within the private debt capital market. This approach allows for efficient project funding.

Our expanding online presence serves as a dynamic platform to showcase initiatives, celebrate success stories, and address critical issues in water conservation and sustainability. Looking ahead, PAAB aims to leverage this momentum on LinkedIn to drive further engagement and impact, extending our reach and amplifying our message on water resource management.

As we move forward, PAAB remains dedicated to ensuring sustainable access to clean water for future generations. Join us on LinkedIn as we embark on this exciting digital journey together!



[LinkedIn](#)



VISION

Centre of Excellence



MISSION

- Provide creative solutions and nurture cost recovery in national water service industry.**
Recognising the challenges faced by the national water services industry, PAAB would strive to provide tailored creative solutions to help nurture cost recovery in national water services industry.
- Revitalise the national water services industry through efficient deliverables.**
PAAB is committed towards provision of efficient deliverables to its stakeholders which in turn, would help revitalise the national water services industry.
- Cultivate talent and expertise to meet future industry demand.**
PAAB endeavours to attract, cultivate, and retain the right talent, expertise and skillset to drive PAAB towards fulfilling the prevalent aspiration of the national water services industry.
- Value creation for stakeholders through optimum operation.**
In cognisant of the various challenges and limitations faced by PAAB, it is critical to ensure PAAB creates value to its stakeholders by allocating the right balance of resources.

ISO 9001:2015 & ABMS

At PAAB, we are committed to excellence. We understand that meeting customer needs requires constant refinement of our business processes. This dedication was rewarded on 17 July 2020, even amidst the global pandemic, when BSI Malaysia awarded PAAB with ISO 9001:2015 certification. As for ISO 37001:2016 certification for its Anti-Bribery Management System (ABMS), it is currently applied to its procurement processes. This international standard verifies that PAAB's anti-bribery practices meet the highest ethical standards. These internationally recognised standards assure our stakeholders that our products and services consistently meet their needs.

PAAB Centre of Excellence: Exceeding Expectations

The Centre of Excellence designation signifies PAAB's commitment to surpassing expectations, both internally and externally, for our stakeholders. We are relentless in our pursuit of improvement, going above and beyond to deliver exceptional services. Our team thrives on generating new ideas, fostering continuous improvement initiatives, and implementing strategies to serve stakeholders with the utmost efficiency.

Prioritising Stakeholder Needs

Continuous improvement is a core value at PAAB, and it permeates everything we do. Every decision and action consider the perspectives and needs of our stakeholders. By prioritising their interests, we ensure our efforts translate into real value for all involved.

A Journey of Continuous Growth

PAAB's commitment to excellence is not a one-off achievement; it's an ongoing journey of growth. We remain dedicated to continuous improvement, ensuring that our services remain exceptional and effectively address the evolving needs of our stakeholders.

EXCEEDING EXPECTATIONS IS A PROMISE

HEADQUARTERS

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Tel : 03-7721 3388
Fax : 03-7721 3399



CHAIRMAN'S STATEMENT

In the face of formidable challenges such as water scarcity, water pollution, ageing infrastructure, growing demand, and climate change, the water industry continues to be one of the most critical sectors in the world, not just for domestic users but also for the industrial and agricultural sectors.

As custodian of national water assets, PAAB continuously change the water industry landscapes not just to overcome financial challenges faced by water operators but also to strengthen our water security.

Dear Valued Shareholder and Stakeholders,

PAAB's commitment to revitalise the national water industry and to also enhance value creation for its stakeholders is evident in its robust deliverables for 2023, most notably with key projects in Kedah, Pahang and Kelantan. Kedah was the latest migrated state while Pahang migrated assets have been registered into i-WA. In Kelantan, main projects are the construction of two (2) new water treatment plants and pipe replacement programme.

Meanwhile, Package 11 part of the Langat 2 Phase 1 project, has been recognised by the Malaysia Book of Records for the longest and deepest micro tunnelling twin parallel water pipeline. This project involves supplying and installing the main treated water pipeline from Lebuhraya Sg Besi to the existing Bukit Dinkel's reservoir.

PAAB TRANSFORMING THE WATER INDUSTRY LANDSCAPE

Transformative changes in the water industry are necessary to meet the ever-increasing need for more resilient water supply systems. Water management efficiency and reliability is thus a top priority. Investing in infrastructure enhances resiliency and enables for improved recovery processes.

To date, PAAB has concluded the construction and upgrading of 14 water treatment plants with a total capacity of 1846 million litres per day (MLD), constructed 38 reservoirs with the total capacity of 684 million litres (ML) and completed 2405km of pipe replacement and new connections.

Dato' Seri Ir. Jaseni Maidinsa

Chairman

30 May 2024



On 9 October 2023, PAAB approved funding for a portion of the development costs for two (2) new water treatment plants (WTPs) in Kedah. These WTPs are expected to significantly increase the reserve margin by at least 10% in both the Kuala Muda and Kulim districts, ultimately contributing to a more secure water supply for the entire state of Kedah.

The successful and swift migration of Kedah is a testament to the collaborative efforts of various stakeholders. PAAB acknowledges the comprehensive due diligence conducted and the strong commitment demonstrated by the State Utilities Committee (SUK), Urban Planning Department (UPEN), Land Offices, Jabatan Ukur dan Pemetaan Malaysia (JUPEM), and Syarikat Air Darul Aman Sdn Bhd (SADA).

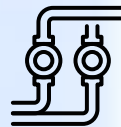
In a significant investment to improve Pahang's water infrastructure, PAAB approved RM218.14 million in CAPEX for Pengurusan Air Pahang Berhad (PAIP). These upgrades are expected to both reduce non-revenue water (NRW) throughout Pahang, minimising water supply disruptions for consumers, and increase water storage capacity in Pahang by 34.92 million litres (ML).

PAAB's Investment in Pahang Water Infrastructure



Total Approved CAPEX for PAIP (2023)

RM218.14 Million



Pipe Replacement Works

Length

249 km

Districts Covered

7



Reservoir Construction

Locations

Kuantan, Pekan, Lipis, Rompin

Number

10



Refurbishment Projects

Water Treatment Plants

Rompin, Maran

Pumping Stations

Rompin, Maran

Since December 2023, Kelantan has eight (8) ongoing projects totaling RM265 million. Key projects include constructing two (2) water treatment plants and pipe replacements. The 10 MLD Bukit Chupak WTP will increase supply reserve in Gua Musang by August 2024, while the 20 MLD Chicha 2 WTP targets demand in East Kota Bharu by April 2026. Additional Pipe Replacement Programmes and District Metering Area (DMA) developments are underway in Machang, Tanah Merah, Kuala Krai, and Kota Bharu.

Several projects are planned, amounting to about RM726 million encompassing new WTPs, distribution system upgrades, and pipe replacements in Kelantan. Key initiatives include construction of seven (7) WTPs with a total capacity of 142 MLD, including Tanjung Mas (30 MLD), Merbau Chondong (50 MLD), and Tok Bali (50 MLD), alongside four (4) mini WTPs. Scheduled commence for 2024-2025, these projects aim to ensure reliable water distribution, reduce non-revenue water, and increase water storage, investing in new pipes that stretch across approximately 343 kilometers in Kota Bharu, Tumpat, Gua Musang, and Bachok Districts.

LANGAT 2 PHASE 1 PROJECT NEARS COMPLETION

As of 31 December 2023, the Langat 2 Phase 1 project is nearing completion with an overall progress of 95.88%. Currently, it delivers approximately 828 million litres of treated water daily. By 2024, this is expected to increase to 1130 million litres per day.

TECHNOLOGY OUTLOOK: EMBRACING DIGITALISATION

The integration of advanced technologies in utility operations not only enhances the efficiency of water systems but also significantly contributes to reducing operational costs. As a result, technology upgrades are ongoing exercises to keep pace with the dynamism of the water industry.

PAAB is fully committed to embracing the digitalisation of the construction industry, fundamentally reshaping how projects are conceptualised, designed, and constructed. This includes utilising mobile devices and drones to capture water asset information. The Water Asset Value Enhancement (WAVE) programme, established by PAAB in 2017, has undertaken a range of impactful initiatives and research projects. These initiatives focus on pioneering novel strategies in waste handling and reduction, energy efficiency, improved construction methods, and the optimisation of water treatment processes for real-time monitoring and control of assets operating 24/7.

WATER ASSETS



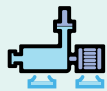
WATER INTAKE

141



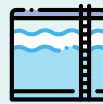
WATER
TREATMENT PLANT

143



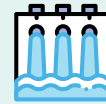
PUMP HOUSE

432



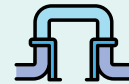
RESERVOIRS

1,563



DAM

15



PIPELINE

34,860km

EMPOWER DIGITAL TRANSFORMATION

Continued investments in infrastructure facilities, protection and restoration of water-related ecosystems are among the steps necessary to ensure water-use efficiency. Key strategies include tactical sector-wide investment and capacity-building, further embracing innovation and technology, continuing our active cross-sectoral collaboration and cooperation among all stakeholders, and adopting a more integrated and holistic approach to water management.

ACKNOWLEDGEMENT & APPRECIATION

As with any society in the world, water stands as the cornerstone of its communal existence. Competent management of water utilities, therefore, is of profound importance and it is the dedication and expertise our teams that ensure the continuous delivery of this invaluable resource.

Our success in PAAB is also contingent to our collaboration with our stakeholders both on the ground and with governmental agencies. We express our gratitude to our vital shareholder, Ministry of Finance (MoF) and stakeholders including Kementerian Peralihan Tenaga dan Tranformasi Air (PETRA), Suruhanjaya Perkhidmatan Air Negara (SPAN), Economic Planning Unit (EPU), state governments, water operators, and other pertinent ministries and agencies, for their forward-looking and continuous support and collaboration since our establishment in 2006.

On this note and on behalf of the Board, we would also like to thank the top management, senior management and our 200 over staff who has gone over and above to meet the daily challenges of this robust industry head-on. United, we will persist in confidently charting the course ahead, guaranteeing a resilient and safe water future for our nation.

CEO'S STRATEGIC REVIEW

Water challenges pose substantial business risks, including supply chain disruptions, commodity price increases, stranded assets, regulatory non-compliance fines, and reputational damage. PAAB proactively addresses these risks by focusing on efficiency improvements, water reuse, and collaboration. This approach aims to contribute significantly to the national Gross Domestic Product (GDP), create new job opportunities, and facilitate resilient national development.

PAAB's total assets increased from RM33.3 billion to RM34.2 billion in 2023, reflecting the successful migration of assets in Kedah and Pahang under PAAB's management. Return on Assets (ROA) remains healthy at 3.2% of lease income over total assets.

Prudent investments in infrastructure, scheduled maintenance and ecosystem restoration, alongside innovative strategies and pragmatic solutions within the water industry, are key drivers towards achieving regional and global Sustainable Development Goals (SDGs). In line with the United Nations' agenda for sustainable development, PAAB has implemented a range of initiatives, including:

- Development of water supply infrastructure.
- Installation of energy-efficient motors in water treatment plants.
- Implementation of green procurement guidelines for operating expenses (OPEX) and capital expenditures (CAPEX).
- Establishment of a Sustainability Sukuk Framework to finance eligible water infrastructure projects.
- Corporate social responsibility (CSR) programmes to promote social equity.



Ir. Zulkiflee Omar

Chief Executive Officer

30 May 2024

DEVELOPING A FIVE-YEAR SUSTAINABILITY STRATEGY PLAN

PAAB's impact on the economy, environment, and social served as the basis for developing a of Five-Year Sustainability Strategy Plan.

Potential objectives, indicators, targets, initiatives, and drivers for each Key Result Area are outlined in the framework for the next five years (2024 – 2028) and is targeted for approval by the PAAB Board in Q3 2024.

The Bumiputera empowerment agenda continues to be part and parcel of PAAB's procurement policy. Through our capacity-building sessions and due-diligence exercises, Bumiputera contractors now make up 30% of PAAB's procurement value.

We will continue our efforts to increase Bumiputera involvement in economic activities to run in tandem with PAAB's overarching objective of providing sustainable development and expansion of water infrastructure across Malaysia.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES FOR 2023

PAAB's commitment to preserving environmental sustainability, with a focus on conservation and sustainable initiatives is part and parcel of our CSR activities which specifically involve students, villages, local communities, and volunteers from corporations.

One such programme is "A Wave of Change" beach and mangrove cleaning, which is three-series CSR programme in Nibong Tebal in Pulau Pinang, Tanjung Karang, Selangor, and Kampung Sungai Melayu in Johor. Besides cleaning beaches and mangroves, the programme included the planting of 1,000 mangrove trees, with 400 saplings in Kampung Sungai Melayu and 300 each in Nibong Tebal and Tanjung Karang.

The Volunteer Weekend organised by Yayasan Salam Malaysia (SALAM) and Black Eye Scuba Team (BEST) in two (2) phases showcased a comprehensive approach to marine conservation and community empowerment. Phase 1 involved 122 volunteers participating in a PADI aware dive against debris and beach cleanup on Long Beach, Perhentian Kecil

Island, Terengganu, emphasising UN SDGs Climate Action (no. 13) and Life Below Water (no. 14). Local leaders supported the initiatives, highlighting the importance of a pollution-free seabed for the local economy, with an environment education talk benefiting 116 schoolchildren and locals.

Phase 2, scheduled after March 2024, will focus on post-monsoon enhancements, aligning with Malaysia's sustainability agenda and UN SDGs, aiming to raise public awareness and position Malaysia as a leader in sustainable marine practices.

These initiatives aim to foster public awareness, enhance responsibility, and establish Malaysia as a leader in sustainable marine practices, emphasising education, community involvement, and global collaboration for long-term environmental improvements and ecological responsibility. The impact assessment indicates significant outcomes, including substantial marine debris reduction, heightened community awareness and engagement, environmental educational empowerment, and robust data collection and reporting, contributing to the conservation of marine ecosystems locally and globally.

PAAB'S ACCOLADES AND ACCOMPLISHMENTS

Innovation is no longer a choice for companies; it's essential for achieving core values of efficiency and effectiveness, leading to sustained environmental and financial sustainability. PAAB's dedication to innovation received global recognition when we won two awards at the 2023 Asian Water Award: the Collaborative Water Initiative of the Year – Malaysia and the Water Technology Excellence Award (Water Resource Management) – Malaysia. These awards stand as a testament to PAAB's commitment to forging not just strong partnerships but also implementing a comprehensive approach to water asset management.

The Collaborative Water Initiative of the Year – Malaysia award recognises our unique model for fostering harmonious coordination among various stakeholders including federal and state governments, state water operators, and the Ministry of Finance.

Our comprehensive approach to water asset management, which encompasses asset migration and addressing NRW issues, has been recognised as an effective and innovative form of water resource management, earning us the Water Technology Excellence Award (Water Resource Management) – Malaysia.

RECORD-BREAKING INNOVATION IN LANGAT 2 PHASE 1 PROJECT

Package 11 of the Langat 2 Phase 1 project achieved recognition in the Malaysia Book of Records for constructing the longest and deepest micro-tunnelling twin parallel water pipeline. The micro-tunnelling works, with a length of 331.50 metres and an average depth of 25.22 metres, successfully crossed five major transportation corridors in the Klang Valley: the Kuala Lumpur-Seremban Highway, Mass Rapid Transit Line 2 (elevated), KTMB rail lines, ERL (Express Rail Link), and the BESRAYA Highway. This record-breaking pipeline serves as the main distribution artery, delivering treated water supply to the western corridor of Selangor and Kuala Lumpur.

This achievement not only redefines PAAB's capabilities but also ushers in a new era of water security for the Klang Valley. By creating duty and duplicate lines, we are committed to sustainability and mitigating the risk of potential leaks in the jacked pipes during operation.

RECOGNITION AND ACKNOWLEDGEMENT

I would like to take this opportunity to express my sincere appreciation to the Chairman and Board of Directors. Their continued foresight and acumen in championing our initiatives are invaluable, especially amidst the complex challenges presented by our environmental, climatic, and technological landscape.

Our success in meeting our KPIs is a direct result of the instrumental collaboration with our partners, stakeholders, and SPAN. The awards we have recently won stand as a testament to their unwavering support and commitment.

I would like to extend my sincere appreciation to PAAB's team for the dedication and hard work, which have been pivotal to our success and growth, making it an honour to lead such a talented group as we continue to achieve remarkable milestones together.



BOARD OF DIRECTORS

DATO' SERI Ir. JASENI MAIDINSA
Chairman



DATO' HAJI MAD ZAIDI MOHD KARLI
Non-Independent and
Non-Executive Director



DATO' SUZANA ATAN
Non-Independent and
Non-Executive Director



NOR YATI AHMAD
Non-Independent and
Non-Executive Director



**NASHARUDIN
ABU BAKAR**
Non-Independent and
Non-Executive Director

DATO' Ir. JAUHARI HAMIDI
Independent and
Non-Executive Director



DATO' Ir. DR. MOHD ASBI OTHMAN
Independent and
Non-Executive Director



**DATO' Ir. NOR HISHAM
MOHD GHAZALI**
Independent and
Non-Executive Director



DATO' ZURAI DAH ATAN
Independent and
Non-Executive Director



**DATUK RAWISANDRAN
A/L NARAYANAN**
Independent and
Non-Executive Director

DIRECTORS PROFILE



Dato' Seri Ir. Jaseni Maidinsa

Chairman of Board of Directors

Dato' Seri Ir. Jaseni was appointed Chairman of Pengurusan Aset Air Berhad on 4 April 2023. With an illustrious 37 years career in water supply engineering and management he brings a wealth of experience in the corporate world and the water industry, having held leadership positions as Chief Executive Officer of both PBA Holdings Berhad (PBAHB) and Perbadanan Bekalan Air Pulau Pinang Sdn. Bhd. (PBAPP).

His educational journey includes a Diploma in Civil Engineering from Universiti Teknologi Malaysia (1979), a BSc (Hons) in Civil Engineering from the University of Glasgow (1984), a Diploma in Management from the Malaysian Institute of Management (1991), and a Master's degree in Business Administration from Universiti Sains Malaysia (2001). Additionally, he is a Registered Professional Engineer with the Board of Engineers Malaysia (BEM) and holds membership with the Malaysia Water Association (MWA).

Dato' Seri Ir. Jaseni's remarkable contributions to the Malaysian water industry have been recognised through prestigious awards such as the Anugerah Perdana Menteri Tokoh Mahir 2019 from the Ministry of Human Resources, the Malaysian Water Industry Achievement Award 2018 (Management), and the Distinguished Engineer Award 2018 from the Institute of Engineers, Malaysia. These accolades highlight his dedication and expertise in advancing the nation's water management and infrastructure.

Dato' Haji Mad Zaidi Mohd Karli

Non-Independent and Non-Executive Director
Chairman of Sustainability Committee

Dato' Haji Mad Zaidi bin Mohd Karli, currently serving as the Secretary-General at the Ministry of Energy Transition and Water Transformation (PETRA), boasts a distinguished career spanning nearly three decades within the Malaysian Civil Service. Starting as an Administrative and Diplomatic Officer in 1995, he progressed through roles like Deputy Division Secretary and Section Chief in different ministries. His education includes advanced degrees from Imperial College London and the University of London, specialising in environmental management and technology.

With experience as a Bank Officer, his diverse background enriches his leadership. His recent role as PETRA's Secretary-General highlights his pivotal role in energy and water transformation. Internationally, he chairs committees on forestry, palm oil, rubber, and timber trade, showcasing his diplomatic skills.

Leading Malaysian delegations at international forums, he demonstrates adeptness in diplomacy and fostering cross-cultural collaborations. His commitment to sustainable development is shown through involvement in boards like CTCS Worldwide Sdn. Bhd. and the Malaysian Palm Oil Green Conservation Foundation. Honors like the Darjah Sultan Ahmad Shah Pahang (DSAP) and Johan Setia Mahkota (JSM) recognise his contributions, cementing his legacy as a distinguished public servant and advocate for global cooperation.





Dato' Suzana Atan

Non-Independent and Non-Executive Director
Chairperson of Integrity & Compliance Committee

Dato' Suzana Atan joined the Board as a member on 12 October 2020. She brings significant expertise in civil law, specialising in areas such as administrative law, constitutional and land issues, electoral law, medical negligence, statutory breaches, and disciplinary matters.

Throughout her distinguished career, she has handled complex civil and public interest cases in the Federal Court, Court of Appeal, and High Court, with some even being reported in the Current Law Journal and the Malayan Law Journal.

She holds an LLB (Hons) in Commercial Law from Universiti Kebangsaan Malaysia, obtained in 1992. She began her career as a Federal Counsel in the Attorney General's Chambers, where she has risen through the ranks. After serving as Senior Federal Attorney for several years and Head of the Civil Division (July 2020 - September 2023), she currently holds the position of Solicitor General's II effective 2 October 2023.

Nor Yati Ahmad

Non-Independent and Non-Executive Director

Nor Yati Ahmad joined the Board as a member on 31 May 2022. A highly accomplished accountant, she currently serves as the Accountant General (AG) of Malaysia since 18 September 2023 and was also appointed as a member of the International Public Sector Accounting Standards Board in January 2023.

Since 2020, Ms. Nor Yati Ahmad has led AG's Accrual Accounting Implementation Team and represents them at the Malaysian Accounting Standards Board (MASB). Prior to her current roles, she held a directorship in a Malaysian government-linked company and gained 16 years of experience as an accountant at both federal and state levels.

She holds memberships in professional bodies ie. Malaysia Institute of Accountants (MIA) and CPA Australia. Her expertise is further leveraged through her involvement in the AGD's Government Accounting Standards Advisory Committee and the Public Sector Accounting Committee of MIA. Additionally, she contributes her knowledge to the Islamic Accounting Standard Research and Drafting Committee for Waqaf, Zakat and Baitulmal.

Ms. Nor Yati Ahmad holding a Bachelor of Accounting from Universiti Putra Malaysia and a Master of Accountancy and Finance from the University of Adelaide.





Nasharudin Abu Bakar

Non-Independent and Non-Executive Director
Chairman of Procurement Board A Committee

Nasharudin Abu Bakar joined the Board as a member on 15 March 2023. He also serves as a Director of the Malaysian Qualifications Agency (MQA).

A seasoned public servant with over 26 years of experience, He began his career in 1996 with the Public Service Department. He has since held positions in various ministries, including Transport, Human Resources, Natural Resources and Environment, Health, Rural and Regional Development, and Finance. His distinguished career saw him progress through the ranks, culminating in the role of Deputy Secretary for the Government Procurement Division of the Ministry of Finance. In recognition of his exemplary service, he received an Excellent Service Award (APC) in 2015.

Nasharudin holds a Diploma in Public Administration from INTAN and a Bachelor of Laws from Universiti Islam Antarabangsa, Malaysia.

Dato' Ir. Jauhari Hamidi

Independent and Non-Executive Director
Chairman of Project Delivery Committee

Dato' Ir. Jauhari joined the Board as a member on 23 October 2019. He brings extensive experience in the property development sector, having previously served as the Managing Director of Sime Darby Property Berhad from January 2016 to July 2017. This capped a distinguished career spanning over 30 years with the Sime Darby Group.

Prior to his leadership role at Sime Darby Property Berhad, he held various positions within the Group. These included Executive Vice President of the Energy & Utilities Division (Non- China), Director of the Special Projects portfolio, Executive Vice President for the Utilities Division, Managing Director of Sime UEP Properties Berhad, and Director of Eastern & Oriental Berhad.

Dato' Ir. Jauhari holds a Bachelor of Science (Hons) degree in Civil and Structural Engineering from University College Cardiff, Wales, UK, and has further bolstered his expertise by completing the Harvard Business School's Senior Management Development Programme.





Dato' Ir. Dr. Mohd Asbi Othman

Independent and Non-Executive Director

Dato' Ir. Dr. Mohd Asbi Othman joined the Board as a member on 19 October 2022. His distinguished career spans both public and private sectors.

Following his graduation with a Civil Engineering degree from the University of Southampton in 1983, he began his career as a Research Engineer with the Public Works Department (JKR). He subsequently transitioned to the private sector in 1996, becoming a partner in the engineering consultancy firm Perunding ZNA.

In 2002, he established Mohd Asbi Associates Sdn Bhd, where he currently applies his extensive expertise as Managing Director. Throughout his career, he has been appointed investigator for high-profile engineering failures, including the Highland Towers Condominium collapse and the Bukit Antarabangsa landslide.

Dato' Ir. Dr. Mohd Asbi's commitment to knowledge extends beyond practice. He has authored over 40 papers published in journals and proceedings for local and international conferences. He further holds a PhD in Civil Engineering from the University of Bristol (1989), is a registered Professional Engineer (P. Eng.) with the Board of Engineers Malaysia (in 1996) and was awarded a Fellowship from the Institution of Engineers Malaysia in 2013.

Dato' Ir. Nor Hisham Mohd Ghazali

Independent and Non-Executive Director
Chairman of Nomination & Remuneration Committee

Dato' Ir. Nor Hisham joined the Board as a member on 31 October 2022. A distinguished water resources expert, he previously served as Director-General of both the National Institute of Water Research Malaysia (NAHRIM) and the Department of Irrigation & Drainage Malaysia (DID). His leadership extends beyond Malaysia, as he was elected Vice-President of the International Commission on Irrigation and Drainage (ICID) in 2021.

He boasts a remarkable 35-year career in government service, with extensive experiences. His roles have encompassed diverse areas, from Director of Operations for the KL SMART Tunnel to Chief Information Officer for DID and Director for Water Resources Management and Hydrology. Initially recognised for his expertise in coastal engineering and shoreline management, his focus has shifted in recent years to integrated water resources management, disaster risk reduction, and national progress towards Sustainable Development Goal 6 (water and sanitation).

Dato' Ir. Nor Hisham holds a B.Sc. in Civil Engineering from California State University and a Master's degree in Coastal and Maritime Engineering from Universiti Teknologi Malaysia. He currently chairs the Malaysian Water Partnership and holds positions on the Board of Engineers Malaysia and the Council of the Institution of Engineers Malaysia.





Dato' Zuraidah Atan

Independent and Non-Executive Director
Chairperson of Audit & Risk Committee

Dato' Zuraidah Atan joined the Board as a member on 11 May 2023. She brings over 30 years of experience in the banking and financial industry, encompassing Corporate Banking & Finance, Capital Markets and Corporate Debt Restructuring.

Her career began at Perwira Habib Bank in 1984. She subsequently held senior positions at OCBC Bank and Affin Merchant Bank, as the role of President & CEO until 2003.

Dato' Zuraidah has dedicated herself to public service where she served as a Public Interest Director at Bursa Malaysia and its subsidiaries, and as an Independent Member on the Consultation & Corruption Prevention Panel of the Malaysian Anti-Corruption Commission (MACC).

A qualified lawyer, Dato' Zuraidah holds an LLB (Hons) degree from The University of Buckingham, England, and the

Malaysian Qualifying Board Certificate in Legal Practice (Hons). She established Chambers of Zuraidah Atan and has enhanced her leadership skills through the Harvard Business School Executive Education Programme.

In recognition of her multifaceted career and contributions to youth development, Dato' Zuraidah has received the "Anugerah Tokoh Pembina Yayasan Sukarelawan Siswa" award and the Brand Laureate Business Entrepreneur: Brand ICON Leadership Award 2018.

Datuk Rawisandran A/L Narayanan

Independent and Non-Executive Director

Datuk Rawisandran joined the Board as a member on 1 August 2023. He brings a wealth of experience in the business development field. Prior to this appointment, he served on the Board of Tenaga Nasional Berhad from October 2020 to May 2023.

He currently leverages his expertise in two Business Development Director roles: at CSEM Sri Meru Sdn. Bhd. since 2013 and at National Land Finance Co-Operative Society Limited since 2021.

He holds a professional diploma in Business Management from the Asian Management Development Academy PLT, Malaysia (affiliated with Oxford Business College, United Kingdom).





TOP MANAGEMENT



Ir. ZULKIFLEE OMAR

Chief Executive Officer

ZALEHA ABDUL HAMID

Chief Financial Officer



SENIOR MANAGEMENT



MOHAMAD MOHAMAD NOR

Head of Commercial Division



ROZAIFEE ABU ZAHARIM

Head of Corporate Services Division



Ir. ZAINAL NAGIN

Head of Asset and Land Management Division



ZULHAYATI YAHYA

Head of Human Resources
and Administration Division



MOHD FAUZI OMAR

Head of Technical & Engineering
Division



**Ir. SHAMSUNAZARUDDIN
SHAH MOHD SALLEH**

Head of Project Delivery Division



JOHARI SINAL @ ZAINAL

Head of Special Projects Division



MANAGEMENT'S PROFILE



Ir. Zulkiflee Omar

Chief Executive Officer

Ir. Zulkiflee Omar was appointed as Chief Executive Officer (CEO) of PAAB on 1 December 2023. He joined PAAB in July 2021 as Chief Operating Officer (COO) and advanced to Acting CEO from March 2023 to November 2023. He brings a wealth of experience in project management, having built a distinguished career spanning over 34 years.

A graduate of the University of North Carolina, USA, with a Bachelor of Science in Civil Engineering, Ir. Zulkiflee honed his expertise at OPUS International (M) Sdn. Bhd., a project management consultancy under the UEM Group. During his 24-year tenure there, he rose through the ranks from Senior Planning Engineer (1995) to Head of Project Delivery (January 2020). Throughout his time at OPUS, he gained extensive experience across various engineering disciplines, overseeing both local and international engineering consultants and contractors.

Prior to joining PAAB, Ir. Zulkiflee further bolstered his experience with 10 years in prominent organisations like MRT Corporation and Petronas Gas Berhad.

Zaleha Abdul Hamid

Chief Financial Officer

Zaleha Abdul Hamid assumed the position of Chief Financial Officer (CFO) at PAAB on 24 October 2023. With over 23 years of experience, including 14 years in senior management, she brings a wealth of expertise and a strategic mindset to the role as well as a Chartered Accountant of MIA and a Fellow member of the Association of Chartered Certified Accountants (ACCA).

Her industry experience spans across insurance, takaful, private equity, and oil & gas sectors. She has also held leadership roles in ASEAN countries such as Thailand, Indonesia, Brunei, and the Philippines. She started her career in audit at PricewaterhouseCoopers.

Throughout her career, she has developed expertise in investment evaluation, mergers and acquisitions, transformation, and change management, as demonstrated in her roles at Ekuinas, Icon Offshore Bhd, and Uzma Bhd. Zaleha's experience also includes managing initial public offering (IPO) listing, debt capital market financing, cash flow management, portfolio rationalisation, corporate restructuring, organisational restructuring, internal control improvements, process optimisation, talent management and implementation of ERP systems.

She is also a member of Capital Market Advisory Committee of MIA. As a leader, Zaleha is passionate about driving operational and financial excellence through transformation and advocates for a financially driven approach.





Mohamad Mohamad Nor

Head of Commercial Division

Mohamad Mohamad Nor leads PAAB's Commercial Division, leveraging over 20 years of experience in tendering, contract management, and procurement.

His career began in project engineering roles, first at Petra Resources Sdn Bhd (1993) and then at Transwater Engineering Sdn Bhd (1995-1998).

In 1998, Mohamad joined Indah Water Konsortium, where he honed his skills across various departments, including Project Management and Contract Administration, until 2007. He then transitioned to PAAB under the Tender and Contract Department, eventually rising to lead the Commercial Division in January 2013.

He holds a BSc (Hons) in Chemical Engineering from the University of Technology Malaysia, Johor Bahru. A seasoned professional, he has spearheaded projects focused on performance improvement, project management, and implementation across diverse sectors, including government, utilities, and oil & gas.

Rozaifee Abu Zaharim

Head of Corporate Services Division

Rozaifee Abu Zaharim has recently taken on the role of Head of Corporate Services Division, starting 1 April 2024. He is responsible for overseeing a range of critical functions within the organisation, including Corporate Communications, Information Technology, Legal, Quality Assurance, and Document Management.

Previously, he leads PAAB's Finance and Treasury Division, overseeing Accounting, Treasury, and Revenue Management functions since joining the company in April 2017. He was also the Head of Corporate Division from May 2018 to November 2019.

A chartered accountant with over 20 years of experience, he brings a wealth of expertise across finance and treasury domains. His career within the UEM Group is distinguished by diverse roles in Highway Concessionaire, Construction, and Assets & Facilities Management. He further broadened his experience through an overseas assignment as Head of Finance for a UEM subsidiary in India.

Rozaifee is a Chartered Accountant and a member of the Malaysian Institute of Accountants. He is also an Associate member of the Chartered Institute of Management Accountants (ACMA) and a member of the Chartered Global Management Accountant (CGMA).





Ir. Zainal Nagin

Head of Asset and Land Management Division

Ir. Zainal Nagin leads PAAB's Asset and Land Management Division, focusing on optimising asset performance and land use. With an impressive 29-year career in the water industry, he brings a solid reputation in leadership and project management.

His journey with PAAB started in February 2010, progressing through roles such as Head of Department (Southern Region) in 2012, Head of Project Management Division in 2015, and Acting Chief Operating Officer from September 2019 to June 2021.

Before PAAB, Ir. Nagin gained extensive water sector expertise at a contracting firm specialising in power plants and water, as well as a water consultancy. His experience spans project stages like design, tendering, and implementation of water treatment plants and distribution systems nationwide. Notably, he played a pivotal role in the Kepong II Water Treatment Plant project in Kuala Terengganu, covering a 150 MLD treatment plant, intake infrastructure, and distribution networks.

Graduating with a Bachelor of Engineering (Mechanical) degree from the University of Canterbury, Christchurch, New Zealand, Ir. Zainal Nagin holds professional engineer registrations with both the Board of Engineers, Malaysia (BEM), and the Institution of Engineers, Malaysia (IEM).

Zulhayati Yahya

Head of Human Resources and Administration Division

Zulhayati Yahya joined PAAB on 1 July 2008 and has since risen through the ranks to lead the combined Human Resources and Administration Division, formed on 1 January 2012.

A seasoned professional with over 25 years of experience in Human Resources and Administration, she brings a diverse industry background to her role. Before joining PAAB she honed her skills at various companies, including Uniphone Sdn Bhd, Coopers & Lybrand and Bumiputera Merchant Bankers Berhad (transitioned to Alliance Investment Bank).

Zulhayati holds a degree in Business Administration from Eastern Washington University, USA.



Mohd Fauzi Omar

Head of Technical & Engineering Division

Mohd Fauzi was appointed Head of Technical & Engineering Division in January 2023 from previous position as Head of Project Management Division since June 2019. With the new position, he will lead and oversees overall technical and engineering of approved projects for migrated states, including new technology and innovation.

With over 20 years working experience in water related projects, prior to joining PAAB in August 2007 as a Process Design Manager, Mohd Fauzi was attached to a consultancy firm where he was specialised in water and infrastructure works. As a Process Engineer, he was responsible on design, preparation of tender documents and projects completion. During that time, he had completed relevant waterworks projects for JBA and JKR including Research and Development projects.

Mohd Fauzi had also gained experiences in food and plastic manufacturing industry as a Production Engineer as well as in a contracting firm where he was involved in construction of water and wastewater works, Electro-chlorination and Power Plants.



Ir. Shamsunazaruddin Shah Mohd Salleh

Head of Project Delivery Division

Ir. Shamsunazaruddin Shah brings over 24 years of experience in the water and sewerage industry to his role as Head of Project Delivery Division, a position he assumed in March 2023. He steadily rose through the ranks at PAAB, where he started in January 2013 as a Manager in the Project Planning Department and led the department from 2015 to 2023.

Prior to PAAB, Ir. Shamsunazaruddin honed his expertise at various construction firms specialising in water supply and sewerage infrastructure. Notably, he was part of the team that delivered the 1234km Sewer Network project in North Central Jeddah, Saudi Arabia, in 2005. His portfolio also includes significant projects in Malaysia such as the Projek Bekalan Air Luar Bandar (BALB), Projek Bekalan Air Hulu Terengganu Peringkat 2B, IWK Refurbishment Works, and the Demineralisation Plant for Kulim Hi-Tech Independent Power Utility.

He holds a Bachelor (Hons) of Mechanical Engineering from Universiti Kebangsaan Malaysia. He is a registered Professional Engineer with a Practising Certificate (PEPC) issued by the Board of Engineers, Malaysia, and a member of the Institution of Engineers, Malaysia.

Johari Sinal @ Zainal

Head of Special Projects Division

Johari Sinal @ Zainal has recently taken on the role of Head of Special Projects Division, starting January 1, 2024. Before this, he served as the Project Director for Langat 2 Phase 1 & 2 from November 2021. In this role, he oversaw multi-billion-ringgit projects, developed regional project monitoring systems, and implemented integrated project recording and monitoring systems.

Johari brings a wealth of experience as a Civil Engineer with a background spanning water engineering, civil & structural engineering, and retail operations in multinational environments. His expertise covers water pipeline design, flood mitigation projects, and involvement in the oil & gas industry, including service station construction and maintenance.

With over 30 years of experience across various projects, Johari is an expert in project management, communication, and stakeholder engagement. He has received training in project management, waste technology, raw water processes, concrete testing, and petroleum equipment handling, showcasing his commitment to professional development.

Before joining PAAB in October 2011 as a State Manager, Johari gained significant exposure in the oil and gas and water industry. His roles encompassed planning, implementing, and executing projects, as well as managing care and maintenance operations.

Johari excels in resource coordination, achieving targets, and fostering teamwork, demonstrating strong leadership qualities. His track record includes successfully completing over 100 projects worth billions of ringgit, making him a valuable asset in delivering successful projects, particularly within the water industry.

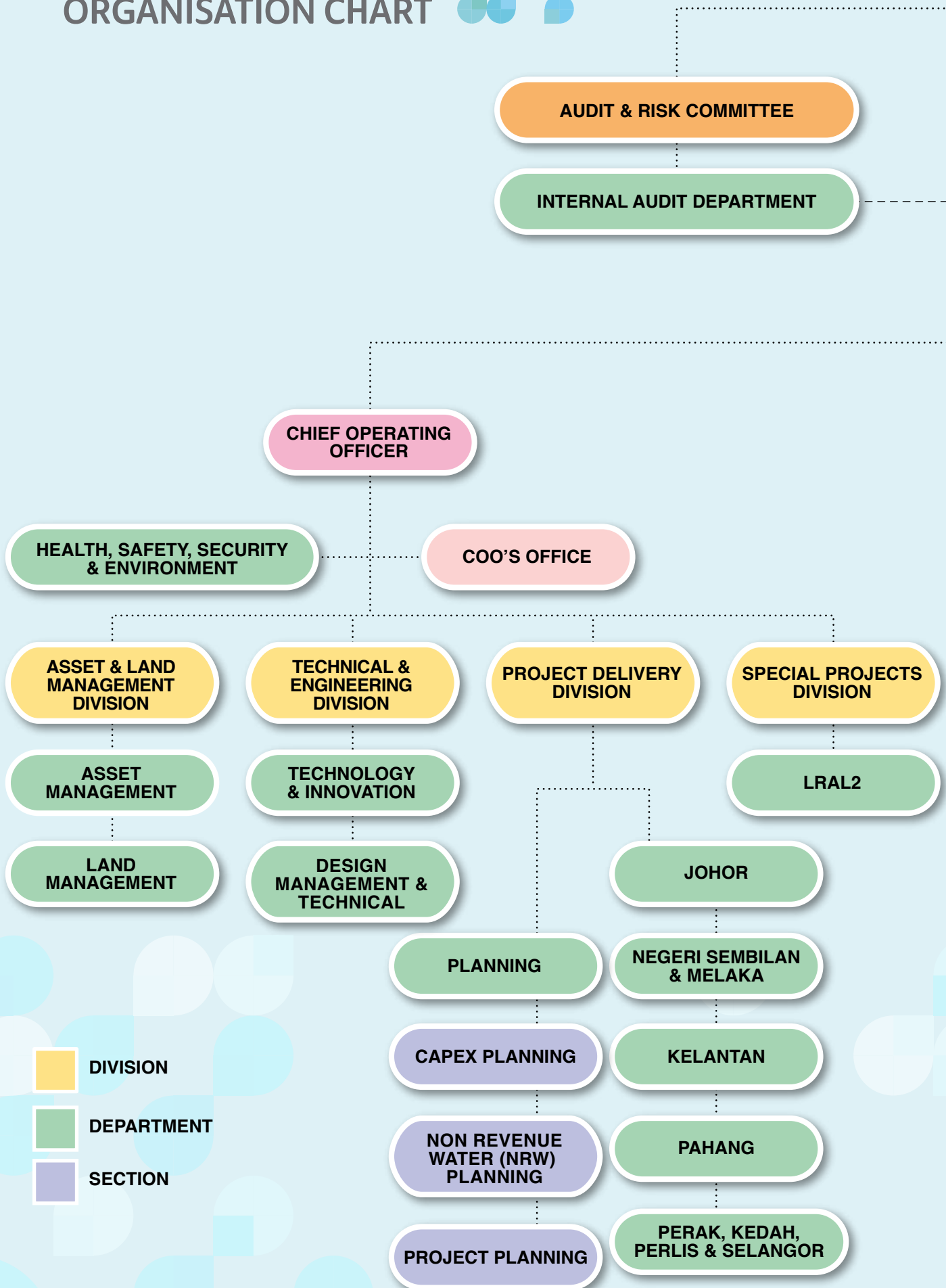


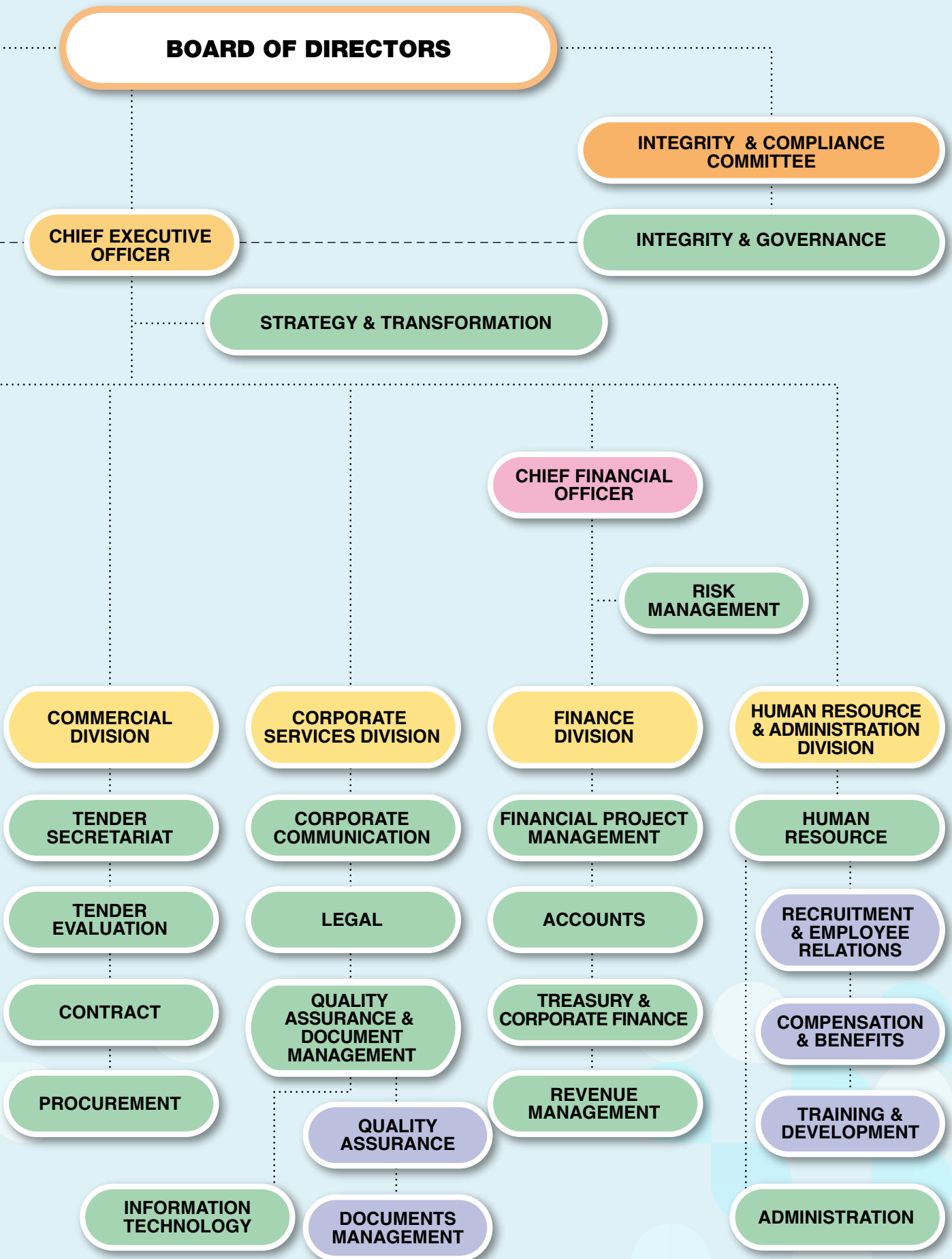
CORPORATE STRUCTURE

PAAB'S GROUP OF COMPANIES



ORGANISATION CHART





CORPORATE POLICIES

ANTI-BRIBERY AND CORRUPTION POLICY STATEMENT

As an organisation dedicated to bringing about reforms in the water industry, PAAB reiterates its commitment to achieving zero-tolerance against bribery and corruption. To achieve this, PAAB will ensure that all its business and operations adhere to high ethical standards, integrity and transparency.

PAAB is committed to comply with relevant anti-bribery laws. PAAB expects the same level of commitment from third parties (contractors, consultants, vendors and others) who work with or for PAAB.

PAAB prohibits all forms of bribery and corruption. Employees and associated persons must not participate in any corrupt practices. PAAB will regularly review its Anti-Bribery Management System (ABMS) to ensure it meets all requirements and objectives. PAAB shall continually improve the effectiveness, adequacy, and suitability by periodically reviewing the ABMS.

Integrity and Governance Department shall have direct access to the Board of Directors and Top Management with regard to management of corruption and anti-bribery, and to operate independently and effectively without undue influence.

In a situation where any employee or associated person encounters such corrupt practices in the course of their work or duty, the refusal to participate or engage in any corrupt practices will not result in any penalisation, even if it has a negative impact on PAAB's business.

PAAB has provided an avenue for all employees and associated persons to report any corrupt practice within the organisation via PAAB's designated whistleblowing channel.

This statement serves as a reminder that any breach of this policy may result in disciplinary action that may include termination of employment or business relationship.



HEALTH, SAFETY, SECURITY & ENVIRONMENT (HSSE) POLICY

As the custodian of the national water assets, PAAB is committed to conducting all business activities in a healthy, safe, and secure manner, without risk to the environment for our workers, contractors, consultants, visitors, and any other parties involved.

To achieve this policy, PAAB is committed to:

1. Implementing an effective HSSE management system that continually improves performance through monitoring, measuring, auditing, and review.
2. Complying with all applicable HSSE legislation and other requirements.
3. Consulting, cooperating, and communicating with workers on all HSSE matters to achieve a high level of awareness.
4. Encouraging proactive hazard identification and reporting to eliminate potential risks to safety, health, and the environment.
5. Providing all necessary information, instruction, training, and supervision to ensure a safe and healthy work environment with minimal environmental impact.
6. Fostering and reinforcing a safety culture where everyone prioritises safety and strives to integrate safety into daily practices.

Everyone involved, including workers, contractors, consultants, customers, and other stakeholders, shares responsibility for HSSE. We expect and encourage everyone to contribute, comply, and actively participate in making safety a core value at PAAB.

ISO 9001 QUALITY POLICY STATEMENT

PAAB a national water asset management company entrusted with construction, refurbishment, improvement, upgrading, maintenance, and restoration of water assets, is committed to delivering quality products and services to all stakeholders. This includes employees, water operators, contractors, and related government agencies. We strive to continually improve product and service excellence in terms of quality, functionality, and delivery to enhance end-user satisfaction.

PAAB is dedicated to providing the highest quality equipment, infrastructure, and services at competitive prices and with cost-efficiency. We achieve this by adhering to applicable standards, industry practices, and relevant regulatory requirements. Additionally, we prioritise the expectations of our stakeholders by investing in employee training and motivation, setting clear objectives, and fostering a culture of continuous improvement within our Quality Management System.

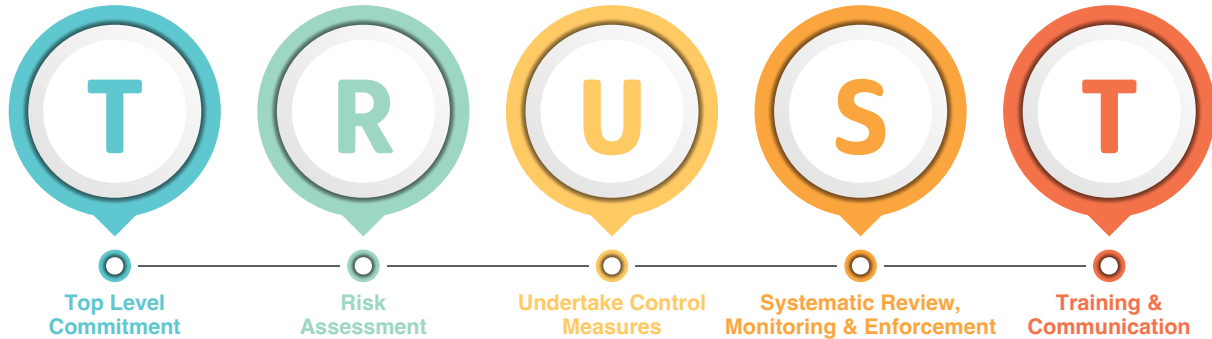
We empower our employees to actively participate in achieving continual improvement. They are encouraged to believe in and contribute to this goal, influencing a positive attitude towards quality throughout all levels of the workforce.



INTEGRITY AND GOVERNANCE



ADEQUATE PROCEDURES IN ANTI-CORRUPTION



Having adequate procedures in place serves as a defence mechanism for commercial organisations charged under Section 17A of the Malaysian Anti-Corruption Commission Act (Amendment) 2018. These procedures demonstrate a company's efforts to prevent corrupt practices by any associated person.

PAAB actively implements initiatives based on the T.R.U.S.T. principles outlined in Adequate Procedures to strengthen its anti-corruption controls and promote transparent business operations. This includes establishing and enforcing anti-corruption policies, implementing corruption risk management strategies, improving internal controls, and fostering continuous awareness of integrity, governance, and anti-corruption practices.



PAAB Anti-Corruption Day on 19 December 2023

In 2023, PAAB continued its commitment to instilling a culture of integrity through various awareness programmes:

- Talks: "Berkatalah Benar Meskipun Pahit" (Speak the Truth, Even if it's Bitter)
- Visits: MACC Headquarters in Putrajaya
- Engagement sessions: With state offices
- PAAB Anti-Corruption Day 2023: This event comprised several activities, including talks on "Guarantee Money", exhibitions, and quizzes to assess understanding and encourage two-way communication. Notably, all PAAB staff and board members participated, demonstrating strong top-level commitment to anti-corruption efforts.



Talk on "Berkatalah Benar Meskipun Pahit" on 9 May 2023

STRENGTHENING ANTI-BRIBERY CONTROLS WITH ISO 37001 CERTIFICATION

PAAB has further bolstered its commitment to integrity by achieving ISO 37001:2016 certification for its Anti-Bribery Management System (ABMS), currently applied to its procurement processes. This international standard verifies that PAAB's anti-bribery practices meet the highest ethical standards.

The ABMS serves as an additional layer of control, mitigating bribery risks at both human and process levels within the organisation. These controls address potential gaps and benefit not only PAAB but also our vendors and business partners. When engaging with PAAB, they can be further assured that business operation is free from corruption.

ISO 37001:2016 provides a framework for establishing, implementing, maintaining, and improving an anti-bribery compliance programme. It encompasses a series of measures to detect, prevent, and respond to any form of bribery, aligning with best global practices. Following the successful certification of the ABMS for procurement, PAAB plans to expand its scope across the organisation. This ongoing initiative demonstrates PAAB's dedication to continuous improvement in governance practices.



PAAB ANTI-CORRUPTION PLAN 2021 – 2024



PAAB is committed to conducting its business with openness, honesty, ethical behavior, and high moral standards. All of PAAB’s anti-corruption policies emphasise and promote the principles of discipline, good conduct, integrity, and professionalism, reinforcing our corporate image and ensuring the sustainability of our success and well-being.

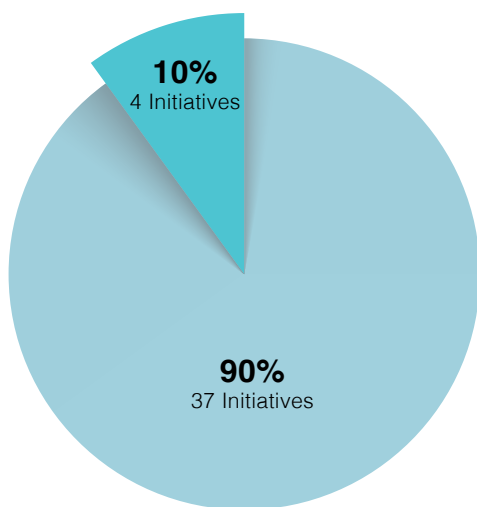
These policies are aligned with all relevant laws and regulations, including the National Anti-Corruption Plan (NACP) and the Malaysian Anti-Corruption Commission (MACC) Act 2009, particularly Section 17A of the MACC (Amendment) Act 2018.

Our Anti-Corruption Plan (ACP) has already been established and is currently under implementation, demonstrating our proactive commitment to eradicating corruption and enhancing integrity through comprehensive reforms and initiatives across various sectors.

LIST OF ANTI-CORRUPTION POLICIES



OVERALL ANALYSIS OF INITIATIVES PROGRESS FOR YEAR 2021 – 2023



■ Completed
■ On-Going

SHORT-TERM INITIATIVES (6 MONTHS – 1 YEAR)

3 out of 3 Short-Term Initiatives have been completed



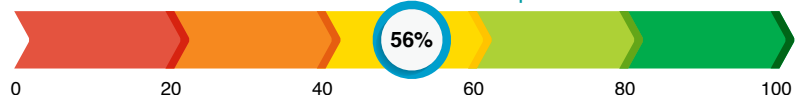
MEDIUM-TERM INITIATIVES (1 – 2 YEARS)

29 out of 29 Mid-Term Initiatives have been completed



LONG-TERM INITIATIVES (2 – 3 YEARS)

5 out of 9 Mid-Term Initiatives have been completed



AUDIT AND RISK COMMITTEE (ARC) & INTERNAL AUDIT



Internal Audit

Internal audit strengthens the organisation's ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insights, and foresight.

The Internal Audit Department assists the organisation in achieving its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of PAAB's risk management, control, and governance processes.

Governance

The Internal Audit Department is governed by the Internal Audit Charter, which ensures that its activities reflect its purpose, authority, and responsibility, and that it aligns with best practices promulgated by the Institute of Internal Auditors.

Audit and Risk Committee

The Internal Audit Department provides independent assurance. Audit reports are then deliberated by the ARC.

This committee reviews internal control matters and highlights significant issues to the Board with eight (8) ARC meetings held in a year.

Planning and Reporting

On an annual basis, the Internal Audit Department presents its risk-based internal audit plan to the ARC for approval before commencing audit work. Based on the approved plan, the department undertakes regular and systematic reviews of internal control processes to provide the ARC with sufficient assurance that the system of internal controls is effective in addressing PAAB's risks.

Access and Standards

The Internal Audit Department has unrestricted access to information required for its work, as stipulated in the Internal Audit Charter. It adopts the Institute of Internal Auditors International Professional Practices Framework in performing its activities.

RISK MANAGEMENT STATEMENT



Enterprise Risk Management (ERM)

PAAB is committed to continuously improving its risk oversight capabilities. This involves identifying uncertainties and forecasting potential risks that could impact the business environment. The aim is to provide excellent risk governance and maximise long-term returns for stakeholders and shareholders.

The strategy focuses on assessing various factors, including:

- Pandemic-related crises
- Changes in the business environment
- Regulatory requirements
- Technological advancements
- Data security issues
- Operational changes
- Human capital concerns

PAAB has developed cautious, responsible, and transparent governance, risk, and compliance (GRC) measures to support its ongoing resilience and agility in pursuing existing and new business activities. These measures are designed to ensure continued sustainability and performance.

Roles and Responsibilities

The Board and Management are ultimately responsible and accountable for establishing the company's risk management system. The Board confirms that the risk management process has been established to:

- Identify significant risks
- Evaluate potential impacts
- Manage risks effectively
- Mitigate risks that could impede achieving business and corporate objectives

The Risk Management Committee (RMC) is a sub-committee comprised of top and senior management personnel. Its primary function is to assist the ARC in:

- Assessing and anticipating potential business risks
- Developing and overseeing the organisation's risk management framework and policies
- Reviewing the effectiveness of mitigation plans
- Determining the overall risk appetite and tolerance level

Additionally, the RMC reviews operational and financial risks.

The development of the ERM framework has enabled Management to identify and prioritise significant risks via an updated Risk Register. They then evaluate the controls to ascertain their effectiveness and efficiency on a periodic basis. The Risk Management function periodically reports to the RMC with four (4) RMC meetings held in a year, before being tabled to the ARC and the Board on:

- Identified risks relevant to PAAB that may impede the achievement of its objectives
- Any significant changes to risk or emerging risks
- Appropriate mitigation plans taken to mitigate such risks that may deter or interrupt the operations of PAAB's business activities

PAAB's ERM framework adheres to ISO 31000, which uses both bottom-up and top-down approaches to support decision-making based on the best available data and information. Through this approach, risks are discussed and aggregated from departmental and divisional levels every quarter.

Business Continuity Management (BCM)

A crisis can strike at any time, and even a short disruption in today's fast-paced business and technology environment can have a catastrophic impact on an organisation. Embedding BCM offers several benefits:

- Increased employee readiness in responding and recovering during a business disruption
- Minimised cost, losses, and duration of disruption
- Quicker return to a state of "business as usual"
- Compliance with legal or regulatory requirements

Adopting ISO 22300 as a guideline, PAAB manages BCM via established business continuity plans for key and critical business processes. This ensures there is no disruption of business and facilitates efficient business resumption. Periodical testing of the plan is conducted as part of our efforts to maintain preparedness, awareness, and effectiveness of business resumption in the event of disruption.

Business continuity tests were conducted remotely for the past two years to adapt to the new normal working environment. Continuous awareness and training are conducted for business continuity coordinators and key process owners to ensure everyone involved in the process has the right level of knowledge and skills.

As part of the annual BCM policy requirement, a Business Continuity (BC) Test was conducted on 7 & 8 December 2022. Since the COVID-19 pandemic, the BC test has been conducted remotely (online) in 2020 and 2021. This year, PAAB successfully conducted the test on-site at our alternate location in Petaling Jaya. We were also able to complete eight (8) test scripts for BCM, which included tests from one (1) division and seven (7) distinct departments.

Discretionary Authority Limits (DAL)

PAAB has a DAL set up for approval of various operational and corporate matters. The DAL is approved by BOD.



PROCUREMENT



Procurement encompasses a range of activities involved in obtaining goods and/or services at a competitive price that delivers the most value. It refers to techniques, structured methods, and means used to streamline the procurement process to achieve desired results while saving costs, reducing time, and building relationships.

The procurement procedure was framed consistently with the Ministry of Finance procurement rules, with amendments to suit PAAB's current practices and requirements. This ensures that all procurement of work, materials, and supplies are made based on the lowest competitive price, commensurate with required quality and specification, while ensuring all purchase documents are properly authorised and commitments are captured and recorded promptly.

Value for Money

All PAAB procurement activities aim to achieve the best possible value for money at the lowest reasonable cost. This includes not only the initial purchase price but also operating costs over the lifetime of the supplies, services, or works. We achieve this by ensuring the quality and reliability of the procured goods and services.

Ethical Standards

Procurement activities will be conducted based on the highest ethical standards. PAAB will be fair and transparent in its dealings and avoid any conduct that could be misinterpreted. In dealing with manufacturers, suppliers, contractors, or consultants, PAAB must uphold the highest standards of honesty, integrity, impartiality, and objectivity.

Transparency and Accountability

All activities will be conducted in a fair and transparent manner, in accordance with PAAB's Integrity and Governance Policy and other relevant policies. These policies, based on current rules and procedures, demonstrate accountability to the public and provide opportunities for all eligible participants, including local Bumiputera entrepreneurs.

Building Relationships and Sustainability

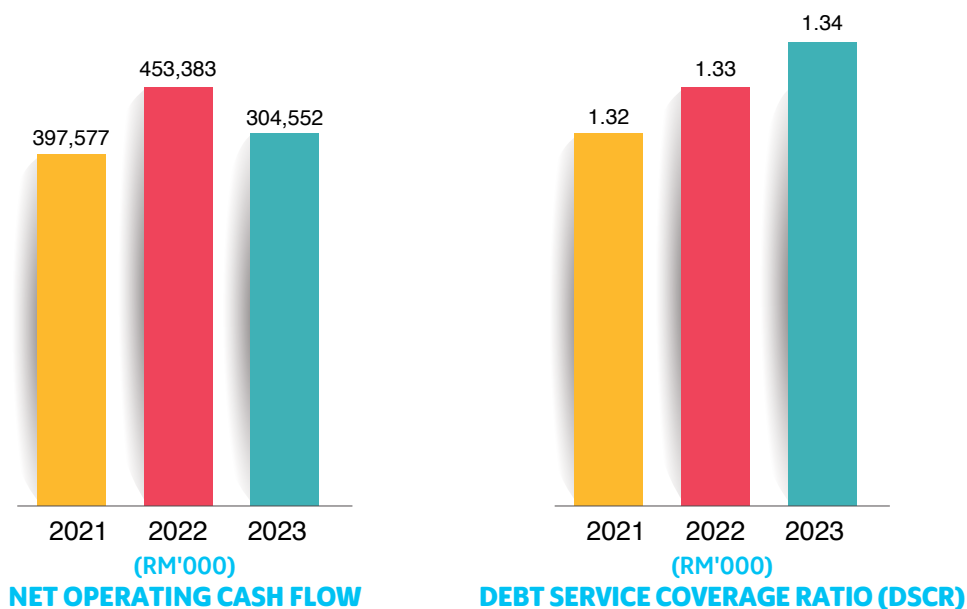
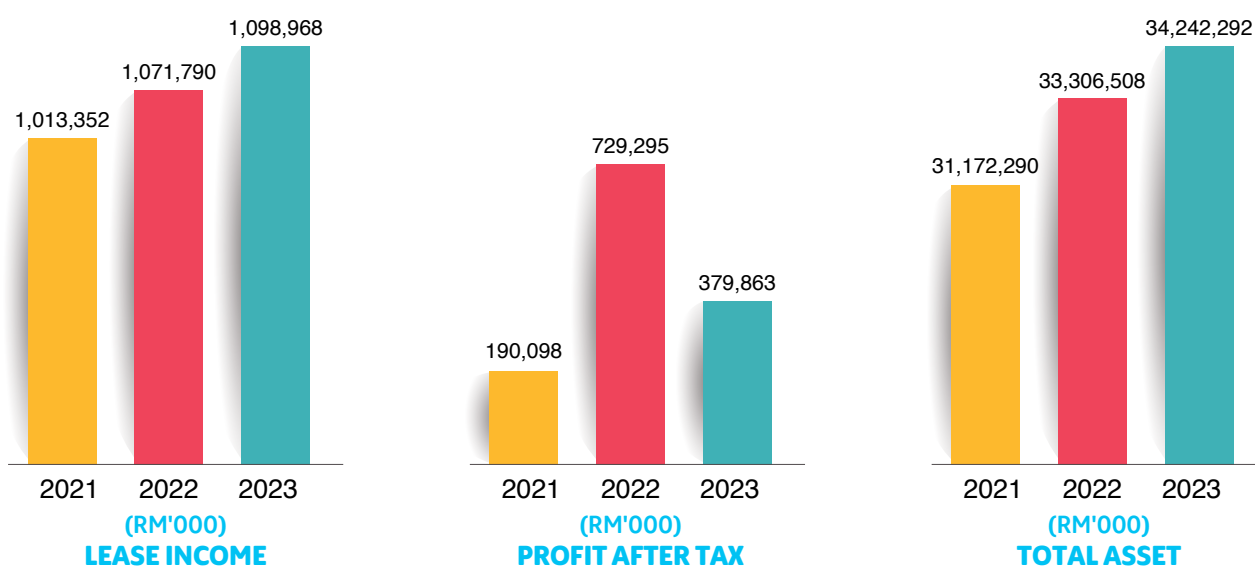
PAAB strives to achieve the best possible value by improving all aspects of procurement. We work to create good relationships with manufacturers, suppliers, contractors, or consultants. Wherever possible, we encourage them to invest in improving their products, prices, quality, and services for the benefit of all.

Governance Procurement Sub-Committee are split into three (3) ie. A, B and C by range of authorised amount for approval. The Procurement Committee B and C held meeting at least 10 times a year.



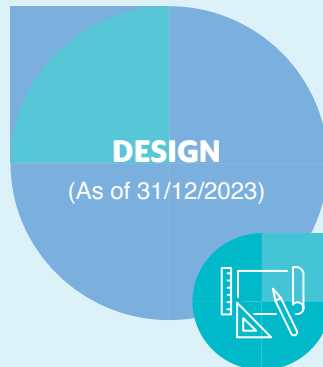
FINANCIAL HIGHLIGHTS

	2019	2020	2021	2022	2023
	RM'000				
Lease Income	667,231	995,347	1,013,352	1,071,790	1,098,968
Profit After Tax	221,464	116,375	190,098	729,295	379,863
Total Asset	28,139,489	28,597,673	31,172,290	33,306,508	34,242,292
Net Operating Cash Flow	41,477	685,411	397,577	453,383	304,552
Debt Service Coverage Ratio (DSCR)	0.90	1.38	1.32	1.33	1.34



TECHNICAL HIGHLIGHTS

PROJECT STATUS FOR THE YEAR 2023



38 packages in the design stage
RM3,820.35 Million



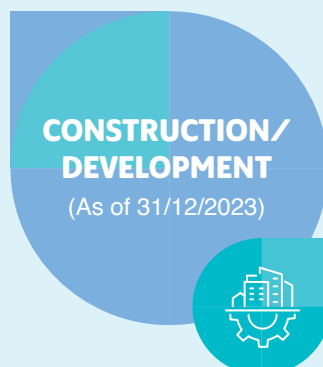
39 packages awarded
RM433.66 Million

Major 10 packages
RM151.12 Million

Minor 12 packages
RM240.04 Million

Mini 17 packages
RM42.51 Million

19 packages value at
RM264.30 Million tendered



60 packages under construction
RM1,819.76 Million

Major 16 packages
RM903.96 Million

Minor 16 packages
RM545.12 Million

Mini 24 packages
RM106.63 Million

LRAL2 4 packages
RM264.05 Million



18 packages completed
RM888.72 Million

Major 11 packages
RM250.23 Million

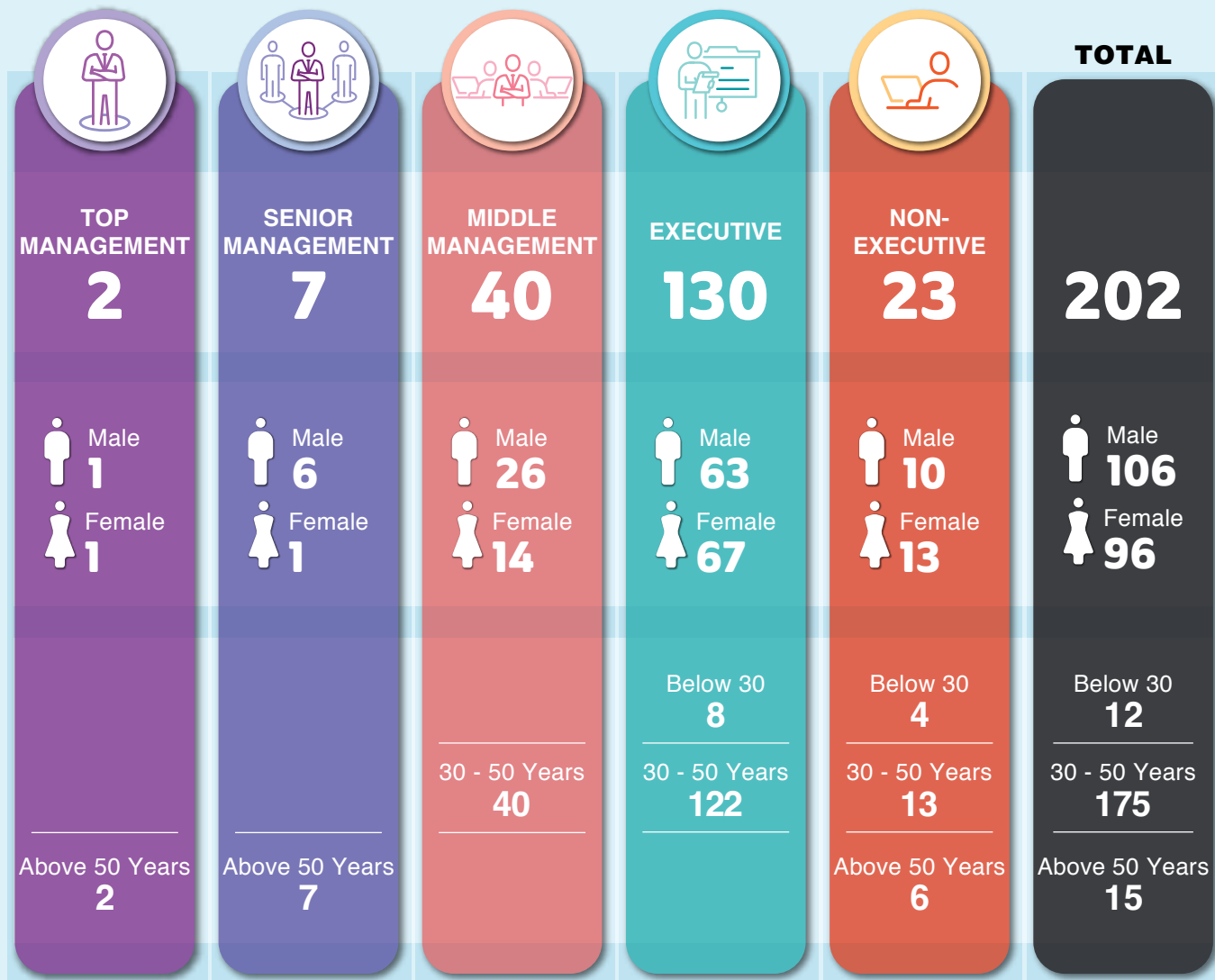
Minor 2 packages
RM172.04 Million

LRAL2 5 packages
RM466.45 Million

HUMAN RESOURCES HIGHLIGHTS



**EMPLOYMENT CATEGORY BREAKDOWN (2023)



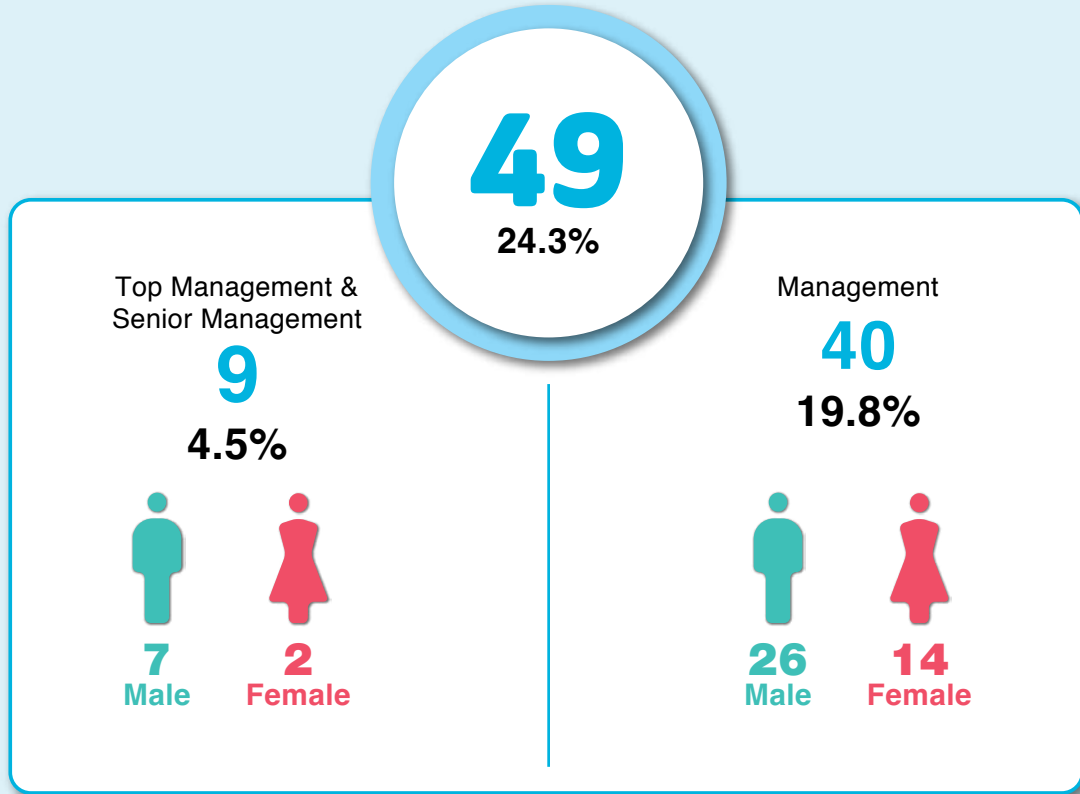
Total Training Hours
10,481 Hours

Total Spent for Training
RM874,989

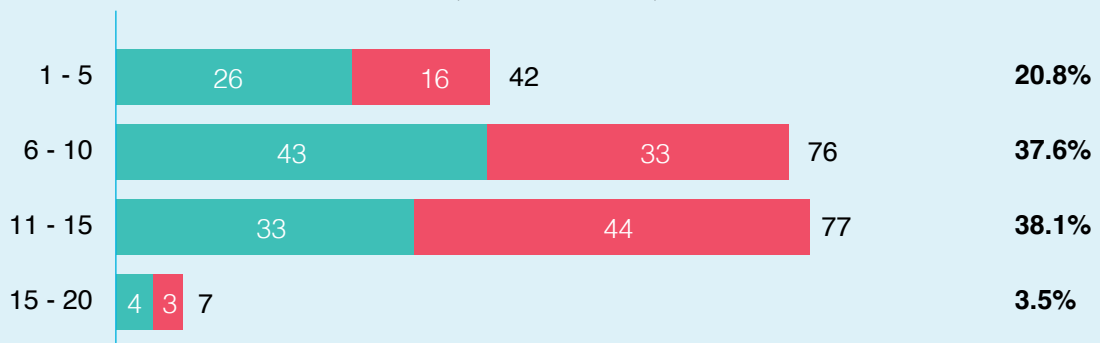
Average Training Hours per Employee
52 Hours

Average Training Cost per Employee
RM4,353

**BREAKDOWN OF MANAGEMENT RESPONSIBILITIES



Years Employed (Full Year of Service)




** Data shown as at 31 Dec 2023

MIGRATION JOURNEY



MIGRATION

- 
Acquire water assets from state governments. The value of these assets equivalent to the outstanding federal loans owed by the state governments related to water and commercial debts
- 
Lease the acquired water assets back to the water operators
- 
Act as a conduit to settle the state governments' federal loan obligations with the Ministry of Finance (MoF)



Pengurusan Aset Air

Establishment of PAAB
Act 654 (SPAN Act) and Act 655 (WSIA) Gazetted

2006

2008

Negeri Sembilan  

Melaka  

Johor  

2009

Perlis  

2010

Penang  

2011



Note: *The migration year refers to the year at signing of the Master Agreement.

PROJECTS OUTLOOK

PAHANG



Pengurusan Air Pahang Berhad (PAIP)

As of 2023, PAAB has approved a total capital expenditure (CAPEX) of RM218.14 million for Pengurusan Air Pahang Berhad (PAIP). This CAPEX covers:

- Pipe replacement works totalling 249 km across seven districts in Pahang.
- Construction of ten new reservoirs in Kuantan, Pekan, Lipis and Rompin.
- Refurbishment of existing water treatment plants and pumping stations in Rompin and Maran.

The pipe replacement works are expected to reduce Non-Revenue Water (NRW) throughout Pahang, minimising water supply disruptions for consumers. Additionally, the new reservoirs will increase water storage capacity in Pahang by 34.92 million litres.

KEDAH



Syarikat Air Darul Aman Sdn Bhd (SADA)

On 09 October 2023, PAAB approved a portion of the development costs for two new water treatment plant projects for Syarikat Air Darul Aman Sdn Bhd (SADA): Sidam WTP Phase 1 (200 MLD) and Sg. Karangan WTP Phase 1 (150 MLD). Completion of these plants is expected to increase the reserve margin by at least 10% in the Kuala Muda and Kulim Districts, respectively, contributing to an overall rise in Kedah's reserve margin. PAAB is currently in the process of appointing an engineering consultant for these projects.

KELANTAN



Air Kelantan Sdn Bhd

As of December 2023, Kelantan has eight ongoing projects valued at RM265 million. Key projects include constructing two new water treatment plants (WTPs) and implementing pipe replacement programmes. The 10 MLD Bukit Chupak WTP, expected to finish by August 2025, will bolster supply reserves in Gua Musang. The 20 MLD Chicha 2 WTP, slated for completion by April 2026, addresses growing demand in East Kota Bharu. Concurrently, initiatives under the NRW Reduction Programme are underway, encompassing the development of District Metering Areas (DMAs) in Machang, Tanah Merah, Kuala Krai and Kota Bharu.

Moreover, planned projects worth RM726 million involve new WTPs, distribution system upgrades, and pipe replacements. A highlight is the construction of seven WTPs with a total capacity of 142 MLD, including Tanjung Mas (30 MLD), Merbau Chondong (50 MLD), Tok Bali (50 MLD), and four mini WTPs with a combined capacity of 12 MLD. These projects are set to begin in 2024 and 2025. As new WTPs come online, ensuring a dependable distribution system is vital for consistent supply and reducing NRW. Enhancements include constructing five water storages totaling 27 ML and replacing aging Asbestos Cement (AC) pipes across Kota Bharu, Tumpat, Gua Musang, and Bachok District, spanning approximately 343km.

LANGAT2 – PHASE II



Langat 2 Water Treatment Plant (WTP) Phase 2

Langat 2 Phase 2 is a collaborative effort between PAAB and Pengurusan Air Selangor (AiS) to increase reserve margin and enhance water security for Kuala Lumpur, Selangor (Kuala Langat, Sepang, Gombak, Petaling, Sungai Besi, Kinrara, and Puchong), and Putrajaya.

PAAB, as the nation's water infrastructure developer, has been granted approval by Suruhanjaya Perkhidmatan Air Negara (SPAN) to provide funding and to manage the implementation of the Langat 2 Phase 2 project. This project aims to provide a more sustainable water supply reserve to meet future water demand in Western (Petaling, Sungai Besi, Kinrara, and Puchong), Southern (Kuala Langat & Sepang), and Northern Selangor (Gombak) with an improved water distribution system utilising efficient technology. The project is expected to deliver creative solutions and value through optimal planning and execution for the benefit of the national water industry.

TECHNOLOGY AND INNOVATION



Established in 2017, PAAB's Water Asset Value Enhancement (WAVE) programme has successfully undertaken a multitude of impactful initiatives and research endeavours. These efforts have focused on pioneering novel strategies in waste handling and reduction, energy efficiency, improved construction methods, optimisation of water treatment processes. Alongside these efforts, WAVE has

also diligently conducted capacity-building programmes. These programmes offer stakeholders a comprehensive outlook on holistic water management practices and foster a deeper understanding of sustainable approaches within water resource management.

Its activities for the year are detailed below:

BUILDING INFORMATION MODELLING (BIM)

Embracing Digitalisation

In line with the nation's Construction Industry Transformation Programme (CITP) and National Construction Policy 2030, which aim to digitise the construction sector, PAAB has begun adopting Building Information Modelling (BIM).

BIM is a digital representation of both the physical and functional characteristics of a building or infrastructure. It fosters collaboration among various stakeholders like architects, engineers, and construction professionals. BIM facilitates the creation, design, and management of project information throughout its entire lifecycle.

As part of this initiative, specific personnel participated in BIM theory and concept training programmes in 2023.

Learning from the Best

On 11 December 2023, PAAB visited JKR's BIM implementation unit to gain deeper insights into the advantages and potential benefits of BIM for the organisation. BIM offers several advantages:

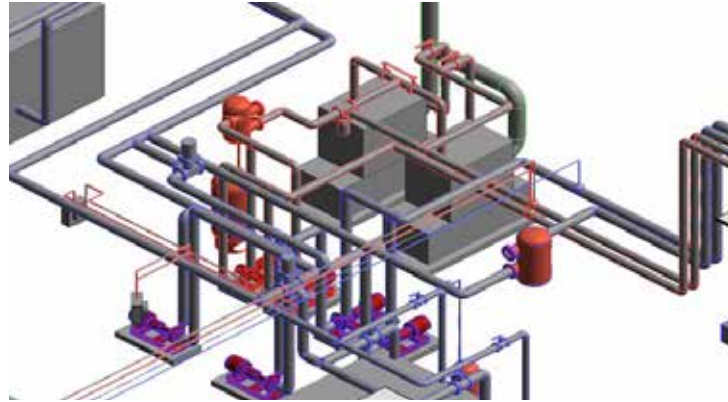
- Amplifies project visualisation
- Enhances coordination and communication between different disciplines in the design phase
- Facilitates well-informed decision-making in the pre-construction phase through project analysis and simulation (e.g. energy performance assessment, structural analysis, meticulous cost estimation)



Moving Forward with BIM

PAAB has participated in presentations delivered by engineering consultants on integrating BIM into PAAB projects. We have identified viable water treatment plant projects that could be designed using BIM and are aiming to gain acceptance from water operators for implementation in 2024.

There are plans underway for PAAB to develop a long-term strategy for establishing a dedicated BIM unit. This initiative seeks to fully embrace the digitalisation of the construction industry, reshaping the conceptualisation, design, and construction approaches employed in PAAB's projects.



INDUSTRIALISED BUILDING SYSTEM (IBS)

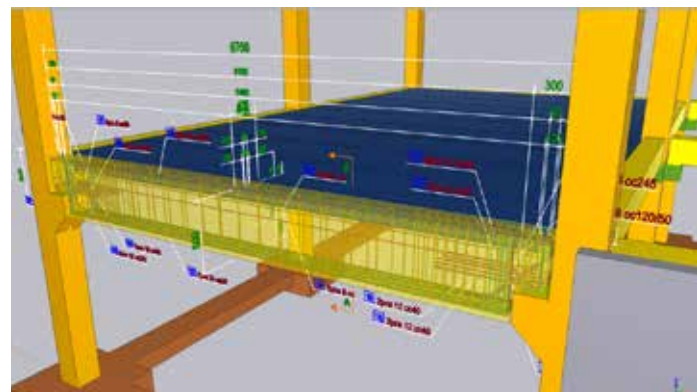
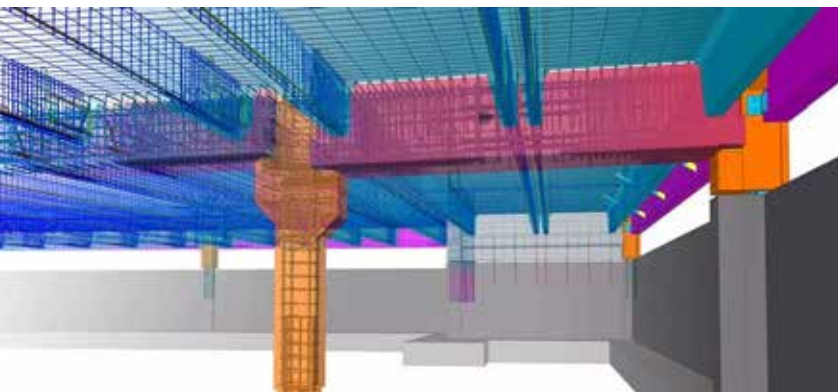
The Industrialised Building System (IBS) refers to a construction methodology that utilises prefabricated components. These components are manufactured in a controlled environment before being transported and assembled on-site. It is a systematic approach that enhances efficiency, quality and sustainability in the construction process.

Advantages of IBS

- **Faster Construction:** Prefabricated components enable quicker on-site assembly compared to traditional construction methods.
- **Cost Efficiency:** Reduced labour and construction time can lead to cost savings
- **Improved Quality:** Components manufactured in controlled environments often result in higher quality due to standardised production processes
- **Safety:** IBS can minimise on-site risks and hazards associated with traditional construction
- **Sustainability:** Prefabrication can reduce waste and energy usage, making it a more environmentally friendly option

PAAB's Implementation of IBS

PAAB has initiated discussions with IBS vendors to explore incorporating pre-cast components into the construction of reservoirs and other buildings within WTPs. Further discussions with engineering consultants are planned to assess the feasibility of adopting pre-cast IBS components for PAAB's projects, aiming to leverage the benefits listed above.



RENEWABLE ENERGY AND ENERGY EFFICIENCY

Sustainable Energy Solutions

Renewable energy and energy efficiency are twin pillars of sustainable energy solutions. They aim to address environmental concerns, reduce reliance on finite resources, and foster a more resilient energy infrastructure.

Renewable Energy

Renewable energy sources are a diverse range of natural resources, including solar, wind, hydroelectric, biomass, and geothermal energy. These sources offer a perpetual and clean supply of energy, unlike fossil fuels which contribute to climate change and environmental degradation.

Energy Efficiency

Energy efficiency involves optimising energy use to achieve maximum output with minimal input. It not only curtails energy wastage but also cuts costs for consumers, lessens the strain on resources, and contributes significantly to environmental conservation by reducing greenhouse gas emissions.

PAAB has been actively exploring the potential of implementing green technologies in its projects. This includes communication with various renewable energy vendors, particularly solar system suppliers, and mini/micro hydro technologists.

Solar Energy: Several suitable projects have been identified for solar rooftop installations. PAAB will work closely with engineering consultants to secure water operators' acceptance for these installations in 2024.

Hydropower: PAAB has also undertaken preliminary investigations with mini/micro hydro technologists to identify an appropriate location in Negeri Sembilan for a pilot plant. This aims to establish proof of concept for hydropower implementation. Site visits to Sg. Terip WTP were conducted on 30 November 2023 for data collection, and preliminary calculations have been completed. Further studies will be carried out before presenting the findings to Syarikat Air Negeri Sembilan (SAINS).



COLLABORATION WITH EXTERNAL ORGANISATIONS

PAAB has engaged in discussions with Institut Penyelidikan Air Kebangsaan Malaysia (NAHRIM), Universiti Putra Malaysia (UPM), Universiti Teknologi Malaysia (UTM), and several other water treatment specialist firms. The aim is to partner on specific areas within water treatment plant processes, focusing on enhancing efficiency and implementing innovative methods to improve water quality. This collaboration will continue into 2024, potentially involving ongoing research and development (R&D) endeavours until project goals are achieved.



BACKGROUND



PAAB has implemented various measures to align with the United Nations Sustainable Development Goals (SDGs). These include:

- Development of water supply service infrastructure
- Installation of energy-efficient motors in water treatment plants
- Implementation of green procurement guidelines for operational expenditure (OPEX) and capital expenditure (CAPEX)
- Establishment of a Sustainability Sukuk Framework to finance eligible water services infrastructure projects
- Corporate social responsibility (CSR) programmes that support social equity

While PAAB also runs separate CSR programmes focused on social equity, these efforts currently lack a cohesive sustainability framework. To address this, PAAB aims to establish a structured approach to enhance resource efficiency.



They define sustainable development as meeting the needs of the present without compromising the ability of future generations to meet their own needs

(Source: World Commission on Environment and Development, 1987).



KEY MILESTONE

1

IMPACT ASSESSMENT AND IDENTIFICATION OF MATERIAL TOPICS



TIMELINE

- Conducted from Q1 2023 until Q2 2023.



OBJECTIVE

- Provide an overview of PAAB's impact on the economy, environment and people.



STAKEHOLDERS INVOLVED

- Ministry responsible for the water sector and related agencies
- Regulator (i.e. SPAN)
- Shareholder (i.e. Minister of Finance Incorporated)
- Sukukholders of debt instruments issued by Pengurusan Air SPV Berhad
- Local authorities
- Water operators
- Consultants, contractors, and suppliers of goods and services
- National Water Association (i.e. The Malaysian Water Association)
- Employees



METHODOLOGY

Each respondent was asked to rate the significance of PAAB's operational impacts on identified areas under economy, environment and people. They were also given the opportunity to highlight other potential areas of impact.

KEY MILESTONE 2

DEVELOPMENT OF FRAMEWORK FOR SUSTAINABILITY



BASIS

The framework for sustainability was developed based on PAAB's impact on the economy, environment and people.



BENCHMARKING

The framework was benchmarked against sustainability policies and frameworks adopted by other institutions, including:

- National water institutions
- Selected Government-Linked Investment Companies (GLICs) and Government-Linked Companies (GLCs)
- Financial institutions
- Real estate development institutions



BEST PRACTICES

The framework incorporates best practices in sustainability implementation observed in other companies' agendas.



CONTEXTUAL CONSIDERATIONS

The framework takes into account the current context of both PAAB and the national water sector.



APPROVAL

The Board approved the sustainability framework on 7 September 2023.

KEY MILESTONE 3

DEVELOPMENT OF FIVE-YEAR SUSTAINABILITY STRATEGY PLAN



WORKSHOP (20 & 21 SEPTEMBER 2023)

A workshop involving all divisions was held to identify:

- Objectives
- Indicators and targets
- Initiatives
- Drivers for each Key Result Area (KRA) for the period 2024-2028



PRELIMINARY CONSULTATION

A preliminary consultation with management regarding the first draft of the five-year sustainability strategy plan was held on 14 December 2023.

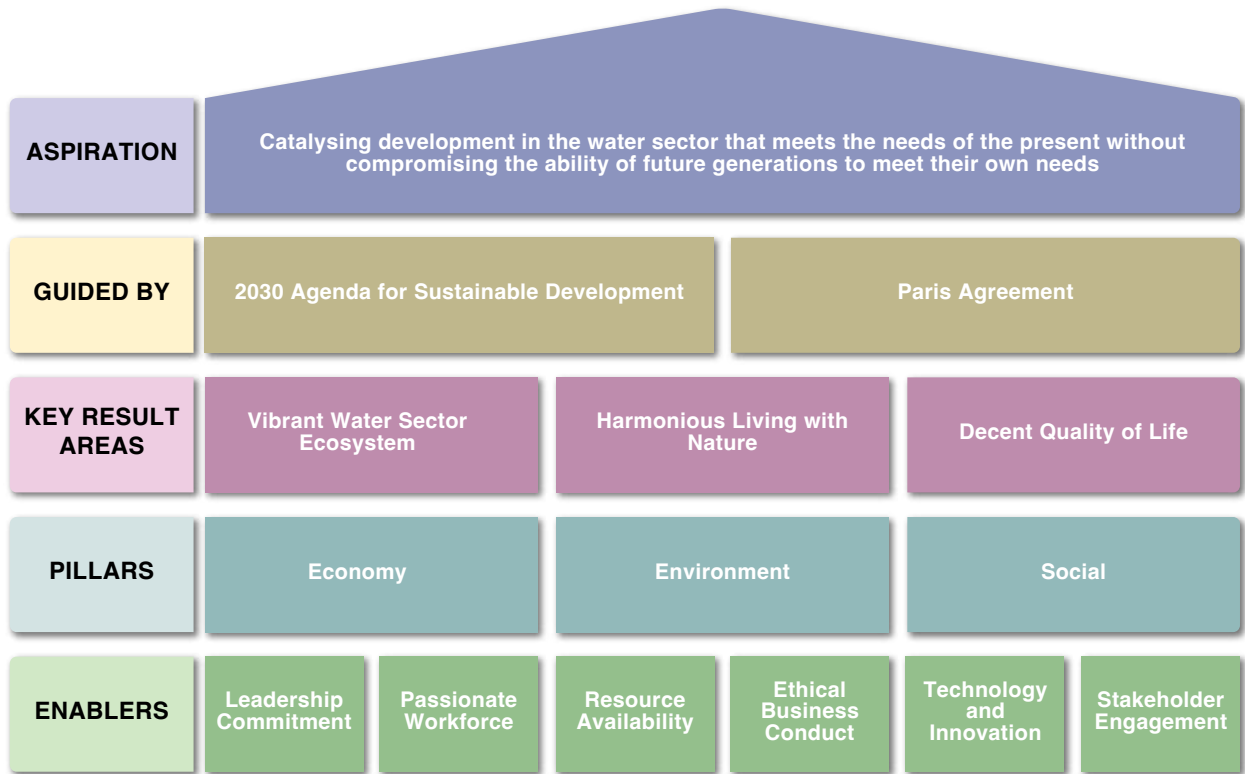


APPROVAL TARGET

Board approval is targeted for Q3 2024.



PAAB SUSTAINABILITY FRAMEWORK



GOVERNANCE



Board of Directors

The highest approving authority and is ultimately responsible in setting the direction and providing oversight in relation to sustainability.

Sustainability Committee

Supports the Board as a Board committee in providing oversight in sustainability agenda

Chief Executive Officer

Ensures the direction set by the Board with regards to sustainability agenda is being implemented.

Sustainability Steering Committee

Steers, coordinates, tracks, and evaluates progress of implementation of PAAB's sustainability strategy



SUSTAINABLE FUNDING

- Sustainability Sukuk Wakalah Programme: Launched in 2022 by PAAB through our wholly-owned special-purpose vehicle, Pengurusan Air SPV Berhad (PASB), this programme utilises Sukuk Wakalah structures to raise funds for sustainable projects.
- Alignment with Sustainability Standards: The Sustainability Sukuk programme adheres to its own framework and aligns with the following local and global standards and guidelines:
 - Securities Commission Malaysia's Sustainable & Responsible Investment ("SRI") Sukuk Framework
 - ASEAN Green Bond Standards
 - ASEAN Social Bond Standards
 - Green Bond Principles
 - Social Bond Principles
 - Sustainability Bond Guidelines
- Utilisation of Proceeds: Funds raised through the Sustainability Sukuk are used to finance projects and solutions that are crucial for improving water supply assets and infrastructure. These assets include the network of pipes, reservoirs, plants and machinery, dams, land, buildings, and structures.

Sustainability Sukuk Proceeds Utilisation and its Impacts

Description of Eligible Project	Langat 2 Water Treatment Plant for Phase 1
Location	Selangor Darul Ehsan
Type of Utilisation (New Project/Refinancing)	New Project
Status of Eligible Project	Ongoing
Amount Utilised (RM)	RM490 Million
Eligibility Criteria	Affordable Water Infrastructure

Reporting Indicators

Value of new Water Assets Developed	4.3 Billion
Increment of Reserve Margin	Contributed to the Selangor Reserve Margin of 15.2% as of 2022
Million Cubic Metres of Clean Water to be Produced	1,130 MLD
Number of Households Benefited from the Projects	Approx. 8.3 Million Consumer



INFORMATION OF WATER ASSET SYSTEM (i-WA) SUCCESSFULLY REGISTERED WITH MYIPO



i-WA: PAAB'S COPYRIGHT APPLICATION HAS BEEN REGISTERED IN MALAYSIA

PAAB's copyright application for the Information of Water Asset System (i-WA) has been successfully registered in Malaysia by the Intellectual Property Corporation of Malaysia (MyIPO). This registration confirms that i-WA meets all the necessary requirements for copyright protection.

What is i-WA system?

In January 2020, PAAB successfully developed a web-based water asset information system known as i-WA. Built on an open-source platform, i-WA allows users to register, update, view, and search PAAB's water assets. The system also offers customisation for reporting and analysis purposes. Currently, information recorded within i-WA is shared internally.


Copyright Protection for i-WA

As PAAB developed i-WA, it was crucial to ensure proper legal protection to prevent infringement by third parties. Therefore, PAAB successfully registered and recorded i-WA with MyIPO on 22 March 2023. As a copyright holder, PAAB now has exclusive rights to use, reproduce and distribute i-WA. This means PAAB has legal recourse against anyone who infringes on these rights.


i-Water Asset

- HOME
- Water Structure
- Water Network
- Reporting
- Settings
- User Application

Buloh Kasap (J/008/TP/09/CONV)



[Asset Info](#) | [Attachments](#) | [Facility](#) | [Land](#) | [Asset CNId](#) | [Maintenance](#) | [NWRA](#) | [Disposal](#) | [Transfer Back](#) | [History](#)

General Information			
Asset Type	Water Treatment Plant	Asset Tag	J/008/TP/09/CONV
Asset Name	Buloh Kasap	State WO Asset Name	Loji Rawatan Air Buloh Kasap
State WO Reference ID	-	Acquisition Type	CAPEX
Project	J002 - PI	Replaced Asset	-
Locality Information			
State	Johor	District	Segamat
Mukim	Mukim Buloh Kasap	Coordinate	2.585437, 102.770484 
Ground Level	38.80 m		
Operation Information			
Operation Status	Active	Source From (PAAB Asset)	-
Source From (Others)	Buloh Kasap Intake	Supply To (PAAB Asset)	-
Supply To (Others)	Buloh Kasap Reservoir	Current Capacity in Million Litre	-
Current Capacity in Million Gallon	-	Design Capacity in Million Litre	15.00 MLD
Design Capacity in Million Gallon	3.52 MOD	Water Treatment Type	Conventional

PROJECT REVENUE MANAGEMENT SYSTEM (PRMS)



The Project and Revenue Management System (PRMS) is an integrated digital solution designed to enhance the efficiency and effectiveness of managing water projects from planning, tender management, project delivery management and revenues. The system allows business user to utilise advanced web solution by providing capabilities plan-to-execute, record-to-report and project-to-revenue.

This transformative initiative has significantly improved operational capabilities by offering integrated modules, including:

- Project planning
- Budgeting
- Tender processes
- Project delivery management
- Lease management

Through strategic planning, rigorous execution, and continuous improvement, PAAB has achieved notable milestones and positioned itself for sustained growth and success. PRMS centralises project-related data and provides tools for:

- Better financial control
- Improved compliance
- Decision support throughout the project lifecycle

System Development and Collaboration

The development of PRMS involved nine (9) departments:

- Planning Department
- Tender Secretariat Department
- Tender Evaluation Department
- Project Delivery Department
- Design Management & Technical Department
- Contract Department
- Procurement Department
- Revenue Management Department
- IT Department

Benefits of PRMS

Project Planning & Budgeting

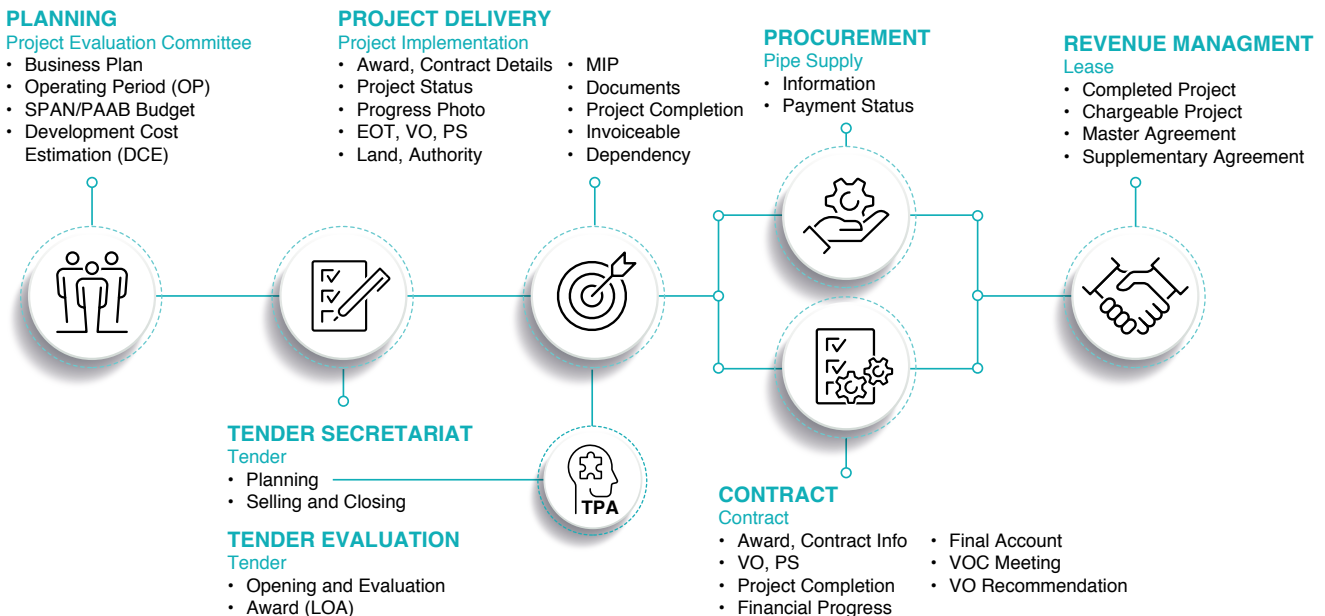
- Streamlined business plan development
- More effective budget allocation
- Enhanced overall project visibility
- Improved financial forecasting
- Cost control
- Resource optimisation

PRMS leverages advanced analytics and real-time data insights through Power BI to optimise budget allocation processes and ensure optimal utilisation of financial resources throughout the business plan/operating period.

Tender Management

PRMS has revolutionised our tender processes, covering planning, selling and award stages. Through automated workflows, centralised documentation and enhanced collaboration tools, we have streamlined the entire tender

PROCESS FLOW



lifecycle, reducing processing times, improving vendor relationships, and enhancing transparency and compliance in tender evaluations and awards.

Project Delivery Management

PRMS offers a comprehensive project delivery management module encompassing execution, monitoring, and completion stages. It provides a centralised platform for seamless project coordination and control with integrated tools for:

- Physical and financial tracking
- Milestone monitoring
- Centralised document repository

These features enhance project visibility, minimise risks, and deliver projects with improved quality.

Lease Management

PRMS has modernised lease management processes by offering robust features for:

- Chargeable Project Tracking
- Documentation management
- Agreement management

By centralising project data, the system allows business users to retrieve project information, documents, and cost data to produce lease agreements and calculate charges for state water operators.

Integration with Other Systems

PRMS is integrated with other platforms such as Power BI and web-based systems. These integrations significantly enhance data analytics capabilities, accessibility, and decision-making processes, driving greater efficiency and value across the organisation.

Power BI Integration

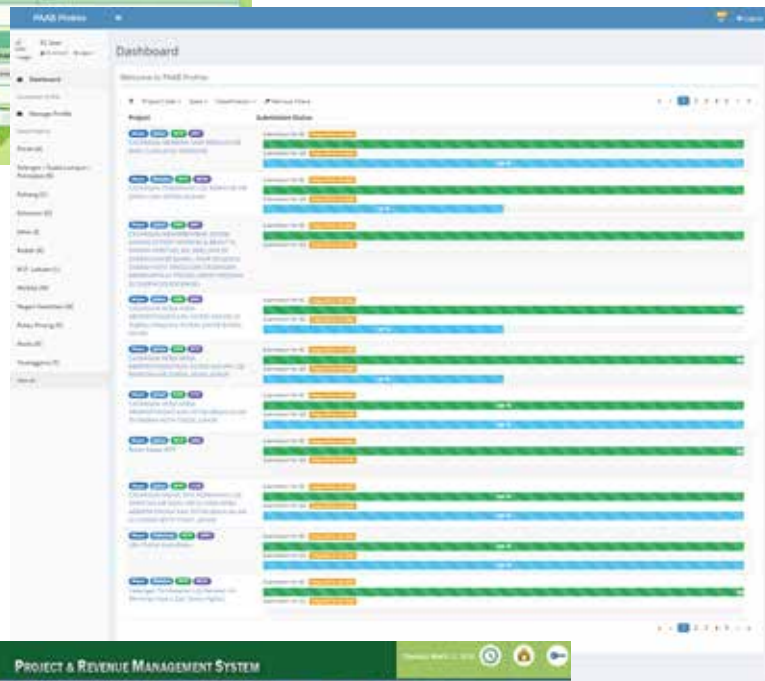
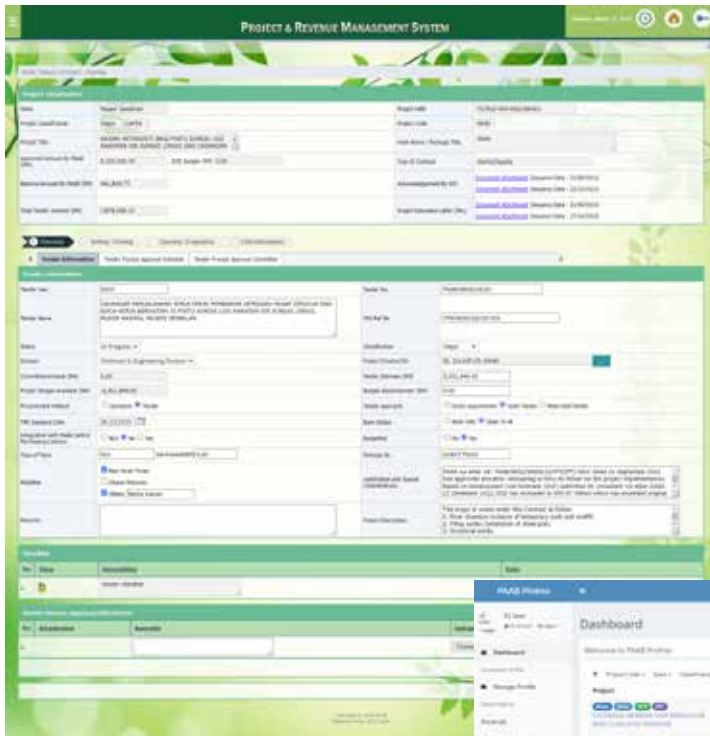
Our integration with Power BI, a powerful business intelligence tool, unlocks the full potential of our data assets. By consolidating data from various PRMS modules into dynamic dashboards and reports, we gain actionable insights, identify trends, and make informed decisions quickly and accurately. This integration not only improves data visualisation but also facilitates proactive project monitoring and performance tracking, allowing us to respond swiftly to emerging opportunities and challenges.

STATISTICS DATA IN PRMS

Project Metrics	No
Total Projects Registered	300
Total Packages Approved	402
Total Packages Awards	352
Total Tender Listings	651
Total Monthly Project Progress Reports	5,688
Total Certificates (CPC, CPO, CMGD etc.) Registered	1,155
Total Attachments (PEL, LOA, Letters, Certificates etc) Uploaded	10,368
Total Service Level Agreements (SLAs)	45
Total Components in SLAs	508
Total Consultants Registered in PRMS	83
Total Contractors Registered in PRMS	280

Web-Based System Integration

PRMS integration with web-based systems extends the reach and accessibility of our application. Stakeholders can securely access critical information and functionalities from anywhere, at any time. User-friendly interfaces, mobile responsiveness, and enhanced security measures improve collaboration, communication, and productivity across teams and departments.





SELANGOR : LANGAT 2 WATER TREATMENT PLANT PHASE 1 (L2P1)

WATER SUPPLY SITUATION

- Critical water levels were expected in Selangor and Kuala Lumpur by 2008 due to exceeding demand.
- Three (3) major rivers (Langat, Semenyih and Selangor) supplied 86% of the region's potable water needs.

- This project involved water treatment and distribution facilities with raw water transferred from the Pahang-Selangor Raw Water Transfer (PSRWT) project.
- It has an ultimate nominal treated water output capacity of 2,260 million litres per day (MLD).
- The project serves areas like Hulu Langat, Ampang, AU3, Kuala Lumpur, Cheras, Sungai Besi, Bukit Jalil, Petaling and Puchong.

L2P1 PROJECT

TIMELINE OF IMPLEMENTATION

- The project was initiated in 2000 with the Juru-Bekok Air Services (JBAS) Study.
- This was followed by the Kumpulan Distribution Engineering Berhad (KDEB) Study in 2002 and KDEB Project Execution Plan (PED) Report in 2005.
- A consortium was engaged in 2008.
- The project faced a hiatus from 2008 to 2014 before recommencing in March 2014.

- Physical construction began in 2014 for the L2P1.
- Pipeline construction started in January 2015.
- Significant progress was made between 2016 and 2019.

PHYSICAL WORK INITIATION

CHALLENGES FACED

- The COVID-19 pandemic halted activities; however, treated water production commenced in December 2019.

- The Western and Northern corridors were completed by December 2023.
- The project delivers a treated water capacity of 1130 MLD.
- This has increased the water supply reserve margin by 15.2%, benefiting approximately 440,000 users in the Klang Valley region.

COMPLETION OF L2P1

TECHNICAL-TWIN TUNNELS

Hulu Langat – Ampang Northern Twin Tunnel

Langat 2 Phase 1 (L2P1) – Ampang Northern Twin Tunnel is a critical component of the L2P1 Scheme. It conveys treated water from the Hulu Langat Balancing Reservoir to the Ampang Service Reservoir, catering to demand centres in Ampang and Hulu Klang (as shown in Figure 1).

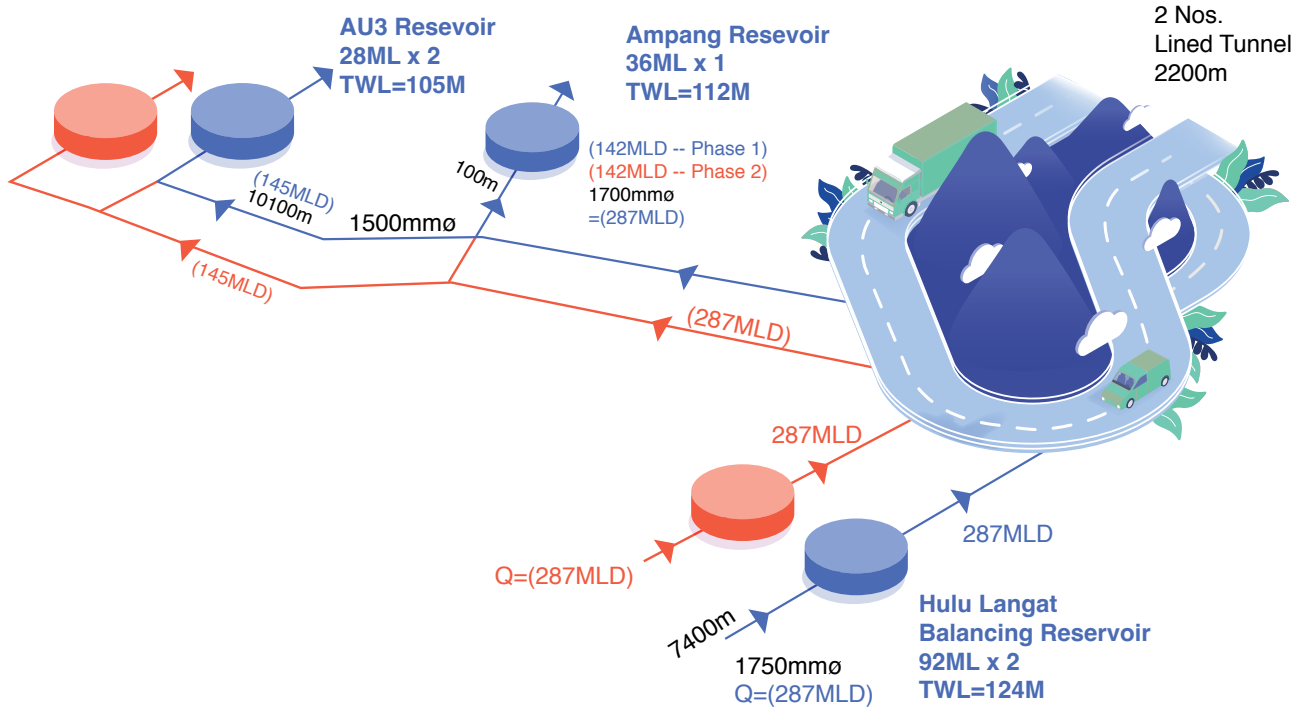


Figure 1: The Development of Langat 2 Water Supply Scheme (Northern Corridor - Phase 1)

The initial design for the Hulu Langat – Ampang Northern Twin Tunnel (Package 6A) involved two (2) equal phases, each with a capacity of 285 MLD (refer to Figure 2 for the tunnel location).

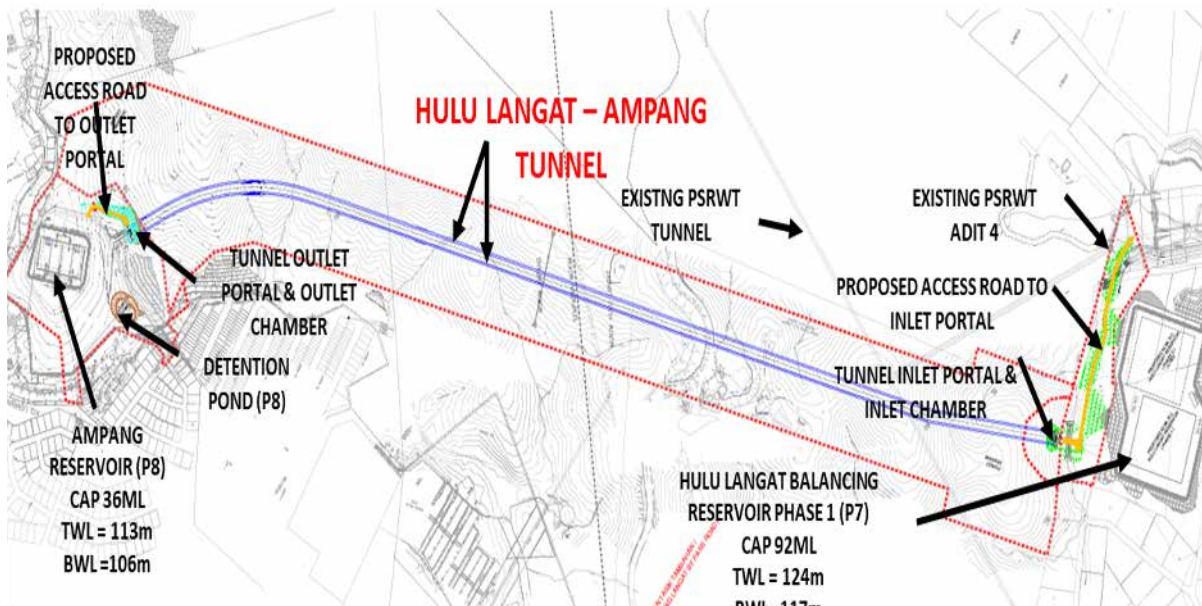


Figure 2: Layout Plan (Revised Scope)

Site Selection Challenges

Selecting a site for the Hulu Langat – Ampang Northern Twin Tunnel presented challenges. The chosen location lies within a virgin forest reserve near a residential area, leading to resident opposition. Proactive stakeholder engagement and addressing concerns early are crucial for project success.

Difficulties During the Study Stage

The appointed surveyor and soil investigation (SI) contractor faced significant challenges accessing the forest reserve land due to restrictions on tree cutting for site investigations. Consequently, completing the SI works for design purposes took more than nine (9) months.

Revised Scope and Approvals

Following a review by the State Government, Pengurusan Air Selangor Sdn Bhd, and SPAN, the following proposals were made and approved for the final scope of the Hulu Langat – Ampang Northern Twin Tunnel Package:

TABLE 1: FINAL SCOPE OF HULU LANGAT – AMPANG TWIN TUNNEL AND AMPANG SERVICE RESERVOIR

Scope	Phase 1	Phase 2
Tunnel	Twin Lined Tunnel with size 3m each for distance of 2200m, that also act storage reservoir.	Constructed under Phase 1
Ampang Reservoir	36 ML	Storage provided in Lined Tunnel under Phase 1

- The final scope eliminates construction of the Ampang Service Reservoir Phase 2, minimising potential disruptions to the public and reducing forest reserve land usage.

Project Endorsement

Despite initial concerns about the feasibility of constructing the first-of-its-kind dual-function lined tunnel in the region, particularly regarding potential groundwater contamination of the treated water conveyance tunnel, the proposal received endorsement from the Selangor State Government, Pengurusan Air Selangor Sdn Bhd and SPAN.

Challenges of the Lined Tunnel

The lined tunnel, designed to transport treated water, presents a primary challenge: ensuring groundwater does not enter the treated water tunnel. Provisions for regular monitoring of water tightness and hydraulic levels through access and facilities are essential.

The tunnel profile and typical sections are shown in Figure 3.

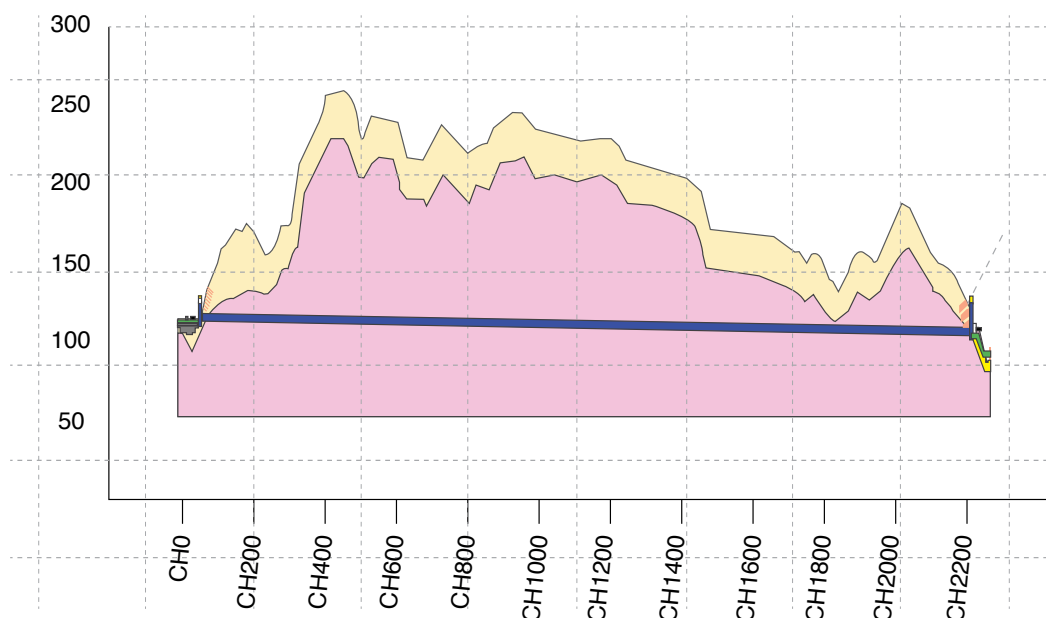


Figure 3: Tunnel Profile

Rock Tunnel Excavation

The rock tunnel excavation employed a combination of full-face blasting and drilling techniques. Specialised equipment like jumbo drills, mucking machines, and tunnel gantry formwork systems ensured efficient and controlled excavation while adhering to safety guidelines.

Both tunnels were excavated concurrently from both ends, meeting in the middle. Due to the single-lane size and to expedite construction, the following measures facilitated plant and machinery storage and manoeuvrability:

- Cross passages connecting the two (2) tunnels at three (3) locations
- Niches constructed within the same tunnel



Figure 4: Marking and Blasting during excavation of work



Figure 5: Installation of rebar concrete lining in progress

Project Challenges and Solutions

Despite facing various challenges due to site constraints, public concerns, and unforeseen technical issues, the project team successfully completed the first-of-its-kind dual-function lined tunnel through careful planning, adaptability, and a stringent focus on safety and quality.

Challenges and Mitigations

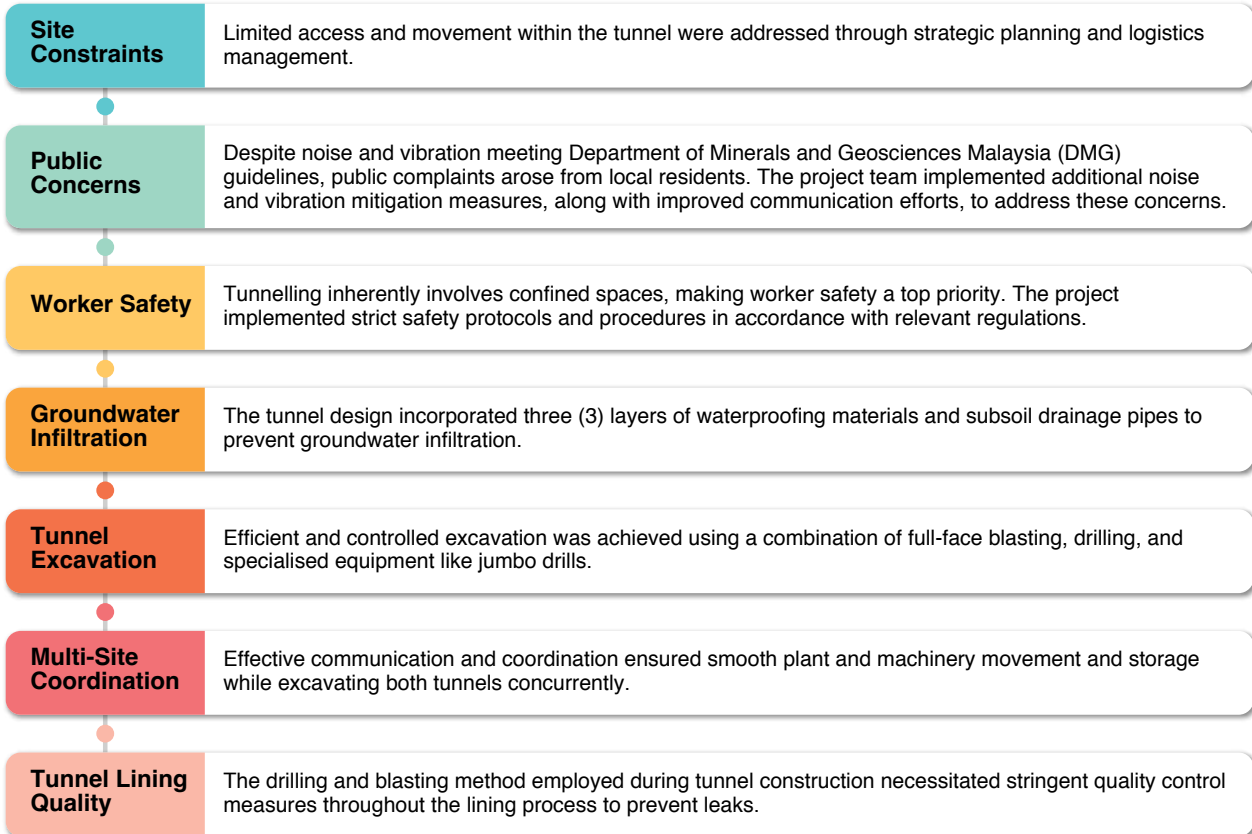


Figure 6: Inlet Portal Twin Tunnel

Challenges and Lessons Learned

In a large-scale project like L2P1, spanning from the inception stage to project completion, numerous challenges and lessons were encountered and learned. A compilation of challenges and lessons learned has been undertaken to facilitate future improvements at various stages of the project. This initiative demonstrates the commitment and proactive approach of the L2P1 project team towards project delivery. The table below illustrates the challenges and lessons learned during the construction of the L2P1 project.

The table below summarises the challenges encountered during L2P1 construction and the corresponding lessons learned:

CHALLENGES AND RESPONSES

Challenges	Lessons Learned
Design changes due to outdated information, site conditions, or new regulatory requirements.	Design stage should be more comprehensive, incorporating in-depth studies and considering the design lifespan.
Difficulty in tender selection for optimal delivery performance.	Employ the right tender strategies to ensure the most effective project delivery.
Delays caused by lengthy bureaucratic procedures and approvals from authorities (local authorities, TNB, MINDEF, Forest Department, etc.).	Proactively engage with stakeholders and communicate effectively. Allocate provisions in the design to accommodate potential unforeseen requirements by authorities.
Public opposition to works despite local authority approval.	Initiate early engagement with the public before starting works.
Design changes necessitated by water operator requirements.	Coordinate with water operator representatives during the design stage to ensure their requirements are incorporated.
High deposit requirements imposed by agencies/authorities for work permits (e.g., JKR Roads for pipe laying).	Consider a blanket bank guarantee for deposit requirements. This avoids the need for PAAB to allocate large sums of money for individual deposits.

Expansion Proposal for Ngoi-Ngoi Water Treatment Plant Phase 2 and Distribution System



Project Scope

The overall development involves construction at three main locations:

- Petaseh Raw Water Intake Pumping Station site
- Ngoi-Ngoi Water Treatment Plant site
- New Reservoir at Mendom

Ngoi-Ngoi Water Treatment Plant Upgrade

The planned upgrade will increase the plant's production capacity from 150 MLD (million litres per day) to 300 MLD. This upgrade includes new pre-sedimentation tanks, clarifiers, and filters, along with supporting buildings such as administration and chlorine facilities. Phase 2 consists of five work packages:

- **Package 1:** Construction and completion of a 150 MLD water treatment plant at Ngoi-Ngoi, with related works.
- **Package 2:** Upgrade of raw water pumps, band screens, and related works at Ngoi-Ngoi.
- **Package 3:** Installation of treated water pipelines (using a centralised ductile iron system with a nominal diameter of 1400 mm) from the Ngoi-Ngoi 2 Water Treatment Plant to the existing Mendom Water Reservoir. Additionally, a centralised ductile iron pipe system with a nominal diameter of 750 mm will be installed from the Sungai Terip Water Treatment Plant to the Batu 5 Water Reservoir. This package includes related works in the Ngoi-Ngoi area.
- **Package 4:** Construction and completion of a clean water tank with a capacity of 18 ML, including related works in the Mendom area.
- **Package 5:** Construction and completion of a disposal site and related works in the Ngoi-Ngoi area.

Ngoi-Ngoi Water Treatment Plant Phase 2 Expansion

The Ngoi-Ngoi Phase 2 development is driven by the increased treated water capacity of the Ngoi-Ngoi Water Treatment Plant Phase 1. The Expansion Proposal encompasses the treatment plant itself (Phase 2) and a new distribution system to meet the projected water demand beyond 2020 in the local authority areas of Majlis Perbandaran Seremban (MPS) and Majlis Perbandaran Nilai (MPN). This expansion aims to support the rapid growth of Seremban, Nilai and Sendayan designated as a new investment corridor called Malaysia Vision Valley by the government.

NGOI-NGOI WATER TREATMENT PLANT PHASE 2 (150 MLD)

Package 1:

Constructing and completing a water treatment plant with capacity of 150 MLD and related works at Ngoi-Ngoi



Expansion Proposal for Merlimau, Phase 2 and Distribution System



Project Scope

The planned upgrade will enhance the plant's production capacity from 55 MLD (million litres per day) to 110 MLD. The upgrade encompasses:

- New clarifiers
- Rehabilitation of existing filters
- New raw water pipelines
- New pipeline distribution networks
- New elevated reservoirs
- Upgraded SCADA system and telemetry functionalities for improved operator control and monitoring

Phase 2 consists of five work packages:

- **Package 1:** Installation of distribution pipes from the Bukit Perah Water Tank Plant (capacity: 4.54 million litres) in Jasin District and Central Melaka District, Melaka (including related works).
- **Package 2:** Construction of Bukit Batu Water Tank, Bukit Perah Water Tank, and pipe works in Lanchang. This package also includes the upgrade of the Merlimau Water Treatment Plant and related works.
- **Package 3:** Construction of a crest gate rubber dam at Lanchang Intake (including related works).
- **Package 4:** Construction of Bukit Batu Water Tank (including related works).
- **Package 5:** Construction of works for the installation of a distribution pipe from Bukit Batu to Pengkalan Jaya (including related works).

MERLIMAU PHASE 2 DISTRIBUTION SYSTEM

Package 2:

Proposal for the Construction of Bukit Batu Water Tank, Bukit Perah Water Tank, and Pipe Works in Lanchang, and Upgrading the Merlimau Water Treatment Plant and Related Works

Merlimau Water Treatment Plant Phase 2 Expansion

The Merlimau Phase 2 development is driven by the increased treated water capacity of the Merlimau Water Treatment Plant. Feasibility studies began in 2013 with the aim of positioning the plant as a supplementary water source for Melaka town, alongside the existing Bertam and Sebukor treatment plants. Additionally, the planned Melaka Waterfront Economic Zone (MWEZ) necessitates increased water supply for the Pulau Melaka area.



AWARENESS CONFERENCE ON ISO 55001 ASSET MANAGEMENT SYSTEM



A total of 40 representatives from water utility companies and government agencies participated in a session on the ISO 55001 Asset Management System. The session aimed to raise awareness and provide a briefing on the importance of establishing, implementing, maintaining, and improving efficient asset management systems within the water supply sector.

Three (3) panel members from SIRIM, Air Selangor, and PAAB presented insights on the significance of ISO 55001:2014 in asset management. This is particularly relevant considering the water sector's vast portfolio of large-scale assets, including water treatment plants, distribution pipes, pumping stations and reservoirs.

The session highlighted how ISO 55001 aligns with current technological advancements and online digitisation. Platforms like i-WA, GIS and Water Asset Intelligence Dashboard empower water utilities to monitor, supervise and coordinate assets more effectively.

PAAB's Chief Executive Officer, Ir. Zulkiflee Omar, officiated at the inauguration of the ISO 55001 briefing.

We extend sincere appreciation to SPAN for their continuous support of PAAB's initiatives and those of water utility companies. Their support is instrumental in enhancing asset management efficiency within the national water supply industry. We also thank The Malaysian Asset and Project Management Association (MAPMA) and SPAN for attending the programme.





UNLOCKING PARTNERSHIPS FOR RESILIENCE IN ASSET AND PROJECT MANAGEMENT



The water supply industry is constantly evolving, fostering the creation of organisational networks across a broader range of industries. This includes government agencies, construction companies, facility management firms, and infrastructure providers. PAAB recognises this opportunity and has collaborated with The Malaysian Asset and Project Management Association (MAPMA) to bridge the water industry with external businesses, ultimately strengthening its core value of asset and project management.

On 14 August 2023, we welcomed a delegation from MAPMA led by their President, Dato' Ir. Roslan Ismail, and representatives from the High Council. Our CEO, Ir. Zulkiflee Omar, and PAAB's management team warmly received them.

MAPMA is a professional organisation dedicated to advancing asset and project management practices. They achieve this by establishing internationally benchmarked competency standards, contextualised for the Malaysian context.

Introductions were made, followed by a productive session to solidify the relationship between our organisations. PAAB officially became a corporate member of MAPMA. This membership allows us to share the benefits of professionalism in asset and project management, while also exploring networking opportunities with industry and related sector professionals through social and technical events. Several potential strategic collaborations were identified to promote future prospects and achieve mutual growth.





ENRICH GEOGRAPHIC INFORMATION SYSTEM (GIS) BY COLLABORATING WITH PUSAT GEOSPATIAL NEGARA (PGN)



WHEN WATER MEETS GEOSPATIAL

As a new member of the Ministry of Natural Resources, Environment and Climate Change (NRECC) and now known as Minister of Energy Transition and Water Transformation (PETRA), PAAB and PGN seized the opportunity to explore new possibilities and unlock fresh insights. This collaboration aims to further enhance sustainability initiatives and best practices across the water industry.

During a meeting at Wisma Sumber Asli, Putrajaya, on 12 June 2023, a new initiative was launched to promote and develop best practices in water asset management through the utilisation of geospatial technologies. The initial agenda focuses on knowledge transfer of GIS applications, with geospatial data sharing and visualisation benefiting PAAB in its GIS advancement.

Note: Geospatial refers to the identification and description of the information technology used to map, analyse, interpret, and visualise features of the Earth's surface.



APPROACH TO IMPLEMENTING ASSET MANAGEMENT SYSTEMS AND DIGITAL TRANSFORMATION



PAAB has initiated a study to review approaches taken and planned by water operators for implementing asset management systems and digital transformation initiatives.

In 2023, we successfully implemented this approach in collaboration with Syarikat Air Negeri Sembilan (SAINS), Syarikat Air Melaka Berhad (SAMB), Air Kelantan Sdn Bhd (AKSB), Syarikat Air Darul Aman (SADA), and Syarikat Air Perlis (SAP).

Objectives

- Understand the current state of asset management information system implementation among water operators.
- Facilitate future data sharing in digital formats and system integration.
- Share best practices for water supply system asset management, drawing on the ISO 55001:2014 Asset Management System standard and the Asset Management Maturity Assessment by Ofwat, the Water Services Regulation Authority in England and Wales.
- Assist water operators in strengthening water asset management, aligning with the Water Sector Transformation 2040 (WST 2040) agenda and the Sustainable Development Goals 2030 (SDG 2030).

PAAB CO-DEVELOPED NATIONAL OCCUPATIONAL SKILL STANDARD (NOSS) FOR WATER INFRASTRUCTURE DEVELOPMENT (ASSET MANAGEMENT)



The National Occupational Skills Standard (NOSS) is a document outlining the specific skills and knowledge required by employees in Malaysia at different employment levels within a particular occupation. It is developed through collaboration between regulators, industries, and training institutes.

Jabatan Pembangunan Kemahiran (JPK), under the Ministry of Human Resources (Kementerian Sumber Manusia), partnered with stakeholders like SPAN, MWA, various water operators, and consultants for a series of discussions to develop this new programme for water infrastructure development (asset management). The programme was successfully certified after receiving approval from the Technical Standards Committee on 19 April 2023.

PAAB is proud to have been part of this national initiative that aims to improve the quality of vocational training and develop a skilled workforce for the country.

COMPLETION OF DATA COLLECTION FOR MIGRATED WATER ASSETS IN PAHANG



In September 2023, PAAB completed the detailing of migrated water assets in Pahang, encompassing a total of 114 water structures.

The asset detailing activity in Pahang began in 2022, with the initial goal of capturing data for 50% of the state's water assets. PAAB successfully collected on-site data and registered these assets in our Water Asset Information System (i-WA) for three (3) districts: Pekan, Rompin, and Temerloh. This achievement was made possible with the full support and assistance of Pengurusan Air Pahang Berhad (PAIP).

100% OF MIGRATED PAHANG ASSETS NOW REGISTERED IN i-WA

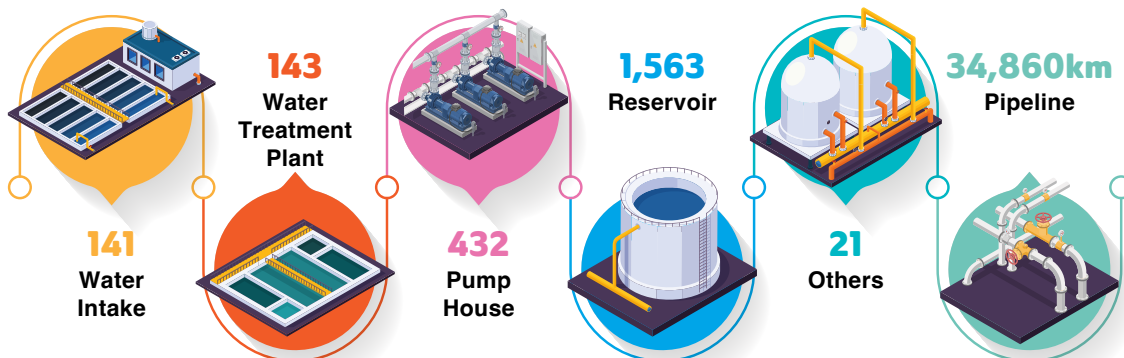
By 2023, PAAB's objective was to register 100% of Pahang's water assets. To achieve this, we conducted the activity for the remaining assets in Bentong, Jerantut, Lipis, Maran and Raub.

Our initiative ensures that water asset information is securely recorded in a systematic manner. This data is crucial for analysis, decision-making and risk assessment.



DATA COLLECTION

Number of Asset Registered as of 31 December 2023





WATER MALAYSIA 2023

14 & 15 JUNE 2023

The Malaysian Water Association (MWA) collaborated with sponsor partners in the water industry, including PAAB and Indah Water Konsortium (IWK), for the Water Malaysia Conference & Exhibition 2023. The two-day event, themed “Managing Critical & Ageing Assets,” was held at Pullman Bangsar Kuala Lumpur on 14-15 June 2023.

Water Malaysia 2023 offered a wide range of engaging activities, including conferences, captivating keynote addresses and plenary sessions, an impressive water exhibition, CEO forums, a dialogue with the Minister, and an exciting networking reception. This event provided endless opportunities for growth and collaboration within the water industry.



Dato' Seri Ir. Jaseni Maidinsa as moderator in Water Malaysia 2023 with YB Nik Nazmi Nik Ahmad



MWA FORUM: CHALLENGES IN MEETING REGULATORY REQUIREMENTS FOR THE WATER INDUSTRY

26 SEPTEMBER 2023

PAAB was proud to participate in a one-day Industry Forum organised by the Malaysian Water Association on 26 September 2023. The forum focused on “Challenges in Meeting Regulatory Requirements for the Water Industry,” and 30 PAAB team members actively participated in this insightful event.

In his engaging speech titled “The PAAB Funding Reform Model: Making it Count for Long-Term Sustainable Water Services,” our CEO, Ir. Zulkiflee Omar, delved into the complexities of PAAB’s funding model and highlighted the essential factors for ensuring sustainable water services in Malaysia.

Officiated by Mr. Charles Santiago, Chairman of Suruhanjaya Perkhidmatan Air Negara (SPAN), the forum provided a platform for robust discussions and the sharing of innovative ideas to ensure uninterrupted water services for consumers.



MALAYSIA INTERNATIONAL WATER CONVENTION (MIWC) 2023

5 & 6 DECEMBER 2023



MIWC 2023 - SPAN Stream: Water Services Sustainability

PAAB was represented by its Head of Finance and Treasury Division, En. Rozaifee Abu Zaharim, who spoke at the dynamic session on “Sustainable Finance and Investment” at MIWC 2023. Other panelists included Pn. Izan Aziati Samsuri from Suruhanjaya Perkhidmatan Air Negara (SPAN), Ms. Kavita Sachwani from the United Nations Environment Programme, and Mr. William Nyam from STRAT369 Consulting Sdn Bhd. The session was moderated by Dato’ Teo Yen Hua, former CEO of SPAN.

En. Rozaifee’s presentation focused on “Sustainability Elements in Water Asset Financing.” He shared PAAB’s activities in financing water asset projects for state water operators, highlighting the issues and challenges faced by PAAB in its role. He also briefed the audience on the sustainability features incorporated into PAAB’s projects, such as solar-powered compound lighting, dewatering processes, rainwater harvesting, and trenchless pipe-laying methods.

In closing, En. Rozaifee emphasised that achieving water services sustainability requires a three-pronged approach: financial sustainability of the industry, embedding ESG (Environmental, Social, and Governance) elements in all water asset projects, and implementing realistic tariff increases.





EMPOWERMENT OF BUMIPUTERA CONTRACTORS

As part of PAAB's tender submission requirements, a series of workshops were established to guide Bumiputera contractors in preparing high-quality tender documents. This Bumiputera Coaching Programme provided one-on-one consultations to ensure submissions met the highest standards, aiming to increase the number of qualified Bumiputera contractors participating in competitive bidding.

In 2023, PAAB successfully coached a total of 73 Bumiputera tenderers with the Construction Industry Development Board (CIDB) grades G4 to G7. Tenderers acknowledged this achievement as a testament to PAAB's commitment to supporting Bumiputera participation.

SAFETY CULTURE IN PAAB

HEALTH, SAFETY, SECURITY AND ENVIRONMENT (HSSE) INITIATIVES IN 2023

Demonstrating our commitment to Health, Safety, Security, and Environment (HSSE), PAAB established a new HSSE policy to strengthen our safety culture. The policy, officially signed off by the CEO on 12 September 2023, has been communicated throughout PAAB headquarters (HQ) and state offices.

On 28 August 2023, the CEO, Head of Human Resources and Administration Division (HRAD), Head of HSSE, and Head of Administration Department conducted an HSSE Management Walkabout at PAAB offices on Levels 19 and 20. This initiative aimed to ensure our office premises comply with the highest safety standards. Potential hazards or risks were identified and addressed, and staff feedback on HSSE concerns was solicited.



Additional HSSE Initiatives:

- **Standardisation of Personal Protective Equipment (PPE):** A standardised design and specification for safety helmets, vests, and boots were implemented for all PAAB staff at HQ and state offices.
- **Formation of PAAB HSSE Committees (HQ & Operations):**
 - **Objective:** Upholding health, safety, security, and environmental compliances, standards, and legislative requirements. The committees will also promote safe work practices for PAAB staff and oversee the overall HSSE management of consultants, contractors, and affiliates.
 - **Committee Chairpersons:** The CEO and COO were appointed chairpersons for both committees
 - **Empowering HSSE Committee Workshop:** A workshop titled "Empowering HSSE Committee" was held for committee members on 20 December 2023. This training will enhance their ability to perform their functions professionally and knowledgeably.



OPERATIONAL RESTRUCTURE

Effective 1 March 2023, PAAB's Operation Team underwent a significant restructuring. This initiative aimed to:

- Enhance operational efficiency
- Empower skilled personnel
- Cultivate future water leaders and specialists
- Ensure balanced resource allocation



CALENDAR OF EVENTS 2023

JAN

05

PRESENTATION CEREMONY – STUDENT EXCELLENCE AWARD

KOTA BHARU, KELANTAN
Corporate Social Responsibility (CSR)



JAN

15

SCHOOL SUSTAINABILITY: OPENING CEREMONY – NATIONAL LEVEL E-COMIC COMPETITION

SMK TAMAN SCIENTAX, PASIR
GUDANG, JOHOR
*Corporate Social Responsibility
(CSR)*



JAN

29

COMPLETION CEREMONY - WATER TANK IN BENUT, PONTIAN, JOHOR BY YB DATUK AHMAD MASLAN, DEPUTY MINISTER OF FINANCE

BENUT, PONTIAN, JOHOR
Benchmarking & Networking





FEB

09

**SCHOOL SUSTAINABILITY:
PAAB WATER AWARENESS
CAMPAIGN**

SK ASTANA RAJA
REMBAU, NEGERI SEMBILAN
*Corporate Social Responsibility
(CSR)*

FEB

14

**SCHOOL SUSTAINABILITY:
PAAB AWARENESS AND
ASPIRATIONS CAMPAIGN**

SK KERTAU
CHENOR, PAHANG
Corporate Social Responsibility (CSR)



FEB

21

**MWA HALF-DAY TECHNICAL
BRIEFING AND VISIT TO
WATER TREATMENT PLANT**

L2P1
Benchmarking & Networking

MAR

04

CSR “MASJID HIJAU”

MASJID ASY-SYUJA’AH,
MERLIMAU MELAKA
Corporate Social Responsibility (CSR)



MAR

11

HARI AIR SEDUNIA 2023

STADIUM INDERA
MULIA IPOH
Benchmarking & Networking

APR

12

PAAB PRIHATIN RAMADAN & SYAWAL

PERTUBUHAN KEBAJIKAN
ASNAF AN-NAAFI (AMPANG)
Corporate Social Responsibility (CSR)





APR

17

PAAB PRIHATIN RAMADAN & SYAWAL

PUSAT JAGAAN TELAGA KASIH NUR MUHAMMAD (KOTA DAMANSARA)
Corporate Social Responsibility (CSR)

MAY

11

OPENING CEREMONY OF "KARNIVAL ALAM KITA"

STADIUM SULTAN MUHAMMAD IV
Benchmarking & Networking



MAY

12

PAAB'S HARI RAYA OPEN HOUSE

DOUBLETREE BY HILTON, KUALA LUMPUR
Benchmarking & Networking

MAY
17 18

TRENCHLESS ASIA EXHIBITION

KL CONVENTION CENTRE
Benchmarking & Networking



JUN
14 15

WATER MALAYSIA CONFERENCE & EXHIBITION 2023

PULLMAN BANGSAR,
KUALA LUMPUR
Benchmarking & Networking

JUN
26

LAND GRANT PRESENTATION CEREMONY FOR WATER SUPPLY SYSTEM

LANGKAWI, KEDAH
Engagement with State Government and Authorities





SEP

29

THE MALAYSIA BOOK OF RECORDS AWARD CEREMONY - LONGEST AND DEEPEST MICROTUNNELING

Benchmarking & Networking



OCT

4

6

INTERNATIONAL GREENTECH & ECO PRODUCTS EXHIBITION & CONFERENCE MALAYSIA (IGEM)

KUALA LUMPUR CONVENTION CENTRE

Benchmarking & Networking



OCT

27

28

WAVE OF CHANGE - BEACH & MANGROVE CLEANING PROGRAMME

NIBONG TEBAL, PULAU PINANG

Corporate Social Responsibility (CSR)



NOV
08

ASIAN WATER AWARDS 2023

THE WESTIN KUALA LUMPUR
Benchmarking & Networking



NOV
20

WAVE OF CHANGE - BEACH & MANGROVE CLEANING PROGRAMME

TG. KARANG, SELANGOR
Corporate Social Responsibility (CSR)

DEC
4 6

MALAYSIA INTERNATIONAL WATER CONVENTION (MIWC2023)

WORLD TRADE CENTRE, KUALA LUMPUR
Benchmarking & Networking



DEC
12 13

WAVE OF CHANGE - BEACH & MANGROVE CLEANING PROGRAMME

KG. SUNGAI MELAYU JOHOR BHARU, JOHOR
Corporate Social Responsibility (CSR)

NEWSPAPER COVERAGE 2023



MAJLIS PERASMIAN TANGKI AIR BENUT

29 January 2023

WILAYAH

Pontian terima tiga tangki air, loji rawatan

Oleh Izz Laily Hussein
Januari 29, 2023 @ 2:28pm
bhnews@bh.com.my

PONTIAN: Daerah ini bakal menerima tiga tangki air baharu dan sebuah loji rawatan air, sebagai langkah memenuhi keperluan penduduk setempat.

Tiga tangki air berkenaan termasuk Tangki Air Baharu Benut 4 di sini, yang siap dibina 1 November tahun lalu dan sudah diserahkan Pengurusan Aset Air Berhad (PAAB) kepada Ranhill SAJ Sdn Bhd.



Pontian terima tiga tangki air, loji rawatan



Berita Harian 1 year ago

bhnews@bh.com.my

PONTIAN: Daerah ini bakal menerima tiga tangki air baharu dan sebuah loji rawatan air, sebagai langkah memenuhi keperluan penduduk setempat.



地方 | 大柔佛焦点

发布: 9:06pm 29/01/2023 @ 1316点阅读

◆ 文律 ◆ 水务资产管理公司
◆ 柔佛州水务联署私人有限公司 ◆ 建蓄水槽

笨珍耗1300万建蓄水槽 可供水给文律约2万人



阿末马斯兰 (左四) 主持蓄水槽移交仪式后, 在移交留名板上签名; 左三凯里阿凡迪, 右四阿都哈迪。(黄建荣摄)

(笨珍29日讯) 隶属财政部的**水务资产管理公司 (PAAB)** 今日移交一座蓄水槽给**柔佛州水务联署私人有限公司 (Ranhill SAJ)** 负责管理运作, 启用后可应付**文律地区约2万名居民需求**。



HARI ASPIRASI & KEMPEN KESEDARAN AIR PAAB @ SK KERTAU

9 February 2023

NASIONAL

PAAB sumbang RM50,000 untuk dua sekolah naik taraf bekalan air

February 9, 2023 @ 6:14pm

Oleh Mohd Amin Jalil**bhnews@bh.com.my**

SEREMBAN: Seremban: Pengurusan Aset Air Berhad (PAAB), syarikat milik penuh Kementerian Kewangan memilih dua sekolah di daerah ini untuk menerima dana melalui program tanggungjawab sosial korporat (CSR) PAAB.

Ini adalah sebahagian program 'School Sustainability' yang dilaksanakan agensi itu sejak 2019.

PAAB sumbang RM50,000 untuk dua sekolah naik taraf bekalan air

Seremban: Pengurusan Aset Air Berhad (PAAB), syarikat milik penuh Kementerian Kewangan memilih dua sekolah di daerah ini untuk menerima dana melalui program tanggungjawab sosial korporat (CSR) PAAB.

Ini adalah sebahagian program 'School Sustainability' yang dilaksanakan agensi itu sejak 2019.



Zulkifli juga dari kiri pada majlis pelaksanaan Kempen Kesedaran Air PAAB dan majlis penyerahan dana di SK Antara Raja, Seremban, semalam.

Ini adalah sebahagian program 'School Sustainability' yang dilaksanakan agensi itu sejak 2019.

Ini adalah sebahagian program 'School Sustainability' yang dilaksanakan agensi itu sejak 2019.

Ini adalah sebahagian program 'School Sustainability' yang dilaksanakan agensi itu sejak 2019.

PAAB'S AWARD ASIAN WATER AWARDS 2023

9 November 2023

NASIONAL

PAAB menang dua anugerah dalam 'Asian Water Awards 2023'

November 9, 2023 @ 6:37pm

Pemangku Ketua Pegawai Eksekutif PAAB menerima dua anugerah pada Asian Water Awards 2023 kelmarin. - Foto PAAB

KUALA LUMPUR: Pengurusan Aset Air Berhad (PAAB) merangkul dua anugerah dalam 'Asian Water Awards 2023' yang berprestij, anjuran Asian Power kelmarin.

Asian Power ialah penerbitan suku tahunan yang menjurus kepada industri penjanaan, penghantaran dan pengedaran kuasa di rantau Asia Pasifik, sebahagian daripada syarikat media, Charlton Media Group, syarikat penerbitan dan acara B2B di Asia dengan tajuk seperti Kajian Perniagaan Singapura, Perniagaan Hong Kong, Perbankan & Kewangan Asia, Asia Insurans dan Asia Penjagaan Kesihatan.



NATION

PAAB snags two awards at 2023 Asian Water Awards

By Bernama
November 9, 2023 @ 7:46pm

Pengurusan Aset Air Berhad (PAAB) managed to clinch not one but two awards at the 2023 Asian Water Awards, organised by Asian Power, that was held at the Westin Kuala Lumpur yesterday (November 8). PIC COURTESY OF PAAB

KUALA LUMPUR: Pengurusan Aset Air Berhad (PAAB) managed to clinch not one but two awards at the 2023 Asian Water Awards, organised by Asian Power, that was held at the Westin Kuala Lumpur yesterday (November 8).



CSR "A WAVE OF CHANGE" BEACH & MANGROVE CLEANING PROGRAMMES

Location: Nibong Tebal, Pulau Pinang
31 October 2023

PAAB tanam 200 anak pokok bakau

Oleh
NORSHAHZURA MAT ZUKI

Follow
31 Oktober 2023 10:55am
Masa membaca: 4 minit

Zulkiflee sedang menanam anak pokok bakau pada program 'Beach & Mangrove Cleaning 2023' telah menanam 200 anak pokok bakau di Kampung Sungai Aceh, Pulau Pinang, baru-baru ini.

NIBONG TEBAL - Pengurusan Aset Air Berhad (PAAB) dengan kerjasama Kelab Belia Prihatin Malaysia dan Persatuan Kebajikan Nelayan Pulau Pinang (PIFWA) melalui program tanggungjawab sosial korporatnya, Beach & Mangrove Cleaning 2023' telah menanam 200 anak pokok bakau di Kampung Sungai Aceh di sini baru-baru ini.

PAAB tanam 200 anak pokok bakau, pelihara ekosistem

SHAH ALAM - Pengurusan Aset Air Berhad (PAAB) dengan kerjasama Kelab Belia Prihatin Malaysia dan Persatuan Kebajikan Nelayan Pulau Pinang (PIFWA) melalui program tanggungjawab sosial korporatnya, Beach & Mangrove Cleaning 2023' telah menanam 200 anak pokok bakau di Kampung Sungai Aceh, Pulau Pinang, baru-baru ini.

Ketua Pegawai Eksekutifnya, Ir Zulkiflee Omar berkata, kerjasama itu sebagai usaha mereka untuk memelihara ekosistem di kawasan sekitar.

"Program yang diadakan ini sangat penting kerana ia melindungi sumber semula jadi yang unik dan tidak ternilai, berfungsi sebagai ekosistem penting dalam melindungi terhadap hakisan pantai dan mengawal banjir pantai semula jadi," katanya dalam satu kenyataan.

Beliau turut berterima kasih dan mengagumi sokongan mereka yang terlibat dalam menjalankan program ini antaranya sukarelawan dari Universiti Sains Malaysia (USM), Perbadanan Bekalan Air Pulau Pinang (PBAPP), PIFWA dan juga ahli-ahli Kelab Belia Prihatin Malaysia, yang mengedarkan dari Kedah, Pulau Pinang, dan Peris untuk menyerta program ini.

"Dedikasi dan semangat mereka dapat sebagai bukti semangat kerjasama dan komitmen terhadap pemeliharaan alam sekitar," katanya.

Mengulas lanjut, beliau berkata, semua pihak memainkan peranan penting dalam memastikan kesihatan alam sekitar yang mampan.

"PAAB juga bertanggungjawab dalam memastikan pengaliran sumber air yang adu kepada seluruh penduduk Malaysia melalui air pengendali bekalan di beberapa negeri. Saya juga berterima kasih kepada Iam Srafie dan penduduk Kampung Sungai Aceh atas sambutan hangat mereka.

"Saya berharap untuk menandakan inisiatif sedemikian pada masa akan datang. Acara ini disertai dengan semangat paduan dan penglibatan masyarakat, mempromosikan nilai-nilai teras pemeliharaan alam sekitar dan kerjasama yang diperjuangkan oleh PAAB," kata Zulkiflee.

Zulkiflee (tengah) bersama sukarelawan yang terlibat dalam program Beach & Mangrove Cleaning 2023 yang menanam 200 anak pokok bakau di Kampung Sungai Aceh Pulau Pinang baru-baru ini.

Zulkiflee sedang menanam anak pokok bakau.

CSR "A WAVE OF CHANGE" BEACH & MANGROVE CLEANING PROGRAMMES

Location: Tanjung Karang, Selangor
22 November 2023

Location: Kampung Sungai Melayu, Johor
15 December 2023

EXCLUSIVE PRESS

PAAB COMMITTED TO STRENGTHENING NATURAL SUSTAINABILITY



Our very own Chairman & ACEO worked diligently planting trees alongside the volunteers

22/11/2023 05:45 PM



MUTAKHIR

Kutip 1,289kg sampah



Omar Ahmad
am@hmetro.com.my



SUKARELAWAN menyepit dan menyauk sampah di Sungai Kampung Sungai Melayu pada Program CSR PAAB, Pembersihan Pantai dan Bakau 2023.

Iskandar Puteri: Sebanyak 1,289 kilogram (kg) sampah berjaya dikutip Pengurusan Aset Air Berhad (PAAB) menerusi program tanggungjawab sosial korporat (CSR), 'Satu Gelombang Perubahan' - Program Pembersihan Pantai & Bakau 2023, di tiga lokasi seluruh negara.



BEACH AND MANGROVE CLEANING

PAAB committed to environs sustainability

ISKANDAR PUTERI: Pengurusan Aset Air Bhd (PAAB) concluded its corporate social responsibility programme for the year, "A Wave of Change" beach and mangrove cleaning, in Kampung Sungai Melayu here on Wednesday.

The programme showcased PAAB's commitment to preserving environmental sustainability, with a focus on conservation and sustainable initiatives.

It also raised awareness by involving students, villages, local communities and volunteers from corporations in the CSR programmes.

PAAB chief executive officer Zulkiflee Omar said the three-installment CSR programme kicked off in Nibong Tebal in Pulau Pinang, followed by Tanjung Karang, Selangor, and concluded in Johor this year.

Besides cleaning beaches and mangroves, the programme included the planting of 1,000 mangrove trees, with 400 saplings in Kampung Sungai Melayu and 300 each in Nibong Tebal and Tanjung Karang.

Zulkiflee said the mangrove trees played a crucial role in preserving the ecosystem by maintaining an ecological balance and acting as a protective barrier against erosion caused by strong waves.

More than 100 volunteers participated in the mangrove cleaning initiative in Kampung Sungai Melayu, which included students from Universiti Teknologi Malaysia and Politeknik Ibrahim Sultan, volunteers from Ranhill-Syarikat Air Johor (SAJ), villagers and PAAB staff.

Through PAAB's dedicated efforts in environmental preservation, a total of 1,289kg of trash was collected, with 661kg of it gathered in Kampung Sungai Melayu.

Zulkiflee said the programme saw volunteers collecting litter discarded into the river using more than 30 boats operated by the villagers.

Apart from the beach and mangrove cleaning programmes, PAAB undertook other CSR initiatives, such as sustainable schools and green mosques.

The sustainable schools CSR programme was implemented in nine secondary and primary schools.

It involved the replacement of old water pipes, and students were engaged on methods to conserve water and encouraged to play their respective parts in environmental conservation.

"In the green mosques programme, a collaboration with the Malaysian Green Technology Corporation involved energy-saving measures, such as replacing traditional light bulbs with LED and upgrading regular taps with efficient water taps, enabling water conservation."

The CSR programme in Kampung Sungai Melayu also saw the voluntary participation of Kota Iskandar assemblyman Datuk Pandak Ahmad, Ranhill-SAJ chief project officer Mohd Riza Mohd Yusoff and UTM deputy registrar Mohd Fauzi Abd Rahman.



Volunteers participating in Pengurusan Aset Air Bhd's corporate social responsibility programme, 'A Wave of Change' beach and mangrove cleaning posing for a picture in Kampung Sungai Melayu in Iskandar Puteri on Wednesday. PIX COURTESY OF PAAB



Volunteers collecting litter discarded into the river during Pengurusan Aset Air Bhd's corporate social responsibility programme on Wednesday.



MALAYSIA BOOK OF RECORDS AWARD: THE LONGEST AND DEEPEST MICRO-TUNNELLING

Package 11, part of the Langat 2 Phase 1 project, has achieved record-breaking success in micro-tunnelling, pushing the boundaries of engineering.

The micro-tunnelling works associated with Package 11 crossed five major transportation corridors in the Klang Valley: the KL-Seremban Highway, MRT Line 2, KTMB rail lines, ERL (Express Rail Link), and the BESRAYA Highway.

This remarkable feat was accomplished at an average depth of 23 metres and an impressive length of 331.50 metres, all while navigating the challenging karstic limestone formation known as Kuala Limestone.

The completion of the Duty Line and Duplicate Lines signifies a monumental achievement for the Langat 2 Phase 1 project.

“The design of Package 11’s micro-tunnelling showcases PAAB’s commitment to sustainability,” said PAAB CEO Ir. Zulkiflee Omar. “By creating both duty and duplicate lines, we are mitigating the risk of any potential leaks in the jacked pipes during operation. This foresight allows for easier maintenance and repair work in the future, ensuring this vital infrastructure continues to serve the community effectively.”

Package 11 serves as the main distribution pipeline, responsible for delivering treated water supply to the western corridor of Selangor and Kuala Lumpur, making it an essential lifeline for the region.

RECOGNISED BY THE MALAYSIA BOOK OF RECORDS

Package 11 has been officially recognised by the Malaysia Book of Records for two (2) remarkable achievements:

**Longest
Microtunneling**
(Internal Diameter 250mm)
Twin Parallel Water Pipeline
(awarded on 29 September 2023)

With an internal diameter of 2500mm, Package 11 sets the benchmark at an impressive 331.50 metres on average

**Deepest
Microtunneling**
(Internal Diameter 250mm)
Twin Parallel Water Pipeline
(awarded on 29 September 2023)

Water Pipeline: Also boasting an internal diameter of 2500mm, Package 11 reaches depths averaging 25.23 metres.

ASIAN WATER AWARDS



Through its unique methodologies, comprehensive projects, and dedication to sustainable solutions, PAAB continues to play a pivotal role in elevating Malaysia's water infrastructure and security

Malaysia's water landscape is undergoing a transformative journey, thanks to the groundbreaking achievements of Pengurusan Aset Air Berhad (PAAB). Its recent accolades at the Asian Water Awards in 2023, where PAAB clinched two prestigious wins, underscore the company's commitment to a multi-faceted business model. This model, encompassing three distinctive methodologies, stands as a beacon for sustainable water infrastructure development across the nation.

Seamless Transition: The Migration Approach

At the core of PAAB's success lies the Migration methodology, orchestrating the seamless transition of financial obligations. PAAB assumes the mantle of federal government water infrastructure loans previously held by state governments. This transition is complemented by PAAB's strategic acquisition of State Government's water assets, equivalent in value to federal loans owed by state governments.

This innovative approach not only streamlines financial processes but also ensures a clear settlement of federal loan obligations directly with the Ministry of Finance. PAAB emerges as a conduit for fostering financial clarity and efficiency, setting a new standard in responsible financial management.

Empowering Progress: Develop Water Asset Methodology

The Development of Water Assets methodology empowers state water operators (SWO) to leverage migrated loans for infrastructure development. PAAB's role as a facilitator enables SWOs to utilise funds and execute pre-approved business plans aligning with the community's needs. This strategic

collaboration allows SWOs to focus on providing exemplary services whilst PAAB spearheads the progression of water infrastructure development nationwide.

Bridging Financial Gaps: NRW Financing

Addressing the critical issue of Non-Revenue Water (NRW), PAAB introduces a short-term loan scheme under the NRW financing methodology. This initiative empowers SWOs to undertake NRW reduction programmes, providing essential financial resources to minimise water losses, optimise operational efficiency, and bridge the gap between operational expenses and capital expenditures.

As of December 2022, PAAB's methodologies have culminated in the completion of water treatment plants boasting a capacity of 1846 million litres per day. This remarkable feat signifies a significant enhancement in water treatment capacity, ensuring access to clean and safe water for Malaysia's growing population.

A shining example of PAAB's commitment to innovation and sustainability is the Langat 2 Water Treatment Plant Phase 1 Project. Delivering an impressive 1130 million litres per day of treated water, this project addresses water disruption challenges faced by approximately 8.3 million consumers, particularly in the Klang Valley. PAAB's dedication to engineering excellence, technological innovation, and environmental sustainability shines through in this monumental endeavour.

As of December 2022, PAAB's contributions to water infrastructure projects are noteworthy, with completed projects valued at RM4.25 billion. The commitment to progress is ongoing, with RM2.31

billion worth of projects currently under construction and an additional MYR3.64 billion worth of projects in various design and tendering stages.

The recent wins at the Asian Water Awards - Collaborative Water Initiative of the Year - Malaysia and the Water Technology Excellence Award (Water Resource Management) Malaysia - further solidify PAAB's position as a leader in water management innovation.

As the Asian Water Awards continue to celebrate groundbreaking innovations in water management throughout Asia, PAAB stands as a testament to Malaysia's commitment to shaping a water-secure and sustainable future. The company's dedication to innovation, collaboration, and sustainability is not only elevating Malaysia's water infrastructure but also inspiring change on a regional and global scale. PAAB's triumphs are not just awards; they are a pledge towards a future where water is not just a resource but a right for all.

In its journey towards a water-secure future, PAAB recognises that the challenges ahead are multifaceted and evolving. With a steadfast commitment to innovation, collaboration, and sustainability, PAAB remains poised to tackle these challenges head-on. The company's relentless pursuit of excellence, coupled with its unwavering dedication to serving communities and safeguarding the environment, serves as a guiding light for the water industry not just in Malaysia but globally. As PAAB continues to push the boundaries of what's possible in water management, it reaffirms its pledge to ensure that every drop counts and that the legacy of responsible water stewardship endures for generations to come.



Ir. Zulkiflee Omar, CEO of Pengurusan Aset Air Berhad (PAAB)

PAAB IN MILESTONE MAGAZINE



Our role at PAAB is to focus on the challenges Malaysia faces in regard to its water resources.



Taking on a new role

Current Acting CEO Ir. Zulkiflee Omar was appointed as the chief operating officer, COO, in July 2021. He was appointed as the acting CEO in March 2023. He came largely from a project management background with several major regional organisations. These roles provided knowledge of diverse infrastructural niches, such as rail and gas. Ir. Zulkiflee was therefore thrilled to be offered the opportunity to head up PAAB's operation team as the COO.

"As a consultant, you have a lot of ideas about how to do things," he states. "So although I was moving from rail to water, the principle of project management is still the same, and I felt I had a lot to offer. I saw this as an opportunity to be a real leader in this sector and to implement everything I had learned in my previous career. Really, it was a dream come true for a person like me, who has ideas but previously did not have the authority to implement all of them."

Since starting in his present position two years ago, Ir. Zulkiflee has had the chance to influence a number of projects. He has been able



to stamp his mark on arguably some of the most important work taking place in Malaysia today. Any nation which manages its water resources poorly will face difficult times in the years ahead. However, that's not to say it has been plain sailing. Ir. Zulkiflee took up his post in the midst of the coronavirus pandemic, when repeated lockdowns created chaos across supply chains and logistics.

"Yes, as a project manager by nature, I am always focused on three things," Ir. Zulkiflee explains. "Quality, time and money. When I first took my job, there were a lot of ongoing projects, around 65 of them all over the country, but some of them were behind schedule. They had been stalled for a while, then COVID came along and made it worse. This was not an ideal situation for anybody."

Immediately, Ir. Zulkiflee set about implementing changes.

“To begin with, I changed the way project progress monitoring and reporting was done, a more structured format and easy to understand by the top management and board members. After that, we began rigorous analyses to study project delays and additional costs. This was extremely important. You have to understand the root of the problems before you know how to address them.”

Through this approach, it was discovered that in many cases, project hold-ups were linked to the planning and design stage. Initial designs were required to be altered during construction, causing delay to the project as it needs additional time to carry out the redesign works and consequentially slowing down construction progress. The revised design not only caused delay but also additional cost to the projects. It was clear that project design plans or scope of works needed to be agreed upon and finalised from the beginning.

“So what we decided to do,” Ir. Zulkiflee says, “was to invite the project team, our design consultants and the water operators (end-users) team together at the outset to discuss and agree



A slightly longer-term focus is that we need to improve the reserve margin of the water.

Once everything is agreed, then we sign off the drawings. This means that nobody can change them, and in this way, the problem was solved.”

Taking it wider

A similar process was instigated with local authorities, who had provided obstacles on some of the other projects. Several had been started before local authority intervention halted their progress. Ir. Zulkiflee therefore established pre-project meetings between local author- →





ities and his consultants, even offering them ‘walkabouts’ on project sites to ensure that buy-in and requirements are captured before tender and commencement.

A final area of focus for Ir. Zulkiflee has been on land acquisition, a process he describes as previously having been a “very tedious and long process.” In order to streamline this part of the operation, he recognised that changes need to be made.

“We strengthened our checklist to ensure that all the approvals from the authorities for land acquisition were in place prior to starting any negotiation. Planning approval, building plan approval, whatever was needed, we get it done up front so that when the project is ready, we can push it through.”

Looking toward the future

These measures have all helped to create a much more efficient and dynamic culture at PAAB. With those improvements now entrenched, thoughts have naturally turned to the future.

“Our role at PAAB is to focus on the challenges Malaysia faces in regard to its water resources and think about how we resolve them,” Ir. Zulkiflee states. “One of our major upcoming projects will be to focus on the replacement of the old and aging pipes we have here. They can be a cause of wastage, either due to leakages or pipe bursts, which is something that needs to be addressed. The replacement of the old and aging pipes can

help to reduce the non-revenue water (NRW) for the country. A slightly longer-term focus is that we need to improve the reserve margin of the water. If we do that, the reserve treated water can be redirected or become back-up if there is a problem with one plant, for example.”

As a result of these overarching plans, various other plans are also under consideration. PAAB will be funding and implementing construction of several water treatment plants throughout the country in the next few years. These new water treatment plants are capable of producing in total more than 2,400 million litres of water per day. It is projected that the newly built plants would be capable of sustaining the water demand levels for the next ten years, meaning that other areas of focus can then also be addressed.

Furthermore, since its inception, PAAB has effectively delivered a staggering 2,256 million litres of water per day, with an anticipated to-




You have to understand the root of the problems before you know how to address them.

tal exceeding 4,500 million litres per day in the near future. Notably, PAAB's most recent accomplishment—the construction of the largest single-phase water treatment plant in Southeast Asia—has earned recognition in the Malaysian Book of Records. This achievement celebrates the engineering marvel of the longest and deepest 2,500-millimeter micro-tunnelling twin tunnel water pipeline.

An unusual situation

PAAB's status as a government-linked company with government guarantees when needed assures its place and means that longer-term planning is possible with absolute confidence. It is not a business which must consider the actions of competitors or its ability to market effectively. Essentially, PAAB is a funder and developer of water assets for the country on behalf of the Malaysian government. Essentially, PAAB provides a real-world extension of Malaysian government policy.

“It's quite a unique situation,” Ir. Zulkiflee confirms. “But one that I enjoy. I don't think other countries around the world develop their water assets in this way. But maybe they should! It's a good model. It leaves the water operator as an asset light company that focuses on providing quality service to the consumer because they know that PAAB will manage everything else from funding, implementing and delivering the CAPEX works.” 

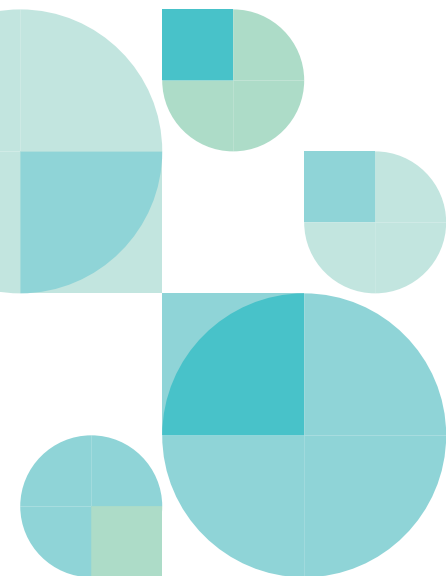
LAND TITLE HANDOVER CEREMONY TO PENGURUSAN ASET AIR BERHAD



This ceremony was held at the Adya Hotel Langkawi on 26 June 2023, in the presence of the Chief Minister of Kedah, Dato' Seri Haji Muhammad Sanusi bin Md Nor. The event marked a significant milestone for the Kedah State Government in fulfilling the requirements of the Migration Agreement.

The successful transfer of land titles within a year of the migration date is a testament to the dedication and commitment shown by State Government representatives. These include the State Secretary (SUK), Director of Land and Mines (PTG), District Land Administrators, State Economic Planning Unit (BPEN), and Darul Aman Water Company (SADA). PAAB acknowledges this collaboration and hopes for a continued positive relationship to ensure the sustainability of the water supply industry.

PAAB remains committed to the State Government and other relevant parties. We will continue to collaborate to ensure the sustainable management of existing and new water supply assets developed jointly with the State Government. This will contribute to addressing water supply challenges nationwide.



COMPLETED PROJECTS FOR THE FINANCIAL YEAR 2023

In 2023, PAAB successfully completed 18 projects/packages, comprising 11 major and 2 minor projects under the Migrated States, along with five (5) packages under Langat 2 Phase 1 (LRAL2).

The construction cost for the Migrated States projects/packages total RM 422 million, while LRAL2 projects amounted to RM 466 million.

The combined cost of RM 888 million highlights our dedication to enhancing infrastructure and promoting development throughout the region.

Completed	Projects/Packages	Amount
Major (11) Minor (2)	13	RM 422 Million
Langat 2 Phase 1	5	RM 466 Million
TOTAL		RM 888 Million

MAJOR



JOHOR

Proposed Supply, Install, Testing and Commissioning of Rubber Dam Weir Gate for Sungai Muar river intake at Buluh Kasap and Ancillary works.

Project Code / Package
J002 / P4

Date Completion
12 Nov 2023

Amount (RM)
10.7 Million

Construction of Sludge Management Facilities at Panchor 2&3 Water Treatment Plant, Parit Raja Water Treatment Plant and Air Panas A Water Treatment Plant and Design of Sludge Disposal Site in Johor State.
Package 1 - Construction of Sludge Management Facilities at Panchor 2&3 Water Treatment Plant, Parit Raja Water Treatment Plant, Air Panas A Water Treatment Plant.



Project Code / Package
J056 / P1

Date Completion
21 Dec 2023

Amount (RM)
27.34 Million

Construction of Sludge Management Facilities at Panchor 2&3 Water Treatment Plant, Parit Raja Water Treatment Plant, Air Panas A and Sludge Landfill Redevelopment in the State of Johor.

Package 2 - Construction of Sludge Disposal Site at Grisek Water Treatment Plant, Tangkak.

Project Code / Package
J056 / P2

Date Completion
13 Dec 2023

Amount (RM)
8.31 Million

Proposed Laying, Testing and Commissioning of 1800mm Treated Water Main, Interconnection to The Existing Distribution System and Associated Works (Phase 1).

Project Code / Package
J057 / P2A

Date Completion
21 Nov 2023

Amount (RM)
25.23 Million



JOHOR

Proposed Construction, Completion and Commissioning of 1 Unit of 21.8 Million Liter Balancing Reservoir, Laying of 1800mm Treated Water Main and Interconnection to The Existing Distribution System and Associated Works (Phase 1).



Project Code / Package
J057 / P2B

Date Completion
21 Dec 2023

Amount (RM)
63.01 Million

Proposed of Upgrading Southern Segamat Water Supply System.

Project Code
J058

Date Completion
16 Aug 2023

Amount (RM)
27.81 Million



KELANTAN

Construction of Tanjung Mas Water Treatment Plant (30MLD) and Distribution System in Kota Bharu.

Package 1 - Construction of Underground Water Tube Wells and Related Works at WTP.



Project Code / Package
D002 / P1

Date Completion
09 Jan 2023

Amount (RM)
4 Million



MELAKA

Package 2: Proposed Construction of Bukit Batu Water Tank, Bukit Perah Water Tank and Pipe Works in Lanchang and Upgrading the Merlimau Water Treatment Plant and Related Works.



Project Code / Package
M022 / P2

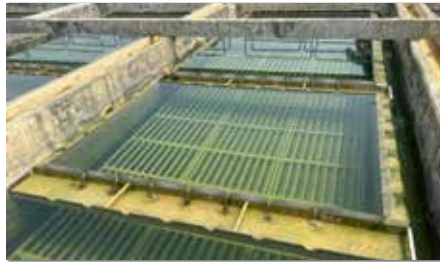
Date Completion
29 Nov 2023

Amount (RM)
52.74 Million



**NEGERI
SEMBILAN**

Package 2 – Upgrading and Rehabilitation of Gemas Baru Water Treatment Plant, Laying of New 500mm Diameter Mild Steel Pipe from Gemas WTP to Londah Reservoir and Related Works.



Project Code / Package
N050 / P2

Date Completion
29 Dec 2023

Amount (RM)
21.09 Million

Package 2 – Proposed Upgrading of Existing Treated Water Pipes at KTMB Seremban Depot and its Related Works.



Project Code / Package
N045 / P2

Date Completion
29 Nov 2023

Amount (RM)
7.15 Million

Package 6A – Proposed Repair Works for Slope at Landfill Area at Sg Linggi Water Treatment Plant, Negeri Sembilan.



Project Code / Package
N009 / P6A

Date Completion
13 Oct 2023

Amount (RM)
2.80 Million

MINOR



JOHOR

Pipe Replacement Work for the Year 2018/2019 - Johor Bharu (Package 1)

Project Code / Package
J074 / P1

Date Completion
31 Aug 2023

Amount (RM)
92.44 Million

Pipe Replacement Work for the Year 2018/2019 - Johor Bharu, Pontian, Kulai, Kota Tinggi & Muar (Package 2)

Project Code / Package
J074 / P2

Date Completion
25 Oct 2023

Amount (RM)
79.60 Million

LANGAT 2 PHASE 1



Package 6A - Construction and Completion of Treated Water Tunnel from the Hulu Langat Balancing Reservoir to the Ampang Reservoir.

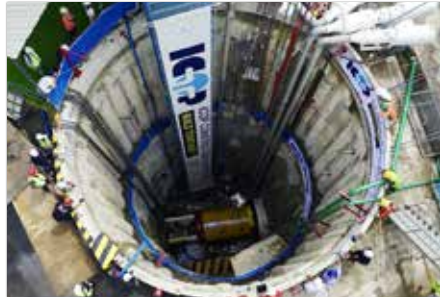


Project Code / Package
B001 / P6A

Date Completion
29 Dec 2023

Amount (RM)
232 Million

Package 11 - Construction and Completion of Treated Water Pumping Mains from Sg. Besi Highway to Bukit Dengkil Reservoir.



Project Code / Package
B001 / P11

Date Completion
29 Dec 2023

Amount (RM)
130 Million

Package 15 (4) - Interconnection Works to the Existing System and Installing Mild Steel Pipes with Nominal Diameter;

- i) 1600mm from AU3 Reservoir To Existing System in Jalan Enggang Street;
- ii) 1400mm from the AU3 Reservoir Distribution Pipe in Jalan Enggang to the Existing System in Jalan Jelatek;
- iii) 900mm from the AU3 Reservoir Distribution Pipe to the Existing AU3 Suction Tank. As well as Completing, Accepting and Commissioning Civil, Electrical and Related Works in Wilayah Persekutuan Kuala Lumpur.



Project Code / Package
B001 / P15(4)

Date Completion
26 Dec 2023

Amount (RM)
45.46 Million

Package 8 - Construction and Completion of 36 Million Litres (ML) Ampang Reservoir.



Project Code / Package
B001 / P8

Date Completion
30 Dec 2023

Amount (RM)
28 Million

Package 15 (3) – Interconnection Works to the Existing System and Installing Mild Steel Pipes with a Nominal Diameter;

- i) 1200mm from the Bukit Serdang Reservoir to the Lestari Putra Suction Tank;
 - ii) 700mm from the Main Water Supply Pipe to 3.8mg Bandar Kinrara Reservoir.
- As well as Completing, Accepting and Commissioning Civil, Electrical and Related Works in Petaling District, Selangor.**

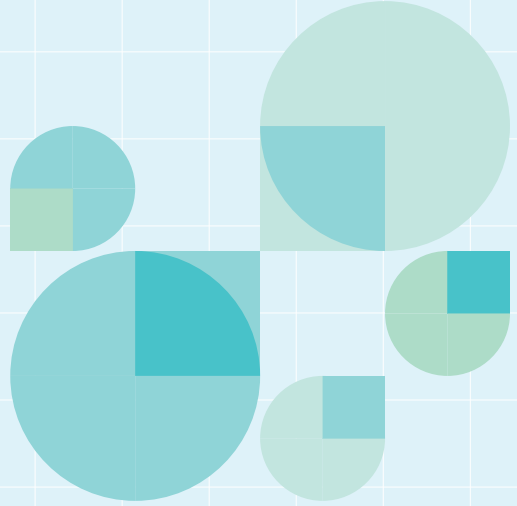


Project Code / Package
B001 / P15(3)

Date Completion
27 Dec2023

Amount (RM)
30.99 Million

FINANCIAL STATEMENT



Pengurusan Aset Air Berhad

(Registration No. 200601012793 (732544-D))

(Incorporated in Malaysia)

and its subsidiaries

Directors' report for the year ended 31 December 2023

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

Principal activities

The principal activities of the Company are developing and managing the nation's water infrastructure in Peninsular Malaysia and the Federal Territories of Putrajaya and Labuan whilst the principal activities of the subsidiaries as stated in Note 7 to the financial statements.

Immediate and ultimate holding corporation

The immediate and ultimate holding corporation is Minister of Finance (Incorporated), incorporated in Malaysia under the Minister of Finance (Incorporation) Act 1957.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit for the year attributable to owner of the Company	<u>379,863</u>	<u>378,977</u>

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review.

Dividends

Since the end of previous financial year, the Company paid a final single tier ordinary dividend of 2.92 sen per ordinary share totalling RM21,328,026 on 28 November 2023 in respect of the financial year ended 31 December 2022.

The final ordinary dividend recommended by Directors in respect of the financial year ended 31 December 2023 is 2.77 sen per ordinary share totalling RM20,251,753.

Registration No. 200601012793 (732544-D)
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Directors of the Company

Directors who served during the financial year until the date of this report are:

Dato' Seri Ir. Jaseni bin Maidinsa (Appointed on 04.04.2023)
 Dato' Ir. Jauhari bin Hamidi
 Dato' Zuraidah binti Atan (Appointed on 11.05.2023)
 Dato' Ir. Nor Hisham bin Mohd Ghazali
 Dato' Suzana binti Atan
 Nasharuddin bin Abu Bakar (Appointed on 15.03.2023)
 Dato' Haji Mad Zaidi bin Mohd Karli @ Sukari (Appointed on 15.04.2024)
 Nor Yati binti Ahmad
 Dato' Ir. Dr. Mohd. Asbi bin Othman
 Datuk Rawisandran A/L Narayanan (Appointed on 01.08.2023)
 Dato' Haji Rosli bin Isa (Appointed on 15.03.2023, Resigned on 15.04.2024)
 Datuk Johan bin Mahmood @ Johan Mahmood Merican (Resigned on 15.03.2023)
 Dato' Seri Ir. Dr. Zaini bin Ujang (Resigned on 15.03.2023)

Directors' interests in shares

None of the Directors holding office at 31 December 2023 had any interest in the shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those shown below) by reason of a contract made by the Company or related corporations with the Directors or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The directors' benefits paid to or receivable by directors in respect of the financial year ended 31 December 2023 are as follows:

	By the Company RM'000
Directors of the Company:	
Fees	352
Remuneration	185
Estimated money value of any other benefits	2
Total	539

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Registration No. 200601012793 (732544-D)

Issue of shares

There were no changes in the issued and paid-up capital of the Company during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Indemnity and insurance costs

During the financial year, the Company effected a Group Directors and Officers Liability Insurance Policy covering its subsidiaries. The aggregate amount of insurance premium paid was RM31,810. There was no indemnity given to or insurance effected for auditors of the Company during the financial year.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- (i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- (ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- (ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- (iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- (ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

Registration No. 200601012793 (732544-D)

Other statutory information (continued)

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.


In the opinion of the Directors, the financial performances of the Group and of the Company for the financial year ended 31 December 2023 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors


The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration of the Group and of the Company during the year are RM275,000 and RM230,000 respectively.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:



.....
Dato' Seri Ir. Jasem bin Maidinsa
Chairman



.....
Dato' Zuraidah binti Atan
Director

Date: 28 May 2024

Pengurusan Aset Air Berhad
 (Registration No. 200601012793 (732544-D))
 (Incorporated in Malaysia)
and its subsidiaries

Statements of financial position as at 31 December 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Assets					
Non-current assets					
Plant and equipment	3	4,243	4,610	4,243	4,610
Intangible assets	4	532	377	532	377
Right-of-use assets	5	2,839	5,145	2,839	5,145
Assets under construction	6	4,570,127	4,761,068	4,570,127	4,761,068
Investment in subsidiaries	7	-	-	1,000	1,000
Lease receivables	8	27,666,106	26,710,079	27,666,106	26,710,079
Trade and other receivables	9	230,368	205,088	230,368	205,088
		<u>32,474,215</u>	<u>31,686,367</u>	<u>32,475,215</u>	<u>31,687,367</u>
Current assets					
Lease receivables	8	335,374	306,144	335,374	306,144
Trade and other receivables	9	177,153	158,818	177,153	158,818
Current tax assets		7,334	8,213	7,334	7,867
Other investments	10	632,240	667,674	632,240	667,674
Cash and cash equivalents	11	615,976	479,292	541,811	447,498
		<u>1,768,077</u>	<u>1,620,141</u>	<u>1,693,912</u>	<u>1,588,001</u>
Total assets		<u>34,242,292</u>	<u>33,306,508</u>	<u>34,169,127</u>	<u>33,275,368</u>
Equity and liabilities					
Equity attributable to owner of the Company					
Share capital	12	730,000	730,000	730,000	730,000
Retained earnings		1,466,630	1,108,095	514,684	157,035
Fair value reserve		2,047	(16,299)	2,047	(16,299)
Total equity		<u>2,198,677</u>	<u>1,821,796</u>	<u>1,246,731</u>	<u>870,736</u>
Non-current liabilities					
Deferred income	13	3,798,896	2,909,584	3,798,896	2,909,584
Loans and borrowings	14	21,449,959	21,158,423	3,979,814	5,165,237
Amount due to subsidiaries	15	-	-	17,470,145	15,993,186
Deferred tax liabilities	17	2,901,457	2,853,065	2,901,457	2,853,065
Lease liabilities		1,798	4,402	1,798	4,402
		<u>28,152,110</u>	<u>26,925,474</u>	<u>28,152,110</u>	<u>26,925,474</u>

Registration No. 200601012793 (732544-D)
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Statements of financial position as at 31 December 2023 (continued)

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current liabilities					
Loans and borrowings	14	3,055,715	3,663,512	283,606	293,587
Trade and other payables	16	834,294	894,396	834,031	893,889
Amount due to subsidiaries	15	-	-	3,651,249	4,290,352
Lease liabilities		1,400	1,330	1,400	1,330
Current tax liability		96	-	-	-
		<u>3,891,505</u>	<u>4,559,238</u>	<u>4,770,286</u>	<u>5,479,158</u>
Total liabilities		<u>32,043,615</u>	<u>31,484,712</u>	<u>32,922,396</u>	<u>32,404,632</u>
Total equity and liabilities		<u>34,242,292</u>	<u>33,306,508</u>	<u>34,169,127</u>	<u>33,275,368</u>

Pengurusan Aset Air Berhad
 (Registration No. 200601012793 (732544-D))
 (Incorporated in Malaysia)
and its subsidiaries

Statements of profit or loss and other comprehensive income for the year ended 31 December 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	18	1,098,968	1,071,790	1,098,968	1,071,790
Amortisation of government grants		182,270	160,965	182,270	160,965
Other income		33,445	13,667	34,020	14,176
Depreciation expenses		(1,950)	(2,569)	(1,950)	(2,569)
Amortisation of intangible assets	4	(335)	(571)	(335)	(571)
Personnel costs	22	(32,989)	(29,789)	(32,989)	(29,789)
Net reversal of impairment on assets under construction		42,977	24,678	42,977	24,678
Net (loss)/reversal of impairment on financial instruments		(2,039)	1,426	(2,039)	1,426
Other expenses		(38,395)	(58,778)	(37,811)	(58,224)
Results from operating activities		1,281,952	1,180,819	1,283,111	1,181,882
Finance income	19	41,325	34,845	38,720	34,564
Finance costs	20	(893,123)	(817,119)	(893,123)	(817,119)
Profit before tax	21	430,154	398,545	428,708	399,327
Tax expense	23	(50,291)	330,750	(49,731)	330,787
Profit for the year		379,863	729,295	378,977	730,114
Other comprehensive income net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Debt securities measured at fair value through other comprehensive income		18,346	10,022	18,346	10,022
Other comprehensive income for the year, net of tax		18,346	10,022	18,346	10,022
Total comprehensive income for the year		398,209	739,317	397,323	740,136

The notes on pages 109 to 152 are an integral part of these financial statements

Pengurusan Aset Air Berhad

(Registration No. 200601012793 (732544-D))

(Incorporated in Malaysia)

and its subsidiaries

Statements of changes in equity for the year ended 31 December 2023

	Note	/-----Attributable to owner of the Company-----/ /---Non-distributable---/ Distributable			
		Share capital RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total equity RM'000
Group					
At 1 January 2022		730,000	(26,321)	397,809	1,101,488
Debt securities measured at fair value through other comprehensive income					
- Gains during the year		-	10,022	-	10,022
Profit for the year		-	-	729,295	729,295
Total comprehensive income for the year		-	10,022	729,295	739,317
<i>Distributions to owner of the Company</i>					
- Dividend to owner of the Company	24	-	-	(19,009)	(19,009)
Total transactions with owner of the Company		-	-	(19,009)	(19,009)
At 31 December 2022/ 1 January 2023		730,000	(16,299)	1,108,095	1,821,796
Debt securities measured at fair value through other comprehensive income					
- Gains during the year		-	18,346	-	18,346
Profit for the year		-	-	379,863	379,863
Total comprehensive income for the year		-	18,346	379,863	398,209
<i>Distributions to owner of the Company</i>					
- Dividend to owner of the Company	24	-	-	(21,328)	(21,328)
Total transactions with owner of the Company		-	-	(21,328)	(21,328)
At 31 December 2023		730,000	2,047	1,466,630	2,198,677
		Note 12	Note 12		

Registration No. 200601012793 (732544-D)

Statements of changes in equity for the year ended 31 December 2023 (continued)

	/-----Attributable to owner of the Company-----/				
	Note	Share capital RM'000	Fair value reserve RM'000	Retained earnings RM'000	Distributable Total equity RM'000
Company					
At 1 January 2022		730,000	(26,321)	(554,070)	149,609
Debt securities measured at fair value through other comprehensive income					
- Gains during the year		-	10,022	-	10,022
Profit for the year		-	-	730,114	730,114
Total comprehensive income for the year		-	10,022	730,114	740,136
<i>Distributions to owner of the Company</i>					
- Dividend to owner of the Company	24	-	-	(19,009)	(19,009)
Total transactions with owner of the Company		-	-	(19,009)	(19,009)
At 31 December 2022/ 1 January 2023		730,000	(16,299)	157,035	870,736
Debt securities measured at fair value through other comprehensive income					
- Gains during the year		-	18,346	-	18,346
Profit for the year		-	-	378,977	378,977
Total comprehensive income for the year		-	18,346	378,977	397,323
<i>Distributions to owner of the Company</i>					
- Dividend to owner of the Company	24	-	-	(21,328)	(21,328)
Total transactions with owner of the Company		-	-	(21,328)	(21,328)
At 31 December 2023		730,000	2,047	514,684	1,246,731
		Note 12	Note 12		

Pengurusan Aset Air Berhad

(Registration No. 200601012793 (732544-D))

(Incorporated in Malaysia)

and its subsidiaries

Statements of cash flows for the year ended 31 December 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from operating activities					
Profit before tax		430,154	398,545	428,708	399,327
<i>Adjustments for:</i>					
Amortisation of government grants		(182,270)	(160,965)	(182,270)	(160,965)
Amortisation of intangible assets	4	335	571	335	571
Depreciation of plant and equipment	3	1,322	1,112	1,322	1,112
Depreciation of right-of-use assets	5	628	1,457	628	1,457
Finance costs	20	893,123	817,119	893,123	817,119
Finance income	19	(41,325)	(34,845)	(38,720)	(34,564)
Gain on disposals of plant and equipment		(30)	(32)	(30)	(32)
Gain on disposals of intangible assets		(16)	-	(16)	-
Foreign exchange (gain)/loss		(9,207)	3,907	(9,207)	3,907
Net loss/(reversal) of impairment on financial instruments		2,039	(1,426)	2,039	(1,426)
Net reversal of impairment loss on assets under construction	6	(42,977)	(24,678)	(42,977)	(24,678)
Write off of irrecoverable capitalised borrowing cost upon lease commencement	6	16,530	7,199	16,530	7,199
Operating profit before working capital changes		1,068,306	1,007,964	1,069,465	1,009,027
Change in lease receivables		133,041	281,462	133,041	281,462
Change in trade and other receivables		(39,750)	(9,161)	(39,750)	(9,161)
Change in trade and other payables		(95,100)	38,389	(94,856)	38,489
Change in amount due to subsidiaries		-	-	(41,287)	(31,161)
Change in right-of-use assets and lease liabilities		(249)	(436)	(249)	(436)
Change in assets under constructions		(760,771)	(862,675)	(760,771)	(862,675)
Cash generated from operations		305,477	455,543	265,593	425,545
Tax paid		(1,083)	(2,160)	(965)	(1,954)
Tax refund		158	-	158	-
Net cash from operating activities		304,552	453,383	264,786	423,591

Registration No. 200601012793 (732544-D)
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Statements of cash flows for the year ended 31 December 2023 (continued)

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from investing activities					
Acquisition of plant and equipment	3	(967)	(4,340)	(967)	(4,340)
Proceeds from disposal of plant and equipment		42	34	42	34
Acquisition of intangible assets	4	(490)	(226)	(490)	(226)
Proceeds from disposal of intangible assets		16	-	16	-
Proceeds from disposal/ (acquisition) of other investments		53,781	(47,395)	53,781	(47,395)
Interest received		41,325	35,206	38,720	34,926
Net cash from/(used in) investing activities		93,707	(16,721)	91,102	(17,001)
Cash flows from financing activities					
Repayment of loans from Government of Malaysia ("GoM")		(126,753)	(105,870)	(126,753)	(105,870)
Redemption of Redeemable Preference Shares ("RPS")		(189,198)	(175,517)	(189,198)	(175,517)
Redemption of Islamic Medium-Term Notes ("IMTN")		(2,615,000)	(2,150,000)	-	-
Redemption of Islamic Commercial Papers ("ICP")		(895,731)	(397,108)	-	-
Interest paid in relation to ICP and IMTN		(769,636)	(740,175)	-	-
Payment on behalf of a subsidiary in relation to redemption of IMTN and ICP		-	-	(4,280,367)	(3,287,283)
Issuance of IMTN		4,060,000	2,285,000	-	-
Issuance of ICP		296,856	992,798	-	-
Advance from a subsidiary		-	-	4,356,856	3,277,798
Payment of lease liabilities		(608)	(896)	(608)	(896)
Interest paid in relation to lease liabilities		(177)	(423)	(177)	(423)
Dividend paid	24	(21,328)	(19,009)	(21,328)	(19,009)
Net cash used in financing activities		(261,575)	(311,200)	(261,575)	(311,200)
Net increase in cash and cash equivalents					
		136,684	125,462	94,313	95,390
Cash and cash equivalents at 1 January		479,292	353,830	447,498	352,108
Cash and cash equivalents at 31 December	11	615,976	479,292	541,811	447,498

Registration No. 200601012793 (732544-D)
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Statements of cash flows for the year ended 31 December 2023 (continued)

(a) Cash outflows for leases as a lessee

Group and Company	Note	2023 RM'000	2022 RM'000
Included in net cash from operating activities:			
Interest paid in relation to lease liabilities	20	177	423
Payment relating to leases of low-value assets	21	175	140
Included in net cash from financing activities:			
Payment of lease liabilities		608	896
Total cash outflows for leases		960	1,459

(b) Reconciliation of movements of liabilities to cash flows arising from financing activities

Group	Loans and borrowings		Lease liabilities		Total	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
As at 1 January	24,821,935	23,683,981	5,732	3,799	24,827,667	23,687,780
Changes from financing activities						
Repayment of loans from GoM	(126,753)	(105,870)	-	-	(126,753)	(105,870)
Redemption of RPS	(189,198)	(175,517)	-	-	(189,198)	(175,517)
Redemption of IMTN	(2,615,000)	(2,150,000)	-	-	(2,615,000)	(2,150,000)
Redemption of ICP	(895,731)	(397,108)	-	-	(895,731)	(397,108)
Interest paid in relation to ICP and IMTN	(769,636)	(740,175)	-	-	(769,636)	(740,175)
Issuance of IMTN	4,060,000	2,285,000	-	-	4,060,000	2,285,000
Issuance of ICP	296,856	992,798	-	-	296,856	992,798
Payment of lease liabilities	-	-	(608)	(896)	(608)	(896)
Interest paid	-	-	(177)	(423)	(177)	(423)
Total changes from financing cash flows	(239,462)	(290,872)	(785)	(1,319)	(240,247)	(292,191)

Registration No. 200601012793 (732544-D)

Statements of cash flows for the year ended 31 December 2023 (continued)

(b) Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

Group	Loans and borrowings		Lease liabilities		Total	
	2023	2022	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other changes						
Loans from GoM novated to the Company	-	482,264	-	-	-	482,264
Gain from derecognition of loans from GoM	(1,064,209)	-	-	-	(1,064,209)	-
Finance cost	1,003,992	947,011	177	423	1,004,169	947,434
Foreign exchange differences	(6,813)	2,806	-	-	(6,813)	2,806
Others	(9,769)	(3,255)	(1,926)	2,829	(11,695)	(426)
Total liabilities related other changes	(76,799)	1,428,826	(1,749)	3,252	(78,548)	1,432,078
As at 31 December	24,505,674	24,821,935	3,198	5,732	24,508,872	24,827,667
	Note 14	Note 14				

Registration No. 200601012793 (732544-D)

Statements of cash flows for the year ended 31 December 2023 (continued)

(b) Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

Company	Loans and borrowings		Amount due to subsidiaries		Lease liabilities		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January	5,458,824	5,071,783	20,283,538	19,563,785	5,732	3,799	25,748,094	24,639,367
Changes from financing activities								
Repayment of loans from the GoM	(126,753)	(105,870)	-	-	-	-	(126,753)	(105,870)
Redemption of RPS	(189,198)	(175,517)	-	-	-	-	(189,198)	(175,517)
Payment on behalf of a subsidiary in relation to redemption of IMTN	-	-	(4,280,367)	(3,287,283)	-	-	(4,280,367)	(3,287,283)
Advance from a subsidiary	-	-	4,356,856	3,277,798	-	-	4,356,856	3,277,798
Payment of lease liabilities	-	-	-	-	(608)	(896)	(608)	(896)
Interest paid	-	-	-	-	(177)	(423)	(177)	(423)
Total changes from financing cash flows	(315,951)	(281,387)	76,489	(9,485)	(785)	(1,319)	(240,247)	(292,191)
Other changes								
New loan from GoM novated to the Company	-	482,264	-	-	-	-	-	482,264
Derecognition of loans from GoM due to new reschedule loan payment	(1,064,209)	-	-	-	-	-	(1,064,209)	-
Finance cost	201,338	186,612	802,654	760,399	177	423	1,004,169	947,434
Foreign exchange differences	(6,813)	2,806	-	-	-	-	(6,813)	2,806
Others	(9,769)	(3,254)	(41,287)	(31,161)	(1,926)	2,829	(52,982)	(31,586)
Total liabilities related other changes	(879,453)	668,428	761,367	729,238	(1,749)	3,252	(119,835)	1,400,918
As at 31 December	4,263,420	5,458,824	21,121,394	20,283,538	3,198	5,732	25,388,012	25,748,094
	Note 14		Note 14					

The notes on pages 109 to 152 are an integral part of these financial statements

Pengurusan Aset Air Berhad

(Registration No. 200601012793 (732544-D))

(Incorporated in Malaysia)

and its subsidiaries

Notes to the financial statements

Pengurusan Aset Air Berhad is a public limited liability company, incorporated and domiciled in Malaysia. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business

Level 19, Menara Felda,
Platinum Park, No 11,
Persiaran KLCC,
50088 Kuala Lumpur.

Registered office

Suite C-5-4, Wisma Goshen,
Plaza Pantai,
Jalan Pantai Baharu,
59200 Kuala Lumpur.

The consolidated financial statements as at and for the financial year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities").

The principal activities of the Company are developing and managing the nation's water infrastructure in Peninsular Malaysia and the Federal Territories of Putrajaya and Labuan.

The immediate holding corporation is Minister of Finance (Incorporated), incorporated in Malaysia under the Minister of Finance (Incorporation) Act 1957.

These financial statements were authorised for issue by the Board of Directors on 28 May 2024.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

Registration No. 200601012793 (732544-D)
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1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability**

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 January 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024.
- from the annual period beginning on 1 January 2025 for the amendments that are effective for annual periods beginning on or after 1 January 2025, except for amendments to MFRS 121, which is not applicable to the Group and the Company.

The initial application of the accounting standards, amendments and interpretations are not expected to have any material financial impact to the current period and prior period financial statements of the Group and of the Company.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured based on the measurement bases stated below:

Items	Measurement bases
Debt securities at FVOCI	Fair value

Registration No. 200601012793 (732544-D)

1. Basis of preparation (continued)

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 8.5(ii)(a) - Assessment of leases to conclude whether the leases of water assets to state water operators are finance leases or operating leases.
- Note 17.1 - Tax treatment adopted by the Company following the tax exemption granted by MOF on gross income of migrated water assets for a period of 5 years from the Years of Assessment ("YA") 2022 to 2026 with an additional 5 years from YA 2027 to 2031.

As at 31 December 2023, the current liabilities of the Group and the Company have exceeded the current assets by RM2.12 billion and RM3.08 billion respectively. In the preparation of the financial statements on the going concern basis, the Directors have considered the following:

- i) the availability of RM20 billion government guaranteed Islamic Medium-Term Notes Programme ("IMTN") with maturity date on 8 February 2041 and available limit of RM13.63 billion remaining;
- ii) the issuance of Sukuk available under the AAA RM20 billion IMTN Programme with maturity date on 4 November 2039 and available limit of RM6.10 billion remaining;
- iii) the issuance of Islamic Commercial Papers ("ICP") programme of RM2.0 billion with maturity date on 29 June 2029 and available limit of RM2.0 billion remaining; and
- iv) the continuous financial support from the immediate and ultimate holding corporation, Minister of Finance (Incorporated) to refinance the outstanding government guaranteed sukuk which are due for repayment in the next twelve months.

At the date of this report, there is no reason for the Directors to believe that the preparation of financial statements of the Group and the Company on a going concern basis is inappropriate.

Registration No. 200601012793 (732544-D)

2. Changes in material accounting policies

2.1 Material accounting policy information

The Group also adopted amendments to MFRS 101, *Presentation of Financial Statements* and MFRS Practice Statement 2 – *Disclosures of Accounting Policies* from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Although the amendments did not result in any changes to the Group's accounting policies, it impacted the accounting policy information disclosed in the financial statements. The material accounting policy information is disclosed in the respective notes to the financial statements where relevant.

Registration No. 200601012793 (732544-D)

3. Plant and equipment

Group and Company	Office renovation RM'000	Furniture and fittings RM'000	Office equipment RM'000	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost						
At 1 January 2022	2,947	383	1,066	3,439	853	8,688
Additions	3,615	-	13	712	-	4,340
Reclassifications	224	-	(224)	-	-	-
Disposal	-	-	(71)	(415)	-	(486)
At 31 December 2022/1 January 2023	6,786	383	784	3,736	853	12,542
Additions	339	-	22	276	330	967
Disposal	(2,581)	(2)	(116)	(224)	(251)	(3,174)
At 31 December 2023	4,544	381	690	3,788	932	10,335
Accumulated depreciation						
At 1 January 2022	2,855	371	804	2,515	759	7,304
Depreciation	627	6	29	394	56	1,112
Disposal	-	-	(70)	(414)	-	(484)
At 31 December 2022/1 January 2023	3,482	377	763	2,495	815	7,932
Depreciation	857	4	13	369	79	1,322
Disposal	(2,577)	(2)	(115)	(217)	(251)	(3,162)
At 31 December 2023	1,762	379	661	2,647	643	6,092
Carrying amounts						
At 1 January 2022	92	12	262	924	94	1,384
At 31 December 2022/1 January 2023	3,304	6	21	1,241	38	4,610
At 31 December 2023	2,782	2	29	1,141	289	4,243

Registration No. 200601012793 (732544-D)
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4. Intangible assets

Group and Company	Software RM'000	Software under development RM'000	Total RM'000
Cost			
At 1 January 2022	36,651	-	36,651
Additions	226	-	226
At 31 December 2022/1 January 2023	36,877	-	36,877
Additions	363	127	490
Disposal	(293)	-	(293)
At 31 December 2023	36,947	127	37,074
Accumulated amortisation			
At 1 January 2022	35,929	-	35,929
Amortisation	571	-	571
At 31 December 2022/1 January 2023	36,500	-	36,500
Amortisation	335	-	335
Disposal	(293)	-	(293)
At 31 December 2023	36,542	-	36,542
Carrying amounts			
At 1 January 2022	722	-	722
At 31 December 2022/1 January 2023	377	-	377
At 31 December 2023	405	127	532

5. Right-of-use assets

Group and Company	Offices RM'000
At 1 January 2022	3,336
Addition	6,082
Derecognition	(2,816)
Depreciation	(1,457)
At 31 December 2022/1 January 2023	5,145
Addition	448
Derecognition	(2,126)
Depreciation	(628)
At 31 December 2023	2,839

Registration No. 200601012793 (732544-D)
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6. Assets under construction

Group and Company	Note	Assets under construction RM'000
Cost		
At 1 January 2022		4,091,139
Additions		830,632
Capitalisation of borrowing cost	6.2	130,315
Write off of irrecoverable capitalised borrowing cost upon lease commencement	6.4	(7,199)
Reclassified to lease receivables at commencement of lease		<u>(201,882)</u>
At 31 December 2022/1 January 2023		4,843,005
Additions		801,193
Capitalisation of borrowing cost	6.2	111,046
Write off of irrecoverable capitalised borrowing cost upon lease commencement	6.4	(16,530)
Reclassified to lease receivables at commencement of lease		(1,127,442)
Write off of irrecoverable land premium		<u>(2,185)</u>
At 31 December 2023	6.1	<u>4,609,087</u>
Impairment loss		
At 1 January 2022		106,615
Impairment loss for the year		9,314
Reversal of impairment	6.3	<u>(33,992)</u>
At 31 December 2022/1 January 2023		81,937
Impairment loss for the year		6,335
Reversal of impairment	6.3	<u>(49,312)</u>
At 31 December 2023		<u>38,960</u>
Carrying amounts		
At 1 January 2022		<u>3,984,524</u>
At 31 December 2022/1 January 2023		<u>4,761,068</u>
At 31 December 2023		<u>4,570,127</u>

6.1 Assets under construction

The assets under construction comprise water assets that are to be leased to state water operators under a finance lease upon completion of construction.

Assets under construction are measured at cost less any accumulated impairment losses.

6.2 Capitalised borrowing costs

The borrowing costs are capitalised at 4.20% (2022: 4.16%), which is the weighted average interest rate applicable to the Group's and Company's general borrowings during the year.

Registration No. 200601012793 (732544-D)
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6. Assets under construction (continued)

6.3 Impairment loss and reversal of impairment

The Group and the Company monitor the recoverability of borrowing costs for each project. Borrowing costs incurred up to the certificate of practical completion date ("CPC") and certificate of partial occupation ("CPO") can be recovered from the state water operators. Effective from 1 January 2023, the Group and the Company can recover the borrowing costs incurred up to the CPO (2022: CPC date) date where the projects are partially completed.

The Group and the Company provide impairment on capitalised borrowing costs subsequent to the CPC and CPO date as the recoverability of these capitalised borrowing costs will be subject to negotiation upon lease commencement. Effective from 1 January 2023, the Group and the Company will enter into lease agreement once certain projects obtain CPO. The impairment loss will be reversed when the impaired amount could be recovered from the state water operators upon lease commencement.

6.4 Write off of irrecoverable capitalised borrowing cost upon lease commencement

The Group and the Company write off irrecoverable capitalised borrowing cost upon lease commencement when it is certain that these amount could not be recovered from state water operators.

7. Investment in subsidiaries

Company	2023 RM'000	2022 RM'000
Cost of investment	<u>1,000</u>	<u>1,000</u>

Details of the subsidiaries are as follows:

Name of entity	Country of incorporation & principal place of business	Principal activities	Effective ownership interest and voting interest	
			2023 %	2022 %
Pengurusan Air SPV Berhad	Malaysia	7.1	100	100
Acqua SPV Berhad	Malaysia	7.2	100	100

Principal activities of the subsidiaries:

- 7.1** Special purpose entity incorporated by the Company for the purpose of issuing Islamic debt instruments for the Company to develop and manage the nation's water assets and related infrastructure in Peninsular Malaysia and the Federal Territories of Putrajaya and Labuan.

Registration No. 200601012793 (732544-D)
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7. Investment in subsidiaries (continued)

7.2 The subsidiary has ceased its operations and has become dormant.

7.3 Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses.

8. Lease receivables

Group and Company	2023 RM'000	2022 RM'000
Non-current		
Lease receivables	27,667,043	26,711,071
Impairment loss	(937)	(992)
	<u>27,666,106</u>	<u>26,710,079</u>
Current		
Lease receivables	<u>335,374</u>	<u>306,144</u>
	<u>28,001,480</u>	<u>27,016,223</u>

8.1 The Group and the Company lease water assets to state water operators. Most of the leases contain an initial non-cancellation period of 45 years except for 1 lease contain an initial non-cancellation periods of 30 years.

8.2 Included in the lease receivables is an amount of RM554 million (2022: RM721 million) relating to Redeemable Preference Share ("RPS") issued by SYABAS to finance non-revenue water works.

In 2005, Minister of Finance ("MOF") had subscribed these RPS from SYABAS for a total subscription price of RM655 million.

The Company had later entered into a master agreement with the Government of Malaysia represented by MOF, State Government of Selangor and Pengurusan Air Selangor ("AIS") on 12 September 2014 in relation to migration of water assets. Subsequently, a settlement agreement was entered between AIS and the Company to set out the terms of the transfer of the RPS held by MOF whereby the RPS will be transferred from MOF to the Company, and thereafter from the Company to AIS.

For the transfer of RPS from MOF to the Company, the Company had entered into an option agreement with MOF on 21 February 2020 and granted MOF with a put option. MOF has the right to require the Company to purchase the RPS in the manner and at the exercise price as agreed in the agreement.

On 21 February 2020, the Company had entered into another option agreement with AIS and the Company granted AIS a call option to require the Company to dispose the RPS to AIS at RM1. Upon the redemption date, the agreed value for the monthly rental shall be paid by AIS in equal instalments mutually agreed by both parties.

Registration No. 200601012793 (732544-D)
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8. Lease receivables (continued)

8.3 The Company has accounted for the put option held by MOF as loans and borrowings (see Note 15) and correspondingly, a net investment in lease receivables as they were deeply in the money on initial recognition and they are part of the water asset migration arrangement. The initial recognition of the lease receivables, and loans and borrowings were determined by discounting future cash flows at 4.06% per annum (based on FY2020 average borrowings rate).

The nominal value of the option at the end of the reporting period was RM576 million (2022: RM765 million).

8.4 The lease payments to be received are as follows:

Group and Company	2023 RM'000	2022 RM'000
Less than one year	1,455,885	1,376,238
One to two years	1,481,004	1,385,107
Two to three years	1,513,134	1,417,554
Three to four years	1,362,590	1,486,176
Four to five years	1,390,071	1,291,259
More than five years	48,291,883	46,693,265
Total undiscounted lease payments	55,494,567	53,649,599
Unearned lease income	(27,492,150)	(26,632,384)
Impairment loss	(937)	(992)
Lease receivables at 31 December	28,001,480	27,016,223

8.5 Material accounting policy information

(i) Recognition and initial measurement

(a) As a lessor

When the Group and the Company act as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group and the Company make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

In the assessment of leases to conclude whether these are finance leases, the Directors exercised significant judgment and considered the following:

- These leases transfer substantially all the risk and rewards incidental to ownership of the water assets.
- The Group and the Company expect the residual value of the water assets at the end of the lease term to be minimal.

Registration No. 200601012793 (732544-D)
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8. Lease receivables (continued)

8.5 Material accounting policy information (continued)

(i) Recognition and initial measurement (continued)

(a) As a lessor (continued)

If an arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

The Group and the Company recognise assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group uses the interest rate implicit in the lease to measure the net investment in the lease.

(ii) Subsequent measurement

(a) Lease income

The Group and the Company recognise finance lease income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's and the Company's net investment in the lease. The Group and the Company aim to allocate finance lease income over the lease term on a systematic and rational basis. The Group and the Company apply the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned lease income. The net investment in the lease is subject to impairment requirements in MFRS 9, *Financial Instruments*.

9. Trade and other receivables

Group and Company	Note	2023 RM'000	2022 RM'000
Non-current			
Trade			
Finance receivables	9.3	5,959	-
Trade receivables	9.1,9.2	393,837	372,422
Allowance for impairment		<u>(169,428)</u>	<u>(167,334)</u>
		<u>230,368</u>	<u>205,088</u>
Current			
Trade			
Trade receivables	9.1	<u>131,085</u>	<u>111,192</u>

Registration No. 200601012793 (732544-D)
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9. Trade and other receivables (continued)

Group and Company	Note	2023 RM'000	2022 RM'000
Non-trade			
Deposits	9.4	36,364	36,728
Interest receivables		921	654
Prepayments and other receivables		8,783	10,244
		<u>46,068</u>	<u>47,626</u>
		<u>177,153</u>	<u>158,818</u>

9.1 The trade receivables represent the lease rentals due and payable by state water operators.

9.2 The non-current trade receivables mainly comprise amount due from Syarikat Air Negeri Sembilan Sdn. Bhd. ("SAINS"), Ranhill SAJ Sdn. Bhd. ("RSAJ") and Air Kelantan Sdn. Bhd. ("AKSB"). SAINS and AKSB have restructured the outstanding amount to be repaid over remaining 31 years and 18 years respectively (2022: 32 years and 19 years respectively).

9.3 Finance receivables relate to the payment made to contractors for the Non-Revenue Water ("NRW") Financing Scheme. During the year, the Company has offered NRW Financing Scheme to the state water operators to cover part of operating and internal capital expenditures.

The Company will make payment to the contractors relating to the scheme up to three years from issuance of Letter of Consent ("LOC").

Upon completion of projects or three years after issuance of LOC, whichever earlier, the Company will enter into repayment schedule over 48 months with state water operators on the repayment of principal and profit rate of 3.50%.

9.4 Deposits mainly consist of project deposits being paid to local authorities prior to commencement of construction works. The deposits will be refunded upon project completion after issuance of Certificate of Completion and Compliance.

10. Other investments

Group and Company	2023 RM'000	2022 RM'000
<i>Fair value through other comprehensive income</i>		
- Debt securities	<u>632,240</u>	<u>667,674</u>

The Group's and the Company's investment in debt securities amounting to RM300,683,582 (2022: RM224,466,000) are issued by Federal Government-related entities.

Registration No. 200601012793 (732544-D)
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11. Cash and cash equivalents

Group	Note	2023 RM'000	2022 RM'000
Short term deposits		588,774	437,341
Cash and bank balances		<u>27,202</u>	<u>41,951</u>
	11.2	<u>615,976</u>	<u>479,292</u>
Company			
Short term deposits		516,692	407,340
Cash and bank balances		<u>25,119</u>	<u>40,158</u>
	11.3	<u>541,811</u>	<u>447,498</u>

11.1 Material accounting policy

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

11.2 The Group's short term deposits and bank balances amounting to RM522,881,375 (2022: RM438,461,081) are held with Federal Government-related entities.

11.3 The Company's short term deposits and bank balances amounting to RM448,717,078 (2022: RM406,667,393) are held with Federal Government-related entities.

12. Capital and reserve

Share capital

	Amount 2023 RM'000	Number of shares 2023 '000	Amount 2022 RM'000	Number of shares 2022 '000
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares				
At 1 January/31 December	<u>730,000</u>	<u>730,000</u>	<u>730,000</u>	<u>730,000</u>

12.1 Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

12.2 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of debt securities carried at fair value through other comprehensive income until the assets are derecognised or impaired.

Registration No. 200601012793 (732544-D)
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13. Deferred income

Group and Company	Note	2023 RM'000	2022 RM'000
Non-current			
Deferred income from:			
Government grant arising from interest free loan from Government of Malaysia	13.1, 13.3	3,688,138	2,796,125
Non-monetary government grant	13.2	<u>110,758</u>	<u>113,459</u>
		<u>3,798,896</u>	<u>2,909,584</u>

13.1 The government grant is arising from the differences between the present value of future cash flows and the nominal value of the loans, discounted at rates between 2.63% at point of migration to 4.64% at the date of the restructured government loans (2022: 2.63% to 4.16%). The government grants is recognised in profit or loss as amortisation of government grant over the loan periods.

13.2 The Group and the Company received a Sungai Labu off river storage from Ministry of Energy, Science, Technology, Environment and Climate Change (KeTTHA) in 2019. The fair value of the asset was based on the land acquisition cost and construction cost incurred by KeTTHA on the date of the transfer. The grant is amortised over remaining 41 years (2022: 42 years) and recognised in profit or loss as amortisation of government grant.

13.3 During the financial year, the Group and the Company has received an approval from MOF to extend the repayment of loan period from 25 years to 45 years. Due to the substantial modifications on the loan from Government of Malaysia, this has caused the increase in the deferred income amounting to RM1,064,209,000.

14. Loans and borrowings

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current					
Loans from the Government of Malaysia ("GoM")	14.1	3,601,507	4,611,296	3,601,507	4,611,296
Government guaranteed					
Islamic Medium -Term Notes	14.2	5,370,000	4,260,000	-	-
Non-government guaranteed					
Islamic Medium -Term Notes	14.2	12,100,145	11,733,186	-	-
Put option on RPS	14.4	<u>378,307</u>	<u>553,941</u>	<u>378,307</u>	<u>553,941</u>
		<u>21,449,959</u>	<u>21,158,423</u>	<u>3,979,814</u>	<u>5,165,237</u>

Registration No. 200601012793 (732544-D)
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14. Loans and borrowings

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current					
Loans from the Government of Malaysia ("GoM")	14.1	107,971	126,157	107,971	126,157
Government guaranteed					
Islamic Medium -Term Notes	14.2	1,052,991	2,580,323	-	-
Non-government guaranteed					
Islamic Medium -Term Notes	14.2	1,719,118	190,623	-	-
Islamic Commercial Papers	14.3	-	598,979	-	-
Put option on RPS	14.4	175,635	167,430	175,635	167,430
		<u>3,055,715</u>	<u>3,663,512</u>	<u>283,606</u>	<u>293,587</u>
		<u>24,505,674</u>	<u>24,821,935</u>	<u>4,263,420</u>	<u>5,458,824</u>

14.1 Loan from Government of Malaysia ("GoM")

Loans from GoM are unsecured, non-interest bearing and are repayable over the remaining periods ranging from 30 years to 44 years, subsequent to the loan restructuring from GoM as disclosed in Note 13.3. These loans represent Federal Government loans taken over from the state water operators as part of the Group's and the Company's acquisition of the nation's water assets.

During the financial year, the Company secured approval from the Ministry of Finance ("MOF") to extend the loan repayment duration from 25 to 45 years. The substantial changes to the Malaysian Government loan terms led to a reduction in the GoM's loan balances amounting to RM1,064,209,000 being recognised as deferred income.

The nominal value of the loan at the end of the reporting period was RM7.4 billion (2022: RM7.5 billion). The initial recognition of the outstanding loans provided by GoM based on the new terms were determined by discounting future cash flows at rates ranging from 2.63% at point of migration to 4.64% at the date of the restructured government loans (2022: 2.63% to 4.16%). The corresponding government grant has been recognised and disclosed in Note 13.

Registration No. 200601012793 (732544-D)
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14. Loans and borrowings (continued)

14.2 Islamic Medium-Term Notes (“IMTN”)

- (a) The issuance of the Islamic debt instruments was solely to finance the operation of the Company for the purpose of acquisition of the nation’s water assets and to finance the Company’s development and construction of new water assets and the related working capital requirement. The profit rate of the IMTNs are ranging from 1.00% to 4.63% (2022: 1.00% to 4.63%).
- (b) The IMTNs were issued in two structures:

In respect of the Sukuk Ijarah

- The Sukukholders, through a subsidiary, Pengurusan Air SPV Berhad (“the issuer”) purchases certain Ijarah Assets from time to time from the Company, by way of transfer of the beneficial ownership of the Ijarah Assets pursuant to an Asset Purchase Agreement.
- The Issuer (on behalf of the Sukukholders) (in such capacity, the “Lessor”) shall then, from time to time, lease the Ijarah Assets to the Company (in such capacity, the “Lessee”) for a predetermined rental and tenure pursuant to the Ijarah Agreement. The Issuer declares a trust over the Ijarah Assets, the present and future rights and interest in the Ijarah Agreement, the Purchase Undertaking and the proceeds of the foregoing (collectively the “Ijarah Trust Assets”) in favour of the Sukukholders, and shall issue the Sukuk Ijarah to the Sukukholders to represent the Sukukholders’ undivided beneficial ownership in the Ijarah Trust Assets.

In respect of the Sukuk Musyarakah

- Investors shall from time to time form a Musyarakah amongst themselves and subscribe to the Sukuk Musyarakah issued by the Issuer which represent their proportionate and undivided interest in the pool of Musyarakah Assets (as defined below) to be managed by the Company.
- The Musyarakah Assets shall form part of the Musyarakah Venture. The Musyarakah Assets will consist of at least 1/3 of Existing Assets and will be identified at or around the time of issuance of the Sukuk Musyarakah. The Issuer, on behalf of the Sukukholders (in its capacity as the “Lessor”), shall then lease the Existing Assets in the Musyarakah Venture to the Company for a pre-determined Rentals and tenure pursuant to the Ijarah Agreement.
- The Issuer shall declare a trust over the Musyarakah Assets, its present and future rights and interest in the Ijarah Agreement, the Purchase Undertaking and the proceeds of the foregoing (collectively the “Musyarakah Trust Assets”) in favour of the Sukukholders, and the Sukuk Musyarakah shall represent the Sukukholders’ undivided beneficial ownership in the Musyarakah Trust Assets.

Registration No. 200601012793 (732544-D)

14. Loans and borrowings (continued)

14.2 Islamic Medium-Term Notes (“IMTN”) (continued)

(b) The IMTNs were issued in two structures (continued):

In respect of the Sukuk Musyarakah (continued)

- The Sukukholders shall share any returns from the Musyarakah Venture (i.e. Rentals from the Ijarah Agreement) between the Issuer and the Company with respect to the Existing Assets in the Musyarakah Venture and any Shariah-compliant income generated from the investments.
 - Future Assets and Assets To Be Acquired which may include among others, the rental proceeds received from third parties via the lease of completed Future Assets or from delivered Assets To Be Acquired in proportion to their respective holdings of the Sukuk Musyarakah while losses shall be borne by and limited to each Sukukholder’s respective capital contribution to the Musyarakah Venture.
 - Returns generated from the Musyarakah Venture shall be distributed to the Sukukholders as expected return of the Musyarakah Venture in the form of one-off or periodic distributions. The Sukukholders shall agree that any returns in excess of the expected return shall be paid to the Manager as incentive fees.
 - Pursuant to the Purchase Undertaking, the Company shall purchase the Musyarakah Assets from the Issuer, by way of transfer of the beneficial ownership, at the Exercise Price upon the occurrence of certain events.
- (c) As disclosed in Note 26, the Group is required to maintain a Shariah-compliant Finance Service Reserve Account (“FSRA”) with a bank appointed by the Group which is acceptable to CIMB Investment Bank Berhad (the “Lead Manager” and “Shariah Adviser”) for its non-government guaranteed Islamic Medium-Term Notes.

14.3 Islamic Commercial Papers (“ICP”)

In respect of the Sukuk Wakalah Programme

- The Sukuk Wakalah Programme is subject to the Sukuk Wakalah Programme Limit up to RM2 billion and the Sukuk Wakalah Programme Tenure is up to seven (7) years from the date of first (1st issuance) of the Sukuk Wakalah.

Registration No. 200601012793 (732544-D)
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14. Loans and borrowings (continued)

14.3 Islamic Commercial Papers (“ICP”) (continued)

In respect of the Sukuk Wakalah Programme (continued)

- A subsidiary of the Company, Pengurusan Air SPV Berhad (“PASB”) is appointed by MTrustee Berhad (“Sukuk Trustee”) (acting on behalf of the Sukukholders) as an agent for the Sukukholders to perform services which include investing the Sukuk Proceeds in the Wakalah and management of the Wakalah Portfolio. Wakalah Portfolio comprises of investment in Shariah-compliant Business and Commodity Murabahah Investment. Shariah-compliant Business refers to general business of the Company which involves developing and managing the nation’s water infrastructure in Malaysia. Commodity Murabahah Investment refers to investment in Shariah-compliant commodities not limited to crude palm oil or such other acceptable commodities (excluding ribawi items in the category of medium of exchange such as currency, gold and silver) which are provided through Bursa Suq Al-Sila’ commodity trading platforms acceptable to the Joint Shariah Advisers which will be identified from time to time of issuance of Sukuk Wakalah.
- PASB shall declare a trust on the Trust Assets (refers to Sukuk Proceeds, Wakalah Portfolio and rights of the Sukukholders) for the benefit of the Sukukholders. The Company (“the Issuer”) shall, from time to time, issue the Sukuk Wakalah to the Sukukholders and the Sukukholders shall subscribe to the Sukuk Wakalah by paying the Sukuk Proceeds. The relevant Sukuk Wakalah shall represent the Sukukholders’ undivided proportionate interests in the relevant Trust Assets.
- PASB (on behalf of the Sukukholders) shall utilise at least thirty three percent (33%) of the Sukuk Proceeds of the relevant Sukuk Wakalah for investment into the Shariah-compliant Business via Pengurusan Aset Air Berhad (“Investment Manager”), subject to the valuation principles set out in the Wakalah Agreement. The Investment Manager shall manage the Shariah-compliant Business for the benefit of the Sukukholders.
- For the avoidance of doubt, the above ratio of at least thirty three percent (33%) of the Sukuk Proceeds is only applicable at the point of initial investment for the relevant Sukuk Wakalah and does not need to be maintained throughout the Tenure of the relevant Sukuk Wakalah. However, PASB shall ensure that the Shariah-compliant Business shall at all times be a component of the Wakalah Portfolio.
- 100% of Sukuk Proceeds from Sukuk Wakalah issued during the year was invested in Shariah-compliant Business.

14.4 Put option on RPS

On 21 February 2020, an option Agreement was signed between the Company, MOF and SYABAS in relation to the purchase of SYABAS Redeemable Preference Share (“RPS”) by the Company through a put option granted by the Company to MOF. MOF has the right to require the Company to purchase the RPS in the manner and at the exercise price as agreed in the agreement.

Registration No. 200601012793 (732544-D)
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14. Loans and borrowings (continued)

14.4 Put option on RPS (continued)

Upon transfer of RPS from MOF to the Company, the Company shall then transfer all the RPS to AIS in accordance to the terms agreed in the option agreement signed between AIS and the Company. Please refer to Note 8.2 for further details.

The initial recognition of the outstanding option on the RPS was determined by discounting future cash flows at 4.06%.

The nominal value of the option at the end of the reporting period was RM576 million (2022: RM765 million).

15. Amount due to subsidiaries

	Company	
	2023 RM'000	2022 RM'000
Non-current		
Amount due to subsidiaries	<u>17,470,145</u>	<u>15,993,186</u>
Current		
Amount due to subsidiaries	<u>3,651,249</u>	<u>4,290,352</u>
	<u>21,121,394</u>	<u>20,283,538</u>

The amount due to subsidiaries mainly consists of principal proceeds of the IMTNs and ICPs received by Pengurusan Air SPV Berhad which were then on-lent to the Company and profit charged on the principal to the Company. The finance expense is computed using the profit rate of the IMTNs and ICPs ranging from 1.00% to 4.63% (2022: 1.00% to 4.63%).

The amount due to subsidiaries is unsecured, interest bearing and repayable on demand as and when the subsidiary's principal and profit amounts of the IMTNs are due for repayments.

16. Trade and other payables

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade					
Trade payables		7,304	8,463	7,304	8,463
Accruals for project related cost	16.1	710,246	762,901	710,246	762,901
Retention sum	16.2	<u>84,777</u>	<u>100,443</u>	<u>84,777</u>	<u>100,443</u>
		<u>802,327</u>	<u>871,807</u>	<u>802,327</u>	<u>871,807</u>
Non-trade					
Other accruals	16.3	22,752	19,219	22,186	19,219
Other payables		<u>9,215</u>	<u>3,370</u>	<u>9,518</u>	<u>2,863</u>
		<u>31,967</u>	<u>22,589</u>	<u>31,704</u>	<u>22,082</u>
		<u>834,294</u>	<u>894,396</u>	<u>834,031</u>	<u>893,889</u>

Registration No. 200601012793 (732544-D)
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16. Trade and other payables (continued)

16.1 The project related cost comprises construction of water assets expenses incurred of which invoices have not been received from contractors as at the end of the financial year.

16.2 Retention sum payable to subcontractors is payable upon expiry of defect liabilities period of 3 months to 24 months from the respective dates of completion. Out of the retention sum payables, RM4,228,970 (2022: RM39,333,647) are due within 12 months.

16.3 Other accruals mainly comprise accruals for annual license fees to National Water Services Commission.

17. Deferred tax liabilities

Recognised deferred tax liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Group and Company						
Plant and equipment	-	810	(608)	-	(608)	810
Assets under construction	-	-	(157,249)	(127,497)	(157,249)	(127,497)
Lease receivables	-	-	(2,794,794)	(2,773,154)	(2,794,794)	(2,773,154)
Trade receivables	40,663	40,160	-	-	40,663	40,160
Tax loss carry-forward	8,339	1,831	-	-	8,339	1,831
Others	2,874	6,019	(682)	(1,234)	2,192	4,785
Tax assets/ (liabilities)	51,876	48,820	(2,953,333)	(2,901,885)	(2,901,457)	(2,853,065)
Set off of tax	(51,876)	(48,820)	51,876	48,820	-	-
Net tax liabilities	-	-	(2,901,457)	(2,853,065)	(2,901,457)	(2,853,065)

Registration No. 200601012793 (732544-D)
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17. Deferred tax liabilities (continued)

Movement in temporary differences during the year

Group and Company	At 31				
	At 1 January 2022 RM'000	Recognised in profit or loss (Note 23) RM'000	December 2022/ 1 January 2023 RM'000	Recognised in profit or loss (Note 23) RM'000	At 31 December 2023 RM'000
Plant and equipment	595	215	810	(1,418)	(608)
Assets under construction	(95,355)	(32,142)	(127,497)	(29,752)	(157,249)
Lease receivables	(3,133,426)	360,272	(2,773,154)	(21,640)	(2,794,794)
Trade receivables	40,566	(406)	40,160	503	40,663
Tax loss carry-forward	-	1,831	1,831	6,508	8,339
Others	4,018	767	4,785	(2,593)	2,192
	<u>(3,183,602)</u>	<u>330,537</u>	<u>(2,853,065)</u>	<u>(48,392)</u>	<u>(2,901,457)</u>

17.1 Significant judgement and assumptions arising from estimation of current tax and deferred tax

MOF informed the Company via letter dated 30th January 2023 on the following:

- i. The Company's application for the tax exemption on the gross income in relation to the lease rental income of migrated water assets was approved under Section 127(3A) of the Income Tax Act, 1967 ("ITA");
- ii. The approval is given for a period of 5 years from the Years of Assessment ("YA") 2022 to 2026 with an additional 5 years from YA2027 to YA2031. The Company has to re-apply with the MOF 3 months before the end of the first 5 years period whereby financial status of the Company will be re-evaluated by the MOF and it is subject to the future terms and conditions.

The Company has adopted the following assumptions to estimate the current and deferred tax while the Company is seeking clarification from Jabatan Dasar Percukaian ("JDP") on the tax treatment in the following areas:

- The Company will be able to obtain the approval from the MOF by the end of first 5 years (i.e. 2026) on the tax exemption on the gross income in relation to the lease rental income of the migrated water assets;
- Capital allowances and finance cost attributable to migrated water assets will not be claimed by the Company during the tax exemption period;
- The exemption granted by MOF for YA2021 is deemed to be rescinded; and
- Direct and attributable cost related to migrated water assets shall not be deductible in the tax computation during tax exemption period from YA2022 to YA2026.

Registration No. 200601012793 (732544-D)
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18. Revenue

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Lease income	<u>1,098,968</u>	<u>1,071,790</u>	<u>1,098,968</u>	<u>1,071,790</u>

19. Finance income

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<i>Interest income of financial assets calculated using the effective interest method that are:</i>				
- <i>at amortised cost</i>				
Placement in Shariah-compliant investment products by licensed banks and other financial institutions	13,089	6,019	10,484	5,738
- <i>at fair value through other comprehensive income</i>				
Other Sukuk investment managed by external fund managers	28,200	28,826	28,200	28,826
Non-Revenue Water Financing Scheme with state water operators	36	-	36	-
	<u>41,325</u>	<u>34,845</u>	<u>38,720</u>	<u>34,564</u>

20. Finance costs

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<i>Interest expense of financial liabilities that are not at fair value through profit or loss</i>				
Government loans	179,569	158,264	179,569	158,264
Islamic Medium-Term Notes	798,489	754,218	-	-
Islamic Commercial Papers	4,165	6,181	-	-
Amount due to a subsidiary, Pengurusan Air SPV Berhad	-	-	802,654	760,399
Put option on RPS	21,769	28,348	21,769	28,348
Lease interest charges	177	423	177	423
	<u>1,004,169</u>	<u>947,434</u>	<u>1,004,169</u>	<u>947,434</u>
<i>Interest expense of financial liabilities that are not at fair value through profit or loss capitalised into qualifying assets:</i>				
Assets under construction	<u>(111,046)</u>	<u>(130,315)</u>	<u>(111,046)</u>	<u>(130,315)</u>
	<u>893,123</u>	<u>817,119</u>	<u>893,123</u>	<u>817,119</u>

Registration No. 200601012793 (732544-D)
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21. Profit for the year

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit for the year is arrived at after charging/(crediting):				
Auditors' remuneration				
- Audit fees				
KPMG PLT	275	260	230	215
- Non-audit fees				
Local affiliates of KPMG PLT	120	81	108	77
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Material (income)/expenses				
Foreign exchange (gain)/loss	(9,207)	3,907	(9,207)	3,907
Modifications loss on lease receivables	-	18,431	-	18,431
Write off of irrecoverable capitalised borrowing cost upon lease commencement	16,530	7,199	16,530	7,199
Write off of irrecoverable trade receivables	-	9,058	-	9,058
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Expenses arising from leases				
Expenses relating to leases of low-value assets	175	140	175	140
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net loss/(reversal) on impairment of financial instruments				
Financial assets at amortised cost				
- Trade receivables	2,094	(2,418)	2,094	(2,418)
- Lease receivables	(55)	992	(55)	992
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

22. Personnel costs

Group and Company	2023 RM'000	2022 RM'000
Wages and salaries	18,506	17,459
Bonus	4,828	3,491
Contributions to defined contribution plans	3,293	3,069
Other employee benefits	6,362	5,770
	<u> </u>	<u> </u>
	32,989	29,789

Registration No. 200601012793 (732544-D)
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23. Income tax expense

23.1 Recognised in profit or loss

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current tax				
Current financial year	1,849	67	1,259	-
Under/(Over) provision in prior year	50	(280)	80	(250)
Total current tax recognised in profit or loss	<u>1,899</u>	<u>(213)</u>	<u>1,339</u>	<u>(250)</u>
Deferred tax				
Origination and reversal of temporary differences	51,052	(323,366)	51,052	(323,366)
Over provision in prior year	(2,660)	(7,153)	(2,660)	(7,153)
Others	-	(18)	-	(18)
Total deferred tax recognised in profit or loss	<u>48,392</u>	<u>(330,537)</u>	<u>48,392</u>	<u>(330,537)</u>
Total tax expense	<u>50,291</u>	<u>(330,750)</u>	<u>49,731</u>	<u>(330,787)</u>

23.2 Reconciliation of tax expense

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before tax		<u>430,154</u>	<u>398,545</u>	<u>428,708</u>	<u>399,327</u>
Taxation at Malaysian statutory tax rate of 24% (2022: 24%)		103,237	95,651	102,890	95,838
Expenses not deductible for tax purposes		202,271	201,517	202,028	201,280
Tax exempt income		(268,968)	(351,557)	(268,968)	(351,320)
Origination and reversal of temporary differences arising from exemption granted by MOF at 0%	24.2.1	16,360	(263,770)	16,360	(263,770)
Over provision in prior year		(2,609)	(7,433)	(2,579)	(7,403)
Others		-	(5,158)	-	(5,412)
Total tax expenses		<u>50,291</u>	<u>(330,750)</u>	<u>49,731</u>	<u>(330,787)</u>

23.2.1 The origination and reversal of temporary differences during the year arose as a result of the exemption granted by MOF on the gross lease income of migration water assets as disclosed in Note 17.1.

Registration No. 200601012793 (732544-D)
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24. Dividend

	Sen per share	Total amount RM'000	Date of payment
2023			
Final 2022 ordinary	2.92	<u>21,328</u>	28 November 2023
2022			
Final 2021 ordinary	2.60	<u>19,009</u>	29 June 2022

After the end of the reporting period the following dividend was proposed by the Directors. The dividend will be recognised in subsequent financial period upon approval by the owners of the Company.

	Sen per share	Total amount RM'000
2023		
Final 2023 ordinary	2.77	<u>20,252</u>

25. Financial instruments

25.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Amortised cost ("AC"); and
- (b) Fair value through other comprehensive income ("FVOCI").

Group	Carrying amount RM'000	AC RM'000	FVOCI RM'000
2023			
Financial assets			
Trade receivables	355,494	355,494	-
Other receivables (exclude prepayment)	43,244	43,244	-
Other investments	632,240	-	632,240
Cash and cash equivalents	615,976	615,976	-
	<u>1,646,954</u>	<u>1,014,714</u>	<u>632,240</u>
Financial liabilities			
Loans and borrowings	(24,505,674)	(24,505,674)	-
Trade and other payables	(834,294)	(834,294)	-
	<u>(25,339,968)</u>	<u>(25,339,968)</u>	<u>-</u>

Registration No. 200601012793 (732544-D)
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25. Financial instruments (continued)

25.1 Categories of financial instruments (continued)

Group	Carrying amount RM'000	AC RM'000	FVOCI RM'000
2022			
Financial assets			
Trade receivables	316,280	316,280	-
Other receivables (exclude prepayment)	37,418	37,418	-
Other investments	667,674	-	667,674
Cash and cash equivalents	479,292	479,292	-
	<u>1,500,664</u>	<u>832,990</u>	<u>667,674</u>
Financial liabilities			
Loans and borrowings	(24,821,935)	(24,821,935)	-
Trade and other payables	(894,396)	(894,396)	-
	<u>(25,716,331)</u>	<u>(25,716,331)</u>	<u>-</u>
Company			
2023			
Financial assets			
Trade receivables	355,494	355,494	-
Other receivables (exclude prepayment)	43,244	43,244	-
Other investments	632,240	-	632,240
Cash and cash equivalents	541,811	541,811	-
	<u>1,572,789</u>	<u>940,549</u>	<u>632,240</u>
Financial liabilities			
Loans and borrowings	(4,263,420)	(4,263,420)	-
Trade and other payables	(834,031)	(834,031)	-
Amount due to subsidiaries	(21,121,394)	(21,121,394)	-
	<u>(26,218,845)</u>	<u>(26,218,845)</u>	<u>-</u>
2022			
Financial assets			
Trade receivables	316,280	316,280	-
Other receivables (exclude prepayment)	37,418	37,418	-
Other investments	667,674	-	667,674
Cash and cash equivalents	447,498	447,498	-
	<u>1,468,870</u>	<u>801,196</u>	<u>667,674</u>
Financial liabilities			
Loans and borrowings	(5,458,824)	(5,458,824)	-
Trade and other payables	(893,889)	(893,889)	-
Amount due to subsidiaries	(20,283,538)	(20,283,538)	-
	<u>(26,636,251)</u>	<u>(26,636,251)</u>	<u>-</u>

Registration No. 200601012793 (732544-D)
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25. Financial instruments (continued)

25.2 Net gains/(losses) arising from financial instruments

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Net gains/(losses) on:				
Debt instruments at fair value through other comprehensive income				
- recognised in profit or loss	28,200	28,826	28,200	28,826
- recognised in other comprehensive income	18,346	10,022	18,346	10,022
	46,546	38,848	46,546	38,848
Financial assets at amortised cost	11,086	(1,613)	8,481	(1,894)
Financial liabilities at amortised cost	(994,785)	(950,919)	(994,785)	(950,919)
	<u>(983,699)</u>	<u>(952,532)</u>	<u>(986,304)</u>	<u>(952,813)</u>

25.3 Financial risk management

The Group and the Company have exposure to the following risks from its financial instruments:

- Credit risk
- Liquidity risk
- Market risk

25.4 Credit risk

Credit risk is the risk of a financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from trade receivables, lease receivables, finance receivables, other investments and cash and bank balances. There are no significant changes as compared to prior periods.

Trade receivables, lease receivables and finance receivables

Risk management objectives, policies and processes for managing the risk

The Group manages its credit risk by establishing credit controls with the view to ensuring that overdue debts are within an acceptable level.

Registration No. 200601012793 (732544-D)
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25. Financial instruments (continued)

25.4 Credit risk (continued)

Trade receivables, lease receivables and finance receivables (continued)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables, lease receivables and finance receivables are represented by the carrying amounts in the statements of financial position. The credit risk of the trade receivables, lease receivables and finance receivables of the Group and the Company are deemed low because these are due from the state water operators who are managing the water supply for the various states in Malaysia. Indication of impairment may arise when there is delay in instalments from the state water operators. The Group and the Company may impose penalty on default payments. It is expected that the Group and the Company may enter into a new payment schedule with state water operators when there is a delay in payment from the state water operators. Consequently, the Group and the Company may request deferment to repay Federal Government loans caused by the delay of payment from the state water operators.

The exposure of credit risk for gross trade receivables, gross lease receivables and gross finance receivables as at the end of the reporting period by geographic region was:

	Trade receivables RM'000	Lease receivables RM'000	Finance receivables RM'000	Total RM'000
Group and Company				
2023				
Negeri Sembilan	349,377	1,495,658	5,959	1,850,994
Johor	124,412	7,348,824	-	7,473,236
Kelantan	34,852	247,074	-	281,926
Melaka	251	1,058,190	-	1,058,441
Perak	-	733,238	-	733,238
Selangor	16,030	14,325,334	-	14,341,364
Kedah	-	1,159,397	-	1,159,397
Pahang	-	1,107,374	-	1,107,374
Pulau Pinang	-	480,516	-	480,516
Perlis	-	46,812	-	46,812
	524,922	28,002,417	5,959	28,533,298

Registration No. 200601012793 (732544-D)
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25. Financial instruments (continued)

25.4 Credit risk (continued)

Trade receivables, lease receivables and finance receivables (continued)

Concentration of credit risk (continued)

	Trade receivables RM'000	Lease receivables RM'000	Finance receivables RM'000	Total RM'000
Group and Company				
2022				
Negeri Sembilan	354,259	1,483,204	-	1,837,463
Johor	82,876	7,149,474	-	7,232,350
Kelantan	35,213	245,047	-	280,260
Melaka	7,677	1,056,690	-	1,064,367
Perak	3,589	751,533	-	755,122
Selangor	-	13,548,705	-	13,548,705
Kedah	-	1,146,386	-	1,146,386
Pahang	-	1,094,813	-	1,094,813
Pulau Pinang	-	495,077	-	495,077
Perlis	-	46,286	-	46,286
	<u>483,614</u>	<u>27,017,215</u>	<u>-</u>	<u>27,500,829</u>

Recognition and measurement of impairment loss

The Group and the Company assess the risk of loss of each state water operator individually based on their financial information and past trend of payment where applicable. The Group and the Company consider the expected timing of cash flows to be received by the Group and the Company to recover the receivables in determining the allowance for impairment loss.

The expected credit loss has been measured based on differences between the discounted expected cash flow to be received from the state water operators and carrying amount of the trade receivables, lease receivables and finance receivables at the end of the reporting period. Similar expected credit loss measurement approach is applied for lease receivables.

The following table provides information about the exposure to credit risk and ECLs for trade receivables, lease receivables and finance receivables which are grouped together as they are deemed to have similar risk profile.

Registration No. 200601012793 (732544-D)
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25. Financial instruments (continued)

25.4 Credit risk (continued)

Trade receivables, lease receivables and finance receivables (continued)

Recognition and measurement of impairment loss (continued)

Group and Company	Note	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2023				
Current not past due		28,061,663	-	28,061,663
Past due 61-120 days		13,871	-	13,871
Past due 121-180 days		9,905	-	9,905
Past due more than 180 days	25.4.1	447,859	(170,365)	277,494
		<u>28,533,298</u>	<u>(170,365)</u>	<u>28,362,933</u>
Lease receivables		28,002,417	(937)	28,001,480
Trade receivables		524,922	(169,428)	355,494
Finance receivables		5,959	-	5,959
		<u>28,533,298</u>	<u>(170,365)</u>	<u>28,362,933</u>
2022				
Current not past due		27,027,037	-	27,027,037
Past due 61-120 days		14,521	-	14,521
Past due 121-180 days		46,823	-	46,823
Past due more than 180 days	25.4.1	412,448	(168,326)	244,122
		<u>27,500,829</u>	<u>(168,326)</u>	<u>27,332,503</u>
Lease receivables		27,017,215	(992)	27,016,223
Trade receivables		483,614	(167,334)	316,280
		<u>27,500,829</u>	<u>(168,326)</u>	<u>27,332,503</u>

25.4.1 Amounts past due more than 180 days mainly comprise of trade receivables from Syarikat Air Negeri Sembilan Sdn. Bhd. ("SAINS"), Ranhill SAJ Sdn. Bhd. ("RSAJ") and Air Kelantan Sdn. Bhd. ("AKSB"). SAINS and AKSB have restructured the outstanding amount to be repaid over remaining 31 years and 18 years respectively (2022: 32 years and 19 years respectively).

Registration No. 200601012793 (732544-D)
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25. Financial instruments (continued)

25.4 Credit risk (continued)

Trade receivables, lease receivables and finance receivables (continued)

Recognition and measurement of impairment loss (continued)

The movements in the allowance for impairment in respect of trade receivables and lease receivables for the year are shown below:

Group and Company	Trade receivables RM'000	Lease receivables RM'000	Total RM'000
Balance as at 1 January 2022	169,752	-	169,752
Net remeasurement of loss allowance	(2,418)	992	(1,426)
Balance at 31 December 2022/ 1 January 2023	167,334	992	168,326
Net remeasurement of loss allowance	2,094	(55)	2,039
Balance at 31 December 2023	169,428	937	170,365

Other investments

Risk management objectives, policies and processes for managing the risk

Investments are allowed in liquid securities and only with counterparties that have an investment grade credit rating.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group or the Company has mainly invested in debt securities. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

The investments are unsecured.

The Group and the Company are of the view that the loss allowance is not material and did not recognise any allowance for impairment as at the end of the reporting period.

Registration No. 200601012793 (732544-D)
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25. Financial instruments (continued)

25.4 Credit risk (continued)

Other investments (continued)

Exposure to credit risk, credit quality and collateral (continued)

The following table presents an analysis of the credit quality of debt securities at FVOCI:

Group and Company	<-----FVOCI----->	
	2023 RM'000	2022 RM'000
Debt securities		
A to AAA	570,930	546,022
BB+	-	1,217
Government Guaranteed	<u>61,310</u>	<u>120,435</u>
Total debt securities	<u>632,240</u>	<u>667,674</u>

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions which are regulated. As at the end of the reporting period, the maximum exposure to credit risk of the Group and the Company are represented by the carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. Consequently, the Group and Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

Credit risks on other receivables are mainly arising from projects deposits paid to local authorities for construction activities.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

The Group and the Company consider deposits placed with the local authorities have low credit risk as these authorities are backed by respective state governments. As at the end of the reporting period, the Group and the Company did not recognise any allowance for impairment losses.

25.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arise principally from various payables, loans and borrowings. Additionally, the Company's exposure to liquidity risk arise from amount due to subsidiaries.

The Group manages liquidity risk by establishing plan with the view to ensure sufficient bank balances to meet the obligations.

25. Financial instruments (continued)

25.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest rate/ coupon/ discount rate	Contractual cash flows RM'000	Under 1 year RM'000	1-5 years RM'000	More than 5 years RM'000
2023						
Financial liabilities						
Loans from the Government of Malaysia	3,709,478	2.63% - 4.64%	7,397,616	107,970	880,886	6,408,760
Islamic Medium-Term Notes	20,242,254	1.00% - 4.63%	23,881,258	3,328,995	12,067,339	8,484,924
Put option on RPS	553,942	4.06%	576,392	190,502	385,890	-
Trade and other payables	834,294	-	834,294	834,294	-	-
Lease liabilities	3,198	5.60%	3,535	841	2,694	-
	<u>25,343,166</u>		<u>32,693,095</u>	<u>4,462,602</u>	<u>13,336,809</u>	<u>14,893,684</u>
2022						
Financial liabilities						
Loans from the Government of Malaysia	4,737,453	2.63% - 4.16%	7,529,894	126,157	787,231	6,616,506
Islamic Medium-Term Notes	18,764,132	1.00% - 4.63%	21,672,032	3,280,847	11,578,839	6,812,346
Islamic Commercial Papers	598,979	2.90% - 3.45%	600,000	600,000	-	-
Put option on RPS	721,371	4.06%	765,590	189,198	576,392	-
Trade and other payables	894,396	-	894,396	894,396	-	-
Lease liabilities	5,732	5.60%	6,582	1,330	5,243	9
	<u>25,722,063</u>		<u>31,468,494</u>	<u>5,091,928</u>	<u>12,947,705</u>	<u>13,428,861</u>

Registration No. 200601012793 (732544-D)

25. Financial instruments (continued)

25.5 Liquidity risk (continued)

Maturity analysis (continued)

Company	Carrying amount RM'000	Contractual interest rate/ coupon/ discount rate	Contractual cash flows RM'000	Under 1 year RM'000	1-5 years RM'000	More than 5 years RM'000
2023						
Financial liabilities						
Loans from the Government of Malaysia	3,709,478	2.63% - 4.64%	7,397,616	107,970	880,886	6,408,760
Put option on RPS	553,942	4.06%	576,392	190,502	385,890	-
Trade and other payables	834,031	-	834,031	834,031	-	-
Amount due to subsidiaries	21,121,394	1.00% - 4.63%	24,592,167	4,139,751	11,511,737	8,940,679
Lease liabilities	3,198	5.60%	3,535	841	2,694	-
	<u>26,222,043</u>		<u>33,403,741</u>	<u>5,273,095</u>	<u>12,781,207</u>	<u>15,349,439</u>
2022						
Financial liabilities						
Loans from the Government of Malaysia	4,737,453	2.63% - 4.16%	7,529,894	126,157	787,231	6,616,506
Put option on RPS	721,371	4.06%	765,590	189,198	576,392	-
Trade and other payables	893,889	-	893,889	893,889	-	-
Amount due to subsidiaries	20,283,538	1.00% - 4.63%	23,191,438	4,800,253	11,578,839	6,812,346
Lease liabilities	5,732	5.60%	6,582	1,330	5,243	9
	<u>26,641,983</u>		<u>32,387,393</u>	<u>6,010,827</u>	<u>12,947,705</u>	<u>13,428,861</u>

Registration No. 200601012793 (732544-D)
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25. Financial instruments (continued)

25.6 Market risk (continued)

Market risk is the risk that changes in market prices, such as interest rates that will affect the Group's financial position or cash flows.

25.6.1 Interest rate risk

The Group's investments in fixed rate debt securities and its fixed rate Islamic Medium-Term Notes are exposed to a risk of change in their fair value due to changes in interest rates. Short-term deposits, short-term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group's and the Company's policy are to manage interest cost using a various fixed rate debts. The Group and the Company place their surplus fund in long term debt securities and short-term deposits that carry fixed-rated interests.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fixed rate instruments				
Other investments	632,240	667,674	632,240	667,674
Lease receivables	28,001,480	27,016,223	28,001,480	27,016,223
Finance receivables	5,959	-	5,959	-
Short-term deposit	588,774	437,341	516,692	407,340
Loans and borrowings	(24,505,674)	(24,821,935)	(4,263,420)	(5,458,824)
Amount due to subsidiaries	-	-	(21,121,394)	(20,283,538)
Lease liabilities	(3,198)	(5,732)	(3,198)	(5,732)
	<u>4,719,581</u>	<u>3,293,571</u>	<u>3,768,359</u>	<u>2,343,143</u>

Registration No. 200601012793 (732544-D)
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25. Financial instruments (continued)

25.6 Market risk (continued)

25.6.2 Interest rate risk (continued)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

A change of 100 basis point in interest rates would have increased or decreased equity arising from interest bearing instruments designated as fair value through other comprehensive income.

	Equity		Profit or loss	
	100 bp increase RM'000	100 bp decrease RM'000	100 bp increase RM'000	100 bp decrease RM'000
Group and Company				
2023				
Fixed rate instruments				
Debt securities	<u>(31,676)</u>	<u>18,794</u>	<u>-</u>	<u>-</u>
2022				
Fixed rate instruments				
Debt securities	<u>(59,944)</u>	<u>11,862</u>	<u>-</u>	<u>-</u>

25. Financial instruments (continued)

25.7 Fair value information

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments. The carrying value of trade receivables less provision for impairment approximates the fair value of the assets.

The tables below analyses other financial instruments at fair value:

Group	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
2023								
Financial assets								
Lease receivables	-	-	-	-	-	28,365,878	28,365,878	28,001,480
Finance receivables	-	-	-	-	-	5,181	5,181	5,959
Other investments	-	632,240	-	-	-	-	632,240	632,240
	-	632,240	-	-	-	28,371,059	29,003,299	28,639,679
Financial liabilities								
Loan from the Government of Malaysia	-	-	-	-	-	(3,403,319)	(3,403,319)	(3,709,478)
Put option on RPS Islamic Medium-Term Notes	-	-	-	-	-	(427,154)	(427,154)	(553,942)
	-	-	-	-	(20,149,642)	-	(20,149,642)	(20,242,254)
	-	-	-	-	(20,149,642)	(3,830,473)	(23,980,115)	(24,505,674)

Registration No. 200601012793 (732544-D)

25. Financial instruments (continued)

25.7 Fair value information (continued)

Group	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
2022								
Financial assets								
Lease receivables	-	-	-	-	-	27,511,376	27,511,376	27,016,223
Other investments	-	667,674	-	667,674	-	-	667,674	667,674
	-	667,674	-	667,674	-	27,511,376	28,179,050	27,683,897
Financial liabilities								
Loan from the Government of Malaysia	-	-	-	-	-	(4,631,296)	(4,631,296)	(4,737,453)
Put option on RPS Islamic Medium-Term Notes	-	-	-	-	-	(703,121)	(703,121)	(721,371)
	-	-	-	-	(18,316,555)	-	(18,316,555)	(18,764,132)
	-	-	-	-	(18,316,555)	(5,334,417)	(23,650,972)	(24,222,956)

25. Financial instruments (continued)

25.7 Fair value information (continued)

Company	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
2023								
Financial assets								
Lease receivables	-	-	-	-	28,365,878	28,365,878	28,365,878	28,001,480
Finance receivables	-	-	-	-	5,181	5,181	5,181	5,959
Other investments	-	632,240	-	632,240	-	-	632,240	632,240
	-	632,240	-	632,240	-	28,371,059	29,003,299	28,639,679
Financial liabilities								
Loans from the Government of Malaysia	-	-	-	-	-	(3,403,319)	(3,403,319)	(3,709,478)
Put option on RPS	-	-	-	-	-	(427,154)	(427,154)	(553,942)
Amount due to subsidiaries	-	-	-	-	(17,544,106)	-	(17,544,106)	(17,470,145)
-- non-current	-	-	-	-	(17,544,106)	(3,830,473)	(21,374,579)	(21,733,565)

Registration No. 200601012793 (732544-D)

25. Financial instruments (continued)

25.7 Fair value information (continued)

Company	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
2022								
Financial assets								
Lease receivables	-	-	-	-	-	27,511,376	27,511,376	27,016,223
Other investments	-	667,674	-	667,674	-	-	667,674	667,674
	-	667,674	-	667,674	-	27,511,376	28,179,050	27,683,897
Financial liabilities								
Loans from the Government of Malaysia	-	-	-	-	-	(4,631,296)	(4,631,296)	(4,737,453)
Put option on RPS	-	-	-	-	-	(703,121)	(703,121)	(721,371)
Amount due to subsidiaries	-	-	-	-	-	-	-	-
-- non-current	-	-	-	-	(15,696,024)	-	(15,696,024)	(15,993,186)
	-	-	-	-	-	(5,334,417)	(21,030,441)	(21,452,010)

Registration No. 200601012793 (732544-D)

25. Financial instruments (continued)

25.7 Fair value information (continued)

Level 2 fair value

Other investments

The fair values of debt securities and money market were obtained from financial institutions and are determined based on market observable inputs at reporting date.

Islamic Medium-Term Notes

The fair value for IMTN, which is determined for disclosure purposes, was derived based on market observable inputs at reporting date.

Amount due to subsidiaries

The non-current amount due to subsidiaries are in relation to the proceeds from issuance of IMTN owing to a subsidiary upon maturity date of the IMTN. Hence, the fair value of non-current amount due to subsidiaries follow the fair value of the IMTN that will be maturing after 12 months.

Level 3 fair value

Financial instruments not carried at fair value

Lease receivables

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future lease payment to be received by the Group and the Company, discounted using the average borrowings rate to finance the construction of the water assets.

Finance receivables

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal to be received by the Group and the Company, discounted using the average borrowings rate to finance the operating and internal capital expenditure ("OPEX") other than pipe works incurred by state water operators under NRW Financing Scheme.

Loans from the Government of Malaysia

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the Malaysia Government Securities ("MGS") 10 years coupon rate at the end of the reporting period.

Registration No. 200601012793 (732544-D)
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25. Financial instruments (continued)

25.7 Fair value information (continued)

Level 3 fair value (continued)

Financial instruments not carried at fair value (continued)

Valuation process applied by the Group for Level 3 fair value

The Group and the Company have an established control framework in respect to the measurement of fair values of financial instruments. This includes the regular monitoring by the Treasury Team on the fair value of the instruments.

26. Capital management

The primary objective of the Group's capital management is to have sufficient capital to finance and develop new water infrastructure. The water infrastructures will be leased to the state water operators for operation and maintenance. The Group and the Company obtained interest-free Federal Government loans, issued government guaranteed IMTN as part of their capital management strategy.

A subsidiary of the Company, Pengurusan Air SPV Berhad, is required to maintain a Shariah-compliant Finance Service Reserve Account ("FSRA") with an external fund manager appointed by the Company which is acceptable to CIMB Investment Bank Berhad (the "Lead Manager" and "Shariah Adviser"). The FSRA shall be solely operated by the subsidiary. The subsidiary shall make the following deposits into the FSRA (collectively, the "Minimum Required Balances"):

- (i) a deposit equivalent to the first fifty percent (50%) of the amount payable in respect of any profit payment of the Sukuk six (6) months prior to the due date of such profit payment; and
- (ii) a deposit equivalent to the remaining fifty percent (50%) of the amount payable in respect of any profit payment of the Sukuk three (3) months prior to the due date of such profit payment.

The subsidiary shall at all times throughout the tenure of the Sukuk maintain the minimum required balance in respect of any profit payment of the Sukuk save and except during the build-up of the FSRA.

	Group	
	2023 RM'000	2022 RM'000
Bank balances and short term deposits	74,164	31,794
Other investments	<u>205,383</u>	<u>200,651</u>
FSRA	<u>279,547</u>	<u>232,445</u>
Minimum Required Balances	<u>228,246</u>	<u>190,883</u>

Registration No. 200601012793 (732544-D)
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26. Capital management (continued)

In addition to the bank balances and short term deposits, the carrying amount of investments amounting to RM205,383,024 (2022: RM200,651,242) held by the Group has been committed in order to meet the Minimum Required Balances. The Company had entered into a Management Agreement with the subsidiary to authorise the subsidiary to utilise the fund which is currently placed in the FSRA to maintain the Minimum Required Balance. At any instance where the amount is lesser than the Minimum Required Balance in the FSRA, the subsidiary shall notify the Company in 6 months before coupon payment due.

27. Capital and other commitments

Capital and other commitments as at the reporting date is as follows:

	Group and Company	
	2023	2022
	RM'000	RM'000
Assets under construction		
Contracted but not provided for	<u>1,297,350</u>	<u>855,569</u>

28. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the parties are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

Government-related entities

The Group's or the Company's related parties also include the Government of Malaysia and its related entities as the Company is a wholly-owned entity of Minister of Finance ("MOF") Incorporated which is in turn owned by the MOF. The entities directly controlled by the Government of Malaysia are collectively referred to as government-related entities to the Group and the Company.

The Group and the Company have applied the exemption under MFRS124.18 for the disclosure requirement of the related party transactions and outstanding balances with certain government-related entities.

Apart from the individually significant transactions and balances as disclosed in this note and elsewhere in the financial statements, the Group and Company have collectively, but not individually significant transactions with related parties. Such transactions include but not limited to interest income placed with financial institutions that are government-related entities.

Registration No. 200601012793 (732544-D)
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29. Related parties (continued)

Government-related entities (continued)

The Group and the Company has transactions with State Owned Enterprise including but not limited to lease interest income and rental income. These transactions are conducted in the ordinary course of business comparable to other entities that are not State Owned Enterprise.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are shown below. The balances related to material transactions appended below are shown in Notes 8, 9, 10, 11,12, 14, and 15.

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
A. Government of Malaysia:				
Repayment of federal loan	(126,753)	(105,870)	(126,753)	(105,870)
Dividend paid	<u>(21,328)</u>	<u>(19,009)</u>	<u>(21,328)</u>	<u>(19,009)</u>
B. Government-related entities:				
Lease income from state water operators	1,098,968	1,071,790	1,098,968	1,071,790
Non-revenue water financing income	36	-	36	-
Interest income from government-related financial institution	<u>20,290</u>	<u>12,032</u>	<u>18,226</u>	<u>11,753</u>
C. Subsidiaries:				
Management fees	-	-	(575)	(509)
Finance cost	<u>-</u>	<u>-</u>	<u>(802,654)</u>	<u>(760,399)</u>
D. Key management personnel:				
Directors				
- Fees	(352)	(290)	(352)	(290)
- Remuneration	(185)	(136)	(185)	(136)
- Estimated money value of any other benefit	<u>(2)</u>	<u>(30)</u>	<u>(2)</u>	<u>(30)</u>
	(539)	(456)	(539)	(456)
Other key management personnel				
- Remuneration	<u>(1,134)</u>	<u>(851)</u>	<u>(1,134)</u>	<u>(851)</u>
	<u>(1,673)</u>	<u>(1,307)</u>	<u>(1,673)</u>	<u>(1,307)</u>

Pengurusan Aset Air Berhad

(Registration No. 200601012793 (732544-D))

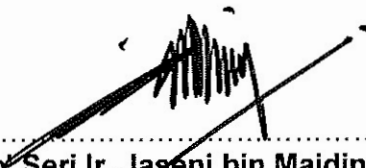
(Incorporated in Malaysia)

and its subsidiaries

Statement by Directors pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 5 to 58 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2023 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:



.....
Dato' Seri Ir. Jaseni bin Maidinsa
Chairman



.....
Dato' Zuraidah binti Atan
Director

Kuala Lumpur

Date: 28 May 2024

Pengurusan Aset Air Berhad
 (Registration No. 200601012793 (732544-D))
 (Incorporated in Malaysia)
and its subsidiaries

**Statutory declaration pursuant to
 Section 251(1)(b) of the Companies Act 2016**

I, **Zaleha binti Abdul Hamid** (MIA membership number: CA25715), the officer primarily responsible for the financial management of Pengurusan Aset Air Berhad, do solemnly and sincerely declare that the financial statements set out on pages 5 to 58 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.



Subscribed and solemnly declared by the abovenamed **Zaleha binti Abdul Hamid**, NRIC:

720522-10-5500, at ~~Kuala Lumpur~~ in the ~~Federal Territory~~, on 28 May 2024.

Petaling Jaya

Selangor

.....
Zaleha binti Abdul Hamid

Before me:



UNIT 3A10, LEVEL 3A, BLOK A, PUSAT PERDAGANGAN PHILEO
 DAMANSARA II, JALAN 15/11, OFF JALAN DAMANSARA,
 46350 PETALING JAYA, SELANGOR DARUL EHSAN.



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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PENGURUSAN ASET AIR BERHAD

(Registration No. 200601012793 (732544-D))
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Pengurusan Aset Air Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information set out on pages 5 to 58.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.



Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Pengurusan Aset Air Berhad
(Registration No. 200601012793 (732544-D))
Independent Auditors' Report for the
Financial Year Ended 31 December 2023

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.


KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya

Date: 28 May 2024


Thong Foo Vung
Approval Number: 02867/08/2024 J
Chartered Accountant



Pengurusan Aset Air

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