



FINANCIAL REPORT 2019

# Financial Statements

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**AYER Holdings Berhad**  
(Incorporated in Malaysia)

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**Corporate Information**

**Board of Directors**

Tan Sri Datuk Yong Poh Kon  
Lim Ke Hun  
Lim Kee Choon  
Lim Wan Yee  
Chang Wee Yon [Alternate Director to Lim Wan Yee]  
Chin Yoong Kheong

**Secretaries**

Tai Yit Chan  
Tai Yuen Ling

**Auditors**

Khoo Wong & Chan (AF: 0736)  
*Chartered Accountants*  
8.06 – 8.08, 8th. Floor,  
Plaza First Nationwide,  
161, Jalan Tun H. S. Lee,  
50000 Kuala Lumpur,  
Malaysia.

**Share Registrar**

Tricor Investor and Issuing House Services Sdn. Bhd.  
Unit 32-01, Level 32, Tower A,  
Vertical Business Suite,  
Avenue 3, Bangsar South,  
No. 8, Jalan Kerinchi,  
59200 Kuala Lumpur.  
Malaysia.

**Principal Banker**

Malayan Banking Berhad

## **AYER Holdings Berhad**

(Incorporated in Malaysia)

### **Directors' Report for the year ended 31 December 2019**

The Directors present their report together with the audited financial statements of the Group and of the Company for the year ended 31 December 2019.

#### **Principal activities**

The principal activities of the Company consist of the cultivation of oil palm and durian and investment in other companies.

The principal activities of the subsidiaries are set out in Note 13 to the financial statements.

#### **Financial results**

	<b>Group RM'000</b>	<b>Company RM'000</b>
Profit before taxation	17,931	3,052
Taxation	(4,616)	-
Profit for the year	13,315	3,052
Other comprehensive income for the year, net of tax	250	250
Total comprehensive income for the year	13,565	3,302

#### **Dividends**

The amounts of dividends paid and proposed since the end of the previous financial year were as follows:-

	<b>RM'000</b>
Paid:	
<i>In respect of financial year ended 31 December 2018:</i>	
• first and final dividend of 5 sen per share	<u>3,743</u>
Proposed:	
<i>In respect of financial year ended 31 December 2019:</i>	
• first and final dividend of 4.5 sen per share	<u>3,368</u>

#### **Movements of reserves and provisions**

There were no material transfers to or from reserves and provisions during the financial year, other than those disclosed in the financial statements.

## **AYER Holdings Berhad**

*(Incorporated in Malaysia)*

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### **Share capital and debentures**

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

There were no issue of debentures by the Company during the financial year.

### **Share options**

There were no share options granted during the financial year or unissued shares under option at the end of the financial year, in respect of shares in the Company.

### **Directors**

The Directors in office during the financial year and up to the date of the report are:-

Tan Sri Datuk Yong Poh Kon  
 Lim Ke Hun  
 Lim Kee Choon  
 Lim Wan Yee  
 Chang Wee Yon [Alternate Director to Lim Wan Yee]  
 Chin Yoong Kheong

Pursuant to the Constitution of the Company, Lim Ke Hun and Chin Yoong Kheong retire and being eligible, offer themselves for re-election.

### **Directors of subsidiaries**

The following are Directors who held office in the subsidiaries of the Company during the financial year and up to the date of this report:-

Lim Ke Hun  
 Lim Kee Choon  
 Lim Wan Yee

### **Directors' interests**

According to the Register of Directors' Shareholdings, particulars of interests of those who held office at the end of the financial year in shares in the Company and its related corporations are as follows:-

Company	Number of ordinary shares			31 December 2019
	1 January 2019	Addition	Disposal	
<b>Direct</b>				
Lim Ke Hun	4,014,077	-	-	4,014,077
Lim Kee Choon	2,441,815	153,000	-	2,594,815
Lim Wan Yee	26,000	-	-	26,000
Chang Wee Yon	37,000	-	-	37,000

## **AYER Holdings Berhad**

*(Incorporated in Malaysia)*

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### **Directors' interests (continued)**

Company	Number of ordinary shares		
	1 January 2019	Addition	31 December 2019
<b>Indirect</b>			
Lim Ke Hun	28,000	-	28,000
Lim Kee Choon	11,644,510	-	11,644,510
Lim Wan Yee	16,609,008	-	16,609,008
Chang Wee Yon	16,609,008	-	16,609,008

By virtue of their interest in the Company, the following Directors are also deemed to be interested in the shares of the subsidiaries to the extent of the shares held by the Company.

Lim Ke Hun  
 Lim Kee Choon  
 Lim Wan Yee  
 Chang Wee Yon

None of the other Directors in office at the end of the financial year had any interest in shares in the Company and its related corporations during the financial year.

### **Directors' benefits**

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than the benefits shown under Directors' Remuneration) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, apart from those disclosed in the financial statements.

Neither during nor at the end of the financial year, was the Company or any of its subsidiaries a party to any arrangements whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

During the financial year, the total amount of indemnity coverage for the Directors and the officers of the Company and its subsidiaries is RM20,000,000 (2018: RM20,000,000).

## **AYER Holdings Berhad**

*(Incorporated in Malaysia)*

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### **Other statutory information**

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps to:

- (i) ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (ii) ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

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

- (i) would render the amounts written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; or
- (ii) would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (iii) have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

No contingent or other liability of the Group and of the Company 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 affect the ability of the Group and of the Company to meet their obligations when they fall due.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements of the Group and of the Company misleading.

## **AYER Holdings Berhad**

*(Incorporated in Malaysia)*

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### **Other statutory information (continued)**

In the opinion of the Directors:

- (i) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than those disclosed in the financial statements; and
- (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

### **Subsidiaries**

- (i) Details of subsidiaries:

Details of subsidiaries are disclosed in Note 13 to the financial statements.

- (ii) Independent auditors' reports on the financial statements of the subsidiaries:

Independent auditors' reports on the financial statements of the subsidiaries did not contain any qualifications or any adverse comment made under Section 266(3) of the Companies Act 2016.

- (iii) Subsidiaries' holding of shares in the company and other related corporations:

None of the subsidiaries had any interest in shares in the company and other related corporations during the financial year.

### **Directors' remuneration**

Details of Directors' remuneration are disclosed in Note 7 to the financial statements.

### **Ultimate holding company**

The Company is not a subsidiary of another corporation at the end of the financial year.



**AYER Holdings Berhad**  
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**Auditors**

Details of auditors' remuneration are disclosed in Note 7 to the financial statements.

There was no amount of indemnity given during the financial year, or since the end of the financial year, to the auditors of the Company.

Messrs. Khoo Wong & Chan have indicated their willingness to continue in office.

On behalf of the Board,

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Lim Ke Hun

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Lim Kee Choon

Kuala Lumpur,  
21 February 2020

## **AYER Holdings Berhad**

(Incorporated in Malaysia)

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### **Statement by Directors**

Pursuant to Section 251(2) of the Companies Act 2016

We, Lim Ke Hun and Lim Kee Choon, being the Directors of AYER Holdings Berhad do hereby state on behalf of the Board of Directors that in our opinion, the financial statements set out on pages 15 to 86 give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of their financial performance, changes in equity and cash flows for the year ended on that date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

On behalf of the Board,

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Lim Ke Hun

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Lim Kee Choon

Kuala Lumpur,  
21 February 2020

### **Statutory Declaration**

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Sim Keg Yee, being the Officer primarily responsible for the accounting records and financial management of AYER Holdings Berhad do solemnly and sincerely declare that the financial statements set out on pages 15 to 86 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the *Statutory Declarations Act, 1960*.

Subscribed and solemnly declared by    }  
Sim Keg Yee                                       }  
at Kuala Lumpur in the                       }  
Federal Territory                               }  
on 21 February 2020                           }

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Sim Keg Yee  
CA 8626

Before me,  
P. Valliamah

## **Khoo Wong & Chan** (AF: 0736)

### *Chartered Accountants*

8.06 – 8.08, 8th. Floor,  
Plaza First Nationwide,  
161, Jalan Tun H. S. Lee,  
50000 Kuala Lumpur.

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## **Independent Auditors' Report**

### **To The Members of AYER Holdings Berhad**

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#### **Report on the Audit of the Financial Statements**

##### **Opinion**

We have audited the financial statements of **AYER Holdings Berhad**, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of 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 a summary of significant accounting policies, as set out on pages 15 to 86.

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 2019 and of their financial performance, changes in equity and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting 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 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 Requirements**

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' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

##### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

There is no key audit matter pertaining to the Company for the financial year. The key audit matters relating to the Group for the financial year are as described in the table below:

Continued

**Khoo Wong & Chan** (AF: 0736)*Chartered Accountants*

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50000 Kuala Lumpur.

## **Independent Auditors' Report**

### **To The Members of AYER Holdings Berhad**

**Key Audit Matters** (continued)

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p><b>Revenue recognition for property development activities</b></p> <p>For the financial year ended 31 December 2019, property development revenue of RM56,965,000 and cost of sales of RM28,316,000 (Note 6) accounted for approximately 84% and 79% of the Group's revenue and cost of sales respectively.</p> <p>The Group recognises property development activities over time using the stage of completion method. The stage of completion is measured using the input method, which is based on the Group's efforts or inputs to the satisfaction of the performance obligations (i.e. by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for the complete satisfaction of the development project).</p> <p>Significant judgement is required in the estimation of total property development costs. Where the actual total property development costs are different from the estimated total property development costs, such difference could result in a material variance in the amount of profit or loss recognised. Accordingly, we determined this to be a key audit matter.</p> <p><i>(Refer to Note 3.4(ii)(a) for key sources of estimates and judgments.)</i></p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Reviewed management-prepared budgets for property development projects.</li> <li>• Obtained an understanding of the process in deriving the stage of completion which includes verifying the certified work done such as examining progress claims from contractors and architect certification.</li> <li>• Verified the budgeted costs against the letter of award issued to contractors.</li> <li>• Performed analytical reviews including a reasonableness test on the percentage of completion and profit recognition.</li> <li>• Verified the gross development value against the signed sale and purchase agreement and estimated selling price of unsold development unit to the latest transacted selling price.</li> <li>• Observed the progress of a significant on-going project by performing a site visit.</li> </ul> <p>Based on the procedures performed, we are satisfied with the recognition of property development revenue and costs.</p>

Continued

**Khoo Wong & Chan** (AF: 0736)*Chartered Accountants*

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50000 Kuala Lumpur.

## Independent Auditors' Report

### To The Members of AYER Holdings Berhad

**Key Audit Matters** (continued)

Key audit matter	How our audit addressed the key audit matter
<b>Impairment of goodwill</b>	
<p>As at 31 December 2019, the Group's goodwill amounted to RM27,100,000/- (Note 17) which represents 5% of the Group's total assets.</p> <p>The Group is required to perform an annual impairment test of the cash-generating units ("CGU") to which goodwill has been allocated. The Group estimated the recoverable amount of the CGU containing goodwill based on fair value less costs of disposal (FVLCD). The Group has concluded that no impairment is required as the recoverable amount exceeds the carrying amount of goodwill by a significant margin.</p> <p>We determined this to be a key audit matter as the impairment assessment process is highly subjective, and involves significant judgement.</p> <p><i>(Refer to Note 3.4(ii)(c) for key sources of estimates and judgments.)</i></p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Evaluated the reasonableness of the key assumptions used by the Group in the cash flow projection by comparing the FFB yields, CPO price and PK price to historical results and industry data where appropriate.</li> <li>• Evaluated the FVLCD of land and rights by making reference to available market date.</li> <li>• Assessed the reliability of the Group's projection by comparing the actual past financial performance against previous forecast results.</li> <li>• Assessed the appropriateness of sensitivity analysis performed by the Group.</li> </ul> <p>Based on the procedures performed, we are satisfied with the Group's impairment assessment.</p>

**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 annual report but excludes 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 other information 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 other information and, in doing so, consider whether the other information 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.

Based on the work we have performed, we conclude that if there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Continued

**Khoo Wong & Chan** (AF: 0736)*Chartered Accountants*

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**Independent Auditors' Report**  
**To The Members of AYER Holdings Berhad**

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**Responsibilities of the Directors for the Financial Statements**

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting 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 Group's and the Company's ability 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 judgment 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.
- 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 Group and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Continued

## **Khoo Wong & Chan (AF: 0736)**

### *Chartered Accountants*

8.06 – 8.08, 8th. Floor,  
Plaza First Nationwide,  
161, Jalan Tun H. S. Lee,  
50000 Kuala Lumpur.

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## **Independent Auditors' Report To The Members of AYER Holdings Berhad**

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### **Auditors' Responsibilities for the Audit of the Financial Statements (continued)**

- Conclude on the appropriateness of 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 Group or the Company's ability 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 achieves fair presentation.
- 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.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Continued

**Khoo Wong & Chan** (AF: 0736)

*Chartered Accountants*

8.06 – 8.08, 8th. Floor,  
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161, Jalan Tun H. S. Lee,  
50000 Kuala Lumpur.

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**Independent Auditors' Report**  
**To The Members of AYER Holdings Berhad**

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**Other Matters**

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.

Khoo Wong & Chan  
Chartered Accountants  
(AF: 0736)

Ong Lam Hock @  
Tan Ah Lam  
Partner  
03267/07/2020 J  
Chartered Accountant

Kuala Lumpur,  
21 February 2020



**AYER Holdings Berhad**  
(Incorporated in Malaysia)

**Statements of Comprehensive Income for the year ended  
31 December 2019**

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Revenue</b>	6	67,418	80,852	8,328	8,848
Cost of sales	6	(35,709)	(37,233)	(1,267)	(1,390)
Gross profit		31,709	43,619	7,061	7,458
Other income		6,688	7,249	2,272	2,101
Administration expenses		(20,432)	(22,960)	(6,247)	(6,602)
Finance costs		(34)	-	(34)	-
<b>Profit before taxation</b>	7	17,931	27,908	3,052	2,957
Taxation	8	(4,616)	(7,757)	-	-
<b>Profit for the year</b>		13,315	20,151	3,052	2,957
<b>Other comprehensive income for the year, net of tax:</b>					
<i>Items that will not be subsequently reclassified to profit or loss:</i>					
• Net gain/(loss) on financial assets at fair value through other comprehensive income	14	250	(1,020)	250	(1,020)
<b>Total comprehensive income for the year</b>		13,565	19,131	3,302	1,937
Attributable to owners of the Company:					
• profit for the year		13,315	20,151		
• total comprehensive income for the year		13,565	19,131		
		sen	sen		
Basic and diluted earnings per share	9	17.79	26.92		

The annexed notes form an integral part of the financial statements.

**AYER Holdings Berhad**  
(Incorporated in Malaysia)

**Statements of Financial Position as at 31 December 2019**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Property, plant and equipment</b>	11	172,184	171,562	9,317	6,828
<b>Right-of-use assets</b>	12	576	-	576	-
<b>Subsidiaries</b>	13	-	-	246,640	246,640
<b>Investments</b>	14	5,561	5,311	5,561	5,311
<b>Investment properties</b>	15	3,119	3,140	1,290	1,307
<b>Inventories</b>	16	161,741	160,496	-	-
<b>Goodwill</b>	17	27,100	27,100	-	-
		<b>370,281</b>	<b>367,609</b>	<b>263,384</b>	<b>260,086</b>
<b>Current assets</b>					
Inventories	16	66,206	78,179	112	140
Biological assets	18	996	1,365	207	306
Receivables	19	6,484	12,683	435	478
Contract assets	20	27,097	25,604	-	-
Current tax assets		177	229	-	-
Short-term investments	21	79,177	70,032	48,088	52,077
Deposits, cash and bank balances	22	33,888	23,007	516	892
		<b>214,025</b>	<b>211,099</b>	<b>49,358</b>	<b>53,893</b>
<b>Current liabilities</b>					
Payables	23	19,382	22,514	2,649	4,035
Lease liabilities	24	199	-	199	-
Current tax liabilities		164	1,504	-	-
		<b>19,745</b>	<b>24,018</b>	<b>2,848</b>	<b>4,035</b>
<b>Net current assets</b>		<b>194,280</b>	<b>187,081</b>	<b>46,510</b>	<b>49,858</b>
<b>Non-current liabilities</b>					
Lease liabilities	24	391	-	391	-
Deferred tax liabilities	25	41,229	41,571	-	-
		<b>522,941</b>	<b>513,119</b>	<b>309,503</b>	<b>309,944</b>
<b>Share capital</b>	26	<b>74,945</b>	<b>74,945</b>	<b>74,945</b>	<b>74,945</b>
<b>Reserves</b>	27	<b>447,996</b>	<b>438,174</b>	<b>234,558</b>	<b>234,999</b>
<b>Equity attributable to owners of the Company</b>		<b>522,941</b>	<b>513,119</b>	<b>309,503</b>	<b>309,944</b>

The annexed notes form an integral part of the financial statements.

**AYER Holdings Berhad**  
(Incorporated in Malaysia)

**Statements of Changes in Equity for the year ended  
31 December 2019**

Group 2019	Note	Attributable to owners of the Company					Total equity RM'000
		Share capital RM'000	Non-distributable		Distributable		
			Share premium RM'000	Fair value reserve RM'000	General reserve RM'000	Accumulated profits RM'000	
At 1 January 2019		74,945	-	30,841	250	407,083	513,119
Profit for the year		-	-	-	-	13,315	13,315
Other comprehensive income for the year		-	-	250	-	-	250
Total comprehensive income for the year		-	-	250	-	13,315	13,565
Transfer within reserves: • transfer to accumulated profits upon disposal of property		-	-	(64)	-	64	-
Transaction with owners: • dividends	10	-	-	-	-	(3,743)	(3,743)
At 31 December 2019		74,945	-	31,027	250	416,719	522,941
2018							
At 1 January 2018		74,853	92	31,959	250	390,577	497,731
Transfer in accordance with Section 618(2) of the Companies Act 2016	26	92	(92)	-	-	-	-
Profit for the year		-	-	-	-	20,151	20,151
Other comprehensive expense for the year		-	-	(1,020)	-	-	(1,020)
Total comprehensive income/ (expense) for the year		-	-	(1,020)	-	20,151	19,131
Transfer within reserves: • transfer to accumulated profits upon disposal of property		-	-	(98)	-	98	-
Transaction with owners: • dividends	10	-	-	-	-	(3,743)	(3,743)
At 31 December 2018		74,945	-	30,841	250	407,083	513,119

The annexed notes form an integral part of the financial statements.

**AYER Holdings Berhad**  
(Incorporated in Malaysia)

**Statements of Changes in Equity for the year ended  
31 December 2019**

<u>Attributable to owners of the Company</u>							
Company	Note	<u>Non-distributable</u>			<u>Distributable</u>		Total equity
		Share capital	Share premium	Fair value reserve	General reserve	Accumulated profits	
2019		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2019		74,945	-	5,017	250	229,732	309,944
Profit for the year		-	-	-	-	3,052	3,052
Other comprehensive income for the year		-	-	250	-	-	250
Total comprehensive income for the year		-	-	250	-	3,052	3,302
Transaction with owners: • dividends	10	-	-	-	-	(3,743)	(3,743)
At 31 December 2019		74,945	-	5,267	250	229,041	309,503

**2018**

At 1 January 2018		74,853	92	6,037	250	230,518	311,750
Transfer in accordance with Section 618(2) of the Companies Act 2016	26	92	(92)	-	-	-	-
Profit for the year		-	-	-	-	2,957	2,957
Other comprehensive expense for the year		-	-	(1,020)	-	-	(1,020)
Total comprehensive income/ (expense) for the year		-	-	(1,020)	-	2,957	1,937
Transaction with owners: • dividends	10	-	-	-	-	(3,743)	(3,743)
At 31 December 2018		74,945	-	5,017	250	229,732	309,944

The annexed notes form an integral part of the financial statements.

**AYER Holdings Berhad**  
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**Statements of Cash Flows for the year ended 31 December 2019**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>				
Profit before taxation	17,931	27,908	3,052	2,957
<b>Adjustments for:</b>				
Depreciation and amortisation	3,398	3,097	432	182
Gain on disposal of property, plant and equipment	(83)	(28)	-	-
Loss on derecognition of property, plant and equipment	43	-	43	-
Fair value loss on biological assets	369	1,093	99	448
Dividend income	(186)	(231)	(6,186)	(6,231)
Interest expenses	34	-	34	-
Interest income	(2,844)	(3,084)	(1,546)	(1,787)
Operating profit/(loss) before working capital changes	18,662	28,755	(4,072)	(4,431)
Decrease/(increase) in inventories	11,973	11,954	28	(86)
Decrease/(increase) in receivables	4,787	(18,952)	125	107
(Decrease)/increase in payables	(3,132)	(1,020)	(1,386)	665
Cash generated from/(used for) operations	32,290	20,737	(5,305)	(3,745)
Interest received	2,763	3,082	1,464	1,785
Tax refunded	353	-	-	-
Tax paid	(6,599)	(4,647)	-	(34)
Net cash generated from/(used for) operating activities	28,807	19,172	(3,841)	(1,994)
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(4,021)	(4,835)	(2,744)	(2,891)
Proceeds from disposal of property, plant and equipment	265	28	-	-
Payment for land held for property development	(1,245)	(11,660)	-	-
(Withdrawal)/placement of short-term deposits	(22)	32	-	-
Dividend received from:				
▪ subsidiaries	-	-	6,000	6,000
▪ quoted equity securities in Malaysia	186	231	186	231
Net cash (used for)/generated from investing activities	(4,837)	(16,204)	3,442	3,340

The annexed notes form an integral part of the financial statements.

**AYER Holdings Berhad**  
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**Statements of Cash Flows for the year ended 31 December 2019**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from financing activities</b>				
Repayments of lease liabilities	(189)	-	(189)	-
Dividend paid	(3,743)	(3,743)	(3,743)	(3,743)
Interest paid	(34)	-	(34)	-
Net cash used for financing activities	(3,966)	(3,743)	(3,966)	(3,743)
Net increase/(decrease) in cash and cash equivalents	20,004	(775)	(4,365)	(2,397)
Cash and cash equivalents at 1 January	92,909	93,684	52,969	55,366
Cash and cash equivalents at 31 December	112,913	92,909	48,604	52,969
<b>Analysis of cash and cash equivalents</b>				
Short-term investments	79,177	70,032	48,088	52,077
Short-term deposits	167	1,314	-	-
Cash and bank balances	33,721	21,693	516	892
	113,065	93,039	48,604	52,969
Pledged short-term deposits	(152)	(130)	-	-
Cash and cash equivalents	112,913	92,909	48,604	52,969

The annexed notes form an integral part of the financial statements.

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**Notes to the Financial Statements**  
**31 December 2019**

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These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

**1. General information**

**1.1 Principal activities**

The principal activities of the Company consist of the cultivation of oil palm and durian and investment in other companies.

The principal activities of the subsidiaries are set out in Note 13 to the financial statements.

**1.2 Legal form and domicile**

The Company is a public limited liability company incorporated and domiciled in Malaysia and listed on the Main Market of the Bursa Malaysia Securities Berhad.

**1.3 Registered office and principal place of business**

The addresses of the registered office and principal place of business are as follows:-

Registered office

12th Floor, Menara Symphony,  
No. 5, Jalan Prof. Khoo Kay Kim,  
Seksyen 13,  
46200 Petaling Jaya,  
Selangor Darul Ehsan.

Principal place of business

5th Floor, Bangunan Yee Seng,  
No. 15, Jalan Raja Chulan,  
50200 Kuala Lumpur.

**1.4 Authorisation for issue**

The financial statements were authorised for issue by the Directors on 21 February 2020.

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### **2. Financial risk management policies**

The Group and the Company's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group and of the Company's businesses whilst managing their risks. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group and the Company's policies are to forbid speculative transactions.

The main areas of financial risks faced by the Group and by the Company and the policies in respect of the major areas of treasury activity are set out as follows:

#### **2.1 Interest rate risk**

The Group and the Company's primary interest rate risk relates to short-term deposits with financial institutions and short-term investments in money market funds in Malaysia. Short-term deposits and investments generate interest income based on prevailing market rates. The Group and the Company manage their interest rate risk by placing and investing such deposits and investments on short tenures of less than one year.

#### **2.2 Market risk**

The Group and the Company's principal exposures to market risk arise mainly from the changes in equity prices. The Group and the Company manage the risk of unfavourable changes by cautious review of the investments before investing and continuous monitoring of their performance and risk profiles.

#### **2.3 Credit risk**

The credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risk is minimised and monitored by strictly limiting the Group and the Company's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis based on Group management reporting procedures.

#### **2.4 Liquidity and cash flow risks**

The Group and the Company practice prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient cash and cash equivalents for contingent funding requirement of working capital.

### **3. Basis of preparation**

#### **3.1 Statement of compliance**

The financial statements of the Group and the Company comply with Malaysian Financial Reporting Standards (MFRSs), International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act 2016 in Malaysia. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.



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### **3.2 Basis of measurement**

The financial statements of the Group and of the Company have been prepared under the historical cost basis unless otherwise indicated.

### **3.3 Functional and presentation currency**

The financial statements are presented in Ringgit Malaysia (RM), which is the Group and the Company's functional currency. All financial information presented in RM had been rounded to the nearest thousand.

### **3.4 Use of estimates and judgments**

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

#### Estimates and judgments

The following are the estimates and judgments made by management in the process of applying the Group and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(i) Critical judgment made in applying accounting policies

(a) Classification between investment properties and property, plant and equipment

The Group and the Company have developed certain criteria based on MFRS 140 Investment Property in making judgment whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both. Judgment is made on an individual property basis to determine whether the property qualifies as an investment property.

(ii) Key sources of estimation uncertainty

(a) Revenue recognition from property development activities

Revenue is recognised as and when the control of the asset is transferred to customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation based on the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for the complete satisfaction of the development project).

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## (ii) Key sources of estimation uncertainty (continued)

(a) Revenue recognition from property development activities (continued)

Significant judgment is required in determining the percentage of completion, the extent of property development costs incurred, the total estimated property development revenue and costs, as well as the recoverability of the development projects. In making the judgment, the Group evaluates them by relying on past experiences and the work of specialists.

(b) Valuation of inventories (land held for property development and completed development units)

The Group assesses the expected selling price and costs to sell each of the plots or units that constitute the Group's land bank and completed development units. Cost includes the cost of acquisition of land, the cost of infrastructure and construction works, and legal and professional fees incurred during development prior to sale. Estimation of the selling price is subject to significant inherent uncertainties, in particular the prediction of future trends in the market value of land.

Whilst the Group exercises due care and attention to make reasonable estimates, taking into account all available information in estimating the future selling price, the estimates will, in all likelihood, differ from the actual selling prices achieved in future periods and these differences may, in certain circumstances, be very significant.

The carrying amount of inventories is disclosed in Note 16 to the financial statements.

(c) Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units ("CGU") to which the goodwill is allocated. Estimating the recoverable amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The recoverable amounts of CGUs were determined on the higher of fair value less costs to sell and value in use calculations.

The carrying amount of goodwill and details of impairment test are disclosed in Note 17 to the financial statements.

(d) Biological assets

The Group and the Company measure biological assets at fair value, with changes in fair value being recognised in profit or loss. The fair value determination of biological assets requires the use of estimates on the projected harvest quantities and market price of FFB as at the reporting date.

The carrying amount and key assumptions used to determine the fair value of biological assets are disclosed in Note 18 to the financial statements.

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(ii) Key sources of estimation uncertainty (continued)

(e) Deferred tax assets

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilised. Significant judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The carrying amount of unrecognised deductible temporary differences is disclosed in Note 25 to the financial statements.

#### **4. Significant accounting policies**

##### **4.1 New MFRSs, Amendments to MFRSs and IC Interpretations ('Standards') that are effective for current financial year**

The following Standards are applicable to the Group and the Company, which are effective for current financial year:-

**Effective for financial periods beginning on or after 1 January 2019**

• MFRS 16	Leases
• Amendments to MFRS 3	Business Combinations ( <i>Annual Improvements to MFRS Standards 2015 – 2017 Cycle</i> )
• Amendments to MFRS 9	Financial Instruments
• Amendments to MFRS 112	Income Taxes ( <i>Annual Improvements to MFRS Standards 2015 – 2017 Cycle</i> )
• Amendments to MFRS 119	Employee Benefits
• Amendments to MFRS 123	Borrowing Costs ( <i>Annual Improvements to MFRS Standards 2015 – 2017 Cycle</i> )
• IC Interpretation 23	Uncertainty over Income Tax Treatments

The initial application of these Standards has no impact on the Group and the Company's financial statements, other than those arising from the adoption of MFRS 16:-

- change in accounting policies as disclosed in Note 4.18 to the financial statements; and
- impact on adoption as disclosed in Note 32 to the financial statements.

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### **4.2 Amendments to MFRSs ('Standards') that are yet to be effective for current financial year**

No early adoption is made by the Group and the Company on the following Standards that are expected to have application to the Group and the Company's operations. The Standards have been issued by the MASB, but yet to be effective:-

#### **Effective for financial periods beginning on or after 1 January 2020**

- Amendments to References to the Conceptual Framework in MFRS Standards
- Amendments to MFRS 7                      Financial Instruments: Disclosures
- Amendments to MFRS 9                      Financial Instruments
- Amendments to MFRS 101                  Presentation of Financial Statements
- Amendments to MFRS 108                  Accounting Policies, Changes in Accounting Estimates and Errors

#### **Effective date to be announced**

- Amendments to MFRS 10                  Consolidated Financial Statements

The initial application of these Standards is expected to have an immaterial impact on the Group and the Company's financial statements.

### **4.3 Consolidated financial statements**

#### **(i) Subsidiaries**

Subsidiaries are those entities controlled by the Company. Control is achieved when the Company:-

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Subsidiaries are consolidated using the acquisition method of accounting.

Under the acquisition method of accounting, the consideration transferred is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Contingent consideration is measured at fair value as part of the consideration transferred with subsequent adjustment resulting from events after the acquisition date recognised in profit or loss. Acquisition-related costs are recognised as expenses in profit or loss in the period in which they are incurred.

If a business combination is achieved in stages, the previously held equity interest in the acquiree is remeasured to the acquisition-date fair value. Any resulting gain or loss is recognised in profit or loss.

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(i) Subsidiaries (continued)

Non-controlling interests that are present ownership interests entitling their holders to a proportionate share of the acquiree's net assets in the event of liquidation may be initially measured either:

- at fair value; or
- at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

The choice of measurement is made on a transaction-by-transaction basis. Other types of non-controlling interest are measured at fair value.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at acquisition-date fair value.

Goodwill is initially measured as the excess of the aggregate of the fair value of the consideration transferred, the fair value of non-controlling interest and the fair value of any previously held equity interest over the identifiable assets acquired and liabilities assumed. If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the gain is recognised in profit or loss.

All intragroup transactions, balances and unrealised gains and losses are eliminated in full. Intragroup unrealised losses may indicate an impairment that requires recognition in the consolidated financial statements.

Loss of control

Upon a loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any gain or loss arising from the loss of control of a subsidiary is recognised in profit or loss and measured as the difference between:

- an aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- the previous carrying amount of the assets (including goodwill), liabilities of the subsidiary and any non-controlling interests.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as financial asset categorised at fair value through profit or loss depending on the level of influence retained.

Transactions with non-controlling interests

Non-controlling interests represent that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly by the Group. It is measured at:-

- the non-controlling interests' share of the fair value of the subsidiary's identifiable assets and liabilities at the acquisition date; and
- changes in the subsidiary's equity since that date.

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(i) Subsidiaries (continued)

Total comprehensive income is attributed to the Group and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interest in a subsidiary without loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to the Group.

#### **4.4 Revenue and income recognition**

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customers. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, net of indirect taxes, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative stand-alone selling prices of each distinct goods or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

Performance obligations by segment are as follows:-

(i) Revenue from property development

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on the expected cost plus margin.

The revenue from property development is measured at the fixed transaction price agreed under the sale and purchase agreement.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if:-

- the Group's performance does not create an asset with an alternative use to the entity; and
- the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

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(Incorporated in Malaysia)(i) Revenue from property development (continued)

The Group recognises revenue over time using the input method, which is based on the Group's effort to the satisfaction of the performance obligations (i.e. by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for the complete satisfaction of the development project).

The promised properties are specifically identified by their plot, lot and parcel number and their attributes (such as their size and location) in the sale and purchase agreements and the attached layout plan. Purchasers could enforce their rights to the promised properties if the Group seeks to sell the unit to another purchaser. The contractual restriction on the Group's ability to direct the promised residential property for another use is substantive and the promised properties sold to the purchasers do not have an alternative use to the Group. The Group has the right to payment for performance completed to date according to the Housing Development Act. The Group is entitled to continue to transfer to the customer the development units promised and has the rights to complete the construction of the properties and enforce its rights to full payment.

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the assets sold.

(ii) Revenue from sale of agricultural produce

Revenue from sales of agricultural produce is recognised net of discount and taxes at the point in time when control of the goods has transferred to the customer. Depending on the terms of the contract with the customer, control transfers upon delivery of the goods to a location specified by the customer and acceptance of the goods by the customer.

There is no element of financing present as the Group and the Company's sale of goods are either on cash terms or on credit terms of up to 30 days.

(iii) Rental income

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreements. Other rent-related income is recognised in the financial period in which the services being rendered.

(iv) Interest income

Interest income is recognised on an accrual basis, using the effective interest method, unless collectability is in doubt, in which case it is recognised on a cash receipt basis.

(v) Dividend income

Dividend income is recognised when the right to receive payment is established.

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### **4.5 Employee benefits**

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the period in which the associated services are rendered by the employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leaves are recognised when the absences occur.

(ii) Termination benefits

The Group and the Company pay termination benefits in cases of termination of employment. Termination benefits are recognised as a liability and an expense when the Group and the Company have a detailed formal plan for the termination and are without realistic possibility of withdrawal.

(iii) Post-employment benefits

Defined contribution plans

As required by law, the Group and the Company make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as expenses in profit or loss as incurred.

### **4.6 Borrowing costs**

Borrowing costs are recognised as expenses in profit or loss using the effective interest method.

### **4.7 Income taxes**

Income tax expense represents the sum of the current tax and deferred tax.

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity or in other comprehensive income.

Current tax

The current tax is the amount of income taxes payable in respect of the taxable profit for a period. The Group and the Company's liabilities for current tax are calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the carrying amounts of assets and liabilities in the financial statements and their tax bases. No deferred tax is recognised for the temporary differences arising from:-

- the initial recognition of goodwill; and
- the initial recognition of assets or liabilities in a transaction other than a business combination and that affects neither accounting nor taxable profit or loss.



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### Deferred tax (continued)

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle their current tax assets and liabilities on a net basis.

### **4.8 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	inputs are unadjusted quoted prices in active markets for identical assets or liabilities
Level 2	inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities either directly or indirectly
Level 3	Inputs that are unobservable for the assets or liabilities

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

## **AYER Holdings Berhad**

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### **4.9 Impairment of assets**

#### **(i) Non-financial assets**

The carrying amounts of non-financial assets are assessed for impairment when there is an indication that the assets might be impaired. For goodwill with indefinite useful life, the recoverable amount is estimated at each reporting date.

Impairment is measured by comparing the carrying amounts of the assets with their recoverable amounts. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Recoverable amounts are estimated for individual assets, or if it is impossible, for the CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the CGU). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised in profit or loss immediately.

Impairment losses recognised in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

In respect of goodwill, no reversal is made for impairment loss previously recognised. In respect of other assets, subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss. It is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

#### **(ii) Financial assets**

At each reporting period end, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition.

In determining whether credit risk on a financial asset has increased significantly since initial recognition, the Group and the Company use external credit rating and other supportive information to assess deterioration in credit quality of a financial asset. The Group and the Company assess whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For collective basis evaluation, financial assets are grouped on the basis of similar risk characteristics.

The Group and the Company consider past loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

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(ii) **Financial assets** (continued)

The amount of impairment loss is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Group and to the Company and all the cash flows that the Group and the Company expect to receive.

The Group and the Company measure the allowance for impairment loss on financial assets based on the two-step approach as follows:-

(a) *12-months expected credit loss*

For a financial asset for which there is no significant increase in credit risk since initial recognition, the Group and the Company measure the allowance for impairment loss for that financial asset at an amount based on the probability of default occurring within the next 12 months considering the loss given default of that financial asset.

(b) *Lifetime expected credit loss*

For a financial asset for which there is a significant increase in credit risk since initial recognition, a lifetime expected credit loss for that financial asset is recognised as the allowance for impairment loss by the Group and the Company. If in a subsequent period the significant increase in credit risk since initial recognition is no longer evident, the Group and the Company revert the allowance for impairment loss measurement from lifetime expected credit loss to 12-months expected credit loss.

For trade receivables and contract assets, the Group and the Company apply the simplified approach in accordance with MFRS 9 “Financial Instruments” and measure the allowance for impairment loss based on a lifetime expected credit loss from initial recognition. The Group and the Company estimate the expected credit losses on trade receivables and contract assets using a provision matrix with reference to historical loss experience.

The Group and the Company define a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:-

- when the counterparty fails to make contractual payment as they fall due;
- the debtor is in breach of financial covenants;
- concessions have been made by the lender relating to the debtor’s financial difficulty;
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- the debtor is insolvent.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of impairment loss is recognised in profit or loss.

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### **4.10 Property, plant and equipment**

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Expenditure incurred to replace a component of an item of property, plant and equipment that is recognised separately, including major inspection and overhaul expenditure, is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. The carrying amount of replaced parts are derecognised. All other expenditure is recognised in profit or loss as an expense as incurred.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of items of property, plant and equipment. No depreciation is recognised for properties in progress. The principal annual rates adopted are as follows:-

Leasehold land	-	60 to 99 years
Buildings	-	2% to 10%
Vehicles, plant & machinery	-	10% to 25%
Furniture, fittings & equipment	-	10% to 50%

On derecognition or disposal of an item of property, plant and equipment, the difference between net disposal proceeds, if any, and its carrying amount is recognised in profit or loss. On disposal of revalued assets arising from business combinations, the amounts in fair value reserve relating to those assets are transferred to accumulated profits.

Bearer plants are initially recognised at cost. Subsequent to initial recognition, bearer plants are measured at cost less accumulated depreciation and impairment losses.

All costs directly related to bearer plants including planting expenditure are capitalised until such time as the bearer plants reach maturity, at which point all further costs are expensed and depreciation commences.

No depreciation is recognised for immature plantation.

The estimated useful lives of bearer plants are as follows:-

	<b>Immature period</b>	<b>Estimated useful life</b>
Oil palm	3 years	20 - 25 years
Durian	5 years	40 - 50 years

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### **4.11 Investments in subsidiaries**

Investments in subsidiaries are measured at cost less accumulated impairment losses.

On loss of control of a subsidiary, the difference between the fair value of considerations received, if any, and its carrying amount is recognised as gain or loss on derecognition in profit or loss.

### **4.12 Investment properties**

Investment properties are measured at cost less accumulated depreciation and impairment losses.

Investment properties are properties held for earning rental or capital appreciation or both. These include land held for a currently undetermined future use. Properties that are occupied by the entities in the Group are accounted for as owner-occupied rather than as investment properties.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of 50 years or leasehold period of the properties.

On derecognition or disposal of an investment property, the difference between net disposal proceeds, if any, and its carrying amount is recognised in profit or loss. On disposal of revalued assets arising from business combinations, the amounts in fair value reserve relating to those assets are transferred to accumulated profits.

### **4.13 Intangible assets**

#### Goodwill

Goodwill is measured at cost less accumulated impairment losses and is reviewed annually for impairment.

For the purposes of impairment testing, goodwill is allocated to each of the Group's CGU that are expected to benefit from the synergies of the combination.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### **4.14 Inventories**

Inventories are measured at the lower of cost and net realisable value.

Cost is determined on the following bases:-

<b>Category</b>	<b>Basis</b>
(a) Land held for property development	Specific identification or relative sale value
(b) Property development costs	Specific identification or relative sale value
(c) Completed development units	Specific identification or relative sale value
(d) Estate stores / consumables	Weighted average

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### 4.14 Inventories (continued)

(a) Land held for property development

Land held for property development for which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle, is classified as non-current asset.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other related fees.

Such asset is transferred to property development costs when development activities have commenced and when it can be demonstrated that the development activities can be completed within the normal operating cycle.

(b) Property development costs

Property development costs for which work has been undertaken and development activities are expected to be completed within the Group's normal operating cycle, are classified as current asset.

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Property development costs comprise costs of land, land enhancement costs, direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors that meet the definition of inventories are recognised as an asset. The property development costs are subsequently recognised as an expense in profit or loss as and when the control of the asset is transferred to the customer.

Property development costs of unsold units are transferred to completed development units once the development activities are completed.

(c) Completed development units

Cost of completed development units comprises direct cost of construction and proportionate land and development costs.

(d) Estate stores and consumables

Cost of estate stores and consumables includes cost of acquisition and other incidental expenses which relate to bringing the inventories to its present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

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### **4.15 Biological assets**

Biological assets comprise agricultural produce growing on bearer plants, which is referred to as unharvested fresh fruit bunches ('FFB') and unharvested durian fruits.

Biological assets are measured at fair value less costs to sell. Fair value is determined based on projected quantities and the estimated market price of agricultural produce. In determining the estimated FFB and durian production quantities, the Group and the Company consider the estimated yield of the biological assets which is dependent on the age of the oil palm and durian trees, the location, soil type and infrastructure.

The changes in the fair value less costs to sell of agricultural produce growing on bearer plants are recognised in profit or loss.

### **4.16 Contract assets / liabilities**

Contract assets relate to the Group's right to consideration for completed performance under the contract but yet to be billed at the reporting date. The contract assets are transferred to receivables when the right to consideration becomes unconditional. In the case of property development, contract assets are the excess of cumulative revenue earned over the billings to-date.

Contract liabilities are the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised as revenue when performance obligations are satisfied. In the case of property development, contract liabilities are the excess of the billings to-date over the cumulative revenue recognised.

### **4.17 Financial instruments**

Financial instruments are any contracts that give rise to both:

- a financial asset of one entity; and
- a financial liability or equity instrument of another entity

Financial instruments are offset when the Group and the Company have:

- a legally enforceable right to set off the recognised amounts; and
- an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### **(i) Financial assets**

The Group and the Company classify their financial assets at initial recognition into three categories, based on nature and purpose of the financial assets:-

- At amortised cost
- At fair value through other comprehensive income ("FVOCI")
- At fair value through profit or loss ("FVTPL")

At the reporting date, the Group and the Company have financial assets at amortised cost, FVOCI and FVTPL.

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(i) **Financial assets** (continued)

*Classification*

Category	Nature and purpose
Financial assets at amortised cost	<p>Financial assets are measured at amortised cost if both of the following conditions are met:-</p> <p>(a) the financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and</p> <p>(b) the contractual terms of the financial assets give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.</p>
Financial assets at FVOCI	<p><u>Debit investments</u> This category comprises debt investments where they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.</p> <p><u>Equity investments</u> This category comprises investments in equity that are not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.</p>
Financial assets at FVTPL	<p>All financial assets not measured at amortised cost or FVOCI as described above are measured at FVTPL.</p> <p>Derivatives are categorised as financial assets at FVTPL unless they are designated as hedges.</p>

*Initial recognition and measurement*

A financial asset is recognised when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

A financial asset is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs. Trade receivables contain no significant financing component are initially measured at the transaction price.



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(i) **Financial assets** (continued)

Category	Recognition and measurement principle
Financial assets at amortised cost	<p>Financial assets at amortised cost are subsequently measured at amortised costs using effective interest method, less impairment.</p> <p>Gains and losses are recognised in profit or loss when the financial assets at amortised cost are derecognised or impaired, and through the amortisation process.</p>
Financial assets at FVOCI	<p><u>Debit instruments</u> Subsequent to initial recognition, debt investments are measured at fair value. Any gains or losses arising from the changes in fair value of these financial assets are recognised in other comprehensive income, except impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.</p> <p><u>Equity instruments</u> Subsequent to initial recognition, equity investments are measured at fair value. Any gains or losses arising from the changes in fair value of these investments are recognised in other comprehensive income and are not subsequently reclassified to profit or loss.</p>
Financial assets at FVTPL	Financial assets categorised as FVTPL are subsequently measured at their fair value. Net gains or losses, including any impairment loss, exchange differences, interest or dividend income, are recognised in the profit or loss.

## ***Derecognition***

A financial asset is derecognised when, and only when:-

- the contractual rights to the cash flows from the financial asset expire; or
- the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in the profit or loss, except equity instruments at fair value through other comprehensive income.

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### 4.17 Financial instruments (continued)

#### (ii) **Financial liabilities**

The Group and the Company classify their financial liabilities at initial recognition into two categories, based on nature and purpose for which they are issued:-

- Financial liabilities at amortised cost
- Financial liabilities at fair value through profit or loss

At the reporting date, the Group and the Company have only financial liabilities categorised as financial liabilities at amortised cost.

#### *Financial liabilities at amortised cost*

Accounting principle	Methodology
Classification	<p>These are financial liabilities other than those classified into financial liabilities at fair value through profit or loss.</p> <p>Financial liabilities at amortised cost include payables and lease liabilities.</p>
Initial recognition and Measurement	<p>Financial liabilities at amortised cost are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.</p> <p>When financial liabilities at amortised cost are recognised initially, they are measured at fair value plus transactions costs.</p>
Subsequent recognition and measurement	<p>Financial liabilities at amortised cost are subsequently measured at amortised cost using the effective interest method.</p> <p>Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.</p>
Derecognition	<p>A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires.</p> <p>On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.</p>

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### **4.17 Financial instruments (continued)**

#### **(iii) Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs, and are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

### **4.18 Leases**

#### **(i) The Group and the Company as lessor**

The Group and the Company classify their leases as either operating lease or finance lease. Leases, where the Group and the Company retain substantially all the risks and rewards of ownerships of the leased assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

If the Group and the Company transfer substantially all the risks and rewards incidental to ownership of the leased assets, leases are classified as finance leases and are capitalised at an amount equal to the net investment in the lease.

#### **(ii) The Group and the Company as lessee**

##### ***Recognition and measurement for the financial year ended 31 December 2019***

The Group and the Company recognise and measure their leases in accordance with MFRS 16 Leases effective from 1 January 2019.

The Group and the Company recognise right-of-use assets and lease liabilities at the lease commencement date.

##### **Right-of-use assets**

The right-of-use assets are initially measured at cost and comprised of the following:-

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date of the lease, less any lease incentives received;
- Any initial direct costs incurred; and
- Any decommissioning or restoration cost.

Subsequent to initial recognition, the right-of-use assets are measured at cost less any accumulated amortisation, impairment losses and adjusted for any remeasurement of lease liabilities.

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(ii) **The Group and the Company as lessee** (continued)

Amortisation is calculated on a straight-line basis over the estimated useful lives of the right-of-use assets. The amortisation period used is as follows:-

Buildings                      -                      4 years

**Lease liabilities**

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the Group and the Company's weighted average incremental borrowing rates.

Lease payments included in the measurement of the lease liability comprise:-

- fixed payments;
- any variable lease payments;
- the amount expected to be payable under a residual value guarantee; and
- the exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

Subsequent to the initial recognition, lease liabilities are measured at amortised cost using the effective interest method. Lease liabilities are re-measured when:-

- there is a change in future lease payments arising from a change in an index or rate;
- there is a change in the Group and the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- the Group and the Company change their assessment of whether they will exercise a purchase, extension or termination option.

**Short-term leases and low-value assets**

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for the following leases:-

- short-term leases that have a lease term of 12 months or less; and
- leases of low-value assets.

Lease payments with short-term leases and low-value assets are recognised as rental expenses in the profit or loss on a straight-line basis over the lease terms.

***Recognition and measurement for the financial year ended 31 December 2018***

Operating lease payments are recognised as expenses in profit or loss on a straight-line basis over the lease terms. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expenses over the lease terms on a straight-line basis.

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### **4.19 Provisions**

Provisions are recognised in the statements of financial position when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made.

### **4.20 Cash and cash equivalents**

Cash and cash equivalents consist of bank balances, deposits repayable on demand and highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value, against which the bank overdrafts are deducted.

## **5. Segmental information**

Management has determined the operating segments based on reports reviewed by the Board of Directors and the working group that makes strategic decisions.

Segment information is presented in respect of the Group's business. No segmental reporting by geographical segments is considered necessary as the Group is primarily involved in business operations in Malaysia. Inter-segment pricing is determined according to the normal course of business and has been established under the terms that are no less favourable than those arranged with external customers. Segment revenue, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group's major business segments are as follows:-

- (a) *Property development*
  - developing residential and commercial properties;
- (b) *Plantation*
  - cultivating oil palm and durian; and
- (c) *Other*
  - investments.

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### 5. Segmental information (continued)

<b>Group 2019</b>	<b>Property development RM'000</b>	<b>Plantation RM'000</b>	<b>Other RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>				
Revenue from external customers	56,965	10,267	186	67,418
<b>Results</b>				
Segment results	19,979	1,118	(3,166)	17,931
Taxation				(4,616)
Profit for the year				13,315
<b>Assets</b>				
Segment assets	349,103	98,665	136,538	584,306
<b>Liabilities</b>				
Segment liabilities	14,707	2,378	44,280	61,365
<b>Others</b>				
Capital expenditure	1,492	3,774	-	5,266
Non-cash expenses:				
• depreciation and amortisation	1,071	2,327	-	3,398
<b>2018</b>				
<b>Revenue</b>				
Revenue from external customers	71,491	9,130	231	80,852
<b>Results</b>				
Segment results	31,642	676	(4,410)	27,908
Taxation				(7,757)
Profit for the year				20,151
<b>Assets</b>				
Segment assets	352,655	96,647	129,406	578,708
<b>Liabilities</b>				
Segment liabilities	16,701	2,257	46,631	65,589
<b>Others</b>				
Capital expenditure	12,323	4,172	-	16,495
Non-cash expenses:				
• depreciation and amortisation	1,095	2,002	-	3,097

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## **6. Revenue and cost of sales**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><i>Revenue:</i></b>				
Property development	56,965	71,491	-	-
Plantation	10,267	9,130	2,142	2,617
Investments	186	231	6,186	6,231
	<b>67,418</b>	<b>80,852</b>	<b>8,328</b>	<b>8,848</b>
<b><i>Analysis of revenue:</i></b>				
Revenue from contract with customers	67,232	80,621	2,142	2,617
Revenue from other sources	186	231	6,186	6,231
	<b>67,418</b>	<b>80,852</b>	<b>8,328</b>	<b>8,848</b>
<b>Disaggregation of revenue from contract with customers:</b>				
<b><i>Major goods and services:</i></b>				
Property development revenue	36,499	51,166	-	-
Sale of completed development units	20,466	20,325	-	-
Sale of agricultural produce	10,267	9,130	2,142	2,617
	<b>67,232</b>	<b>80,621</b>	<b>2,142</b>	<b>2,617</b>
<b><i>Timing of revenue from contract with customers:</i></b>				
At a point in time	30,733	29,455	2,142	2,617
Over time	36,499	51,166	-	-
	<b>67,232</b>	<b>80,621</b>	<b>2,142</b>	<b>2,617</b>
<b><i>Cost of sales:</i></b>				
Property development	28,316	30,661	-	-
Plantation	7,393	6,572	1,267	1,390
	<b>35,709</b>	<b>37,233</b>	<b>1,267</b>	<b>1,390</b>

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### 7. Profit before taxation

This is arrived at:-

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<i>After charging all expenses including:</i>				
Directors' fees:				
• Company's Directors	1,780	1,780	1,040	1,040
Directors' other emoluments:				
• Company's Directors	272	257	179	163
Employee benefits expense:				
• salaries and other benefits	8,238	9,148	3,582	3,699
• defined contribution plans	921	1,001	396	453
Total employee benefits expense	9,431	10,406	4,157	4,315
Auditors' remuneration:				
• audit fee	114	105	45	42
• other services	43	49	14	17
Depreciation and amortisation:				
• property, plant and equipment	3,174	3,076	212	165
• right-of-use assets	203	-	203	-
• investment properties	21	21	17	17
	3,398	3,097	432	182
Allowance for impairment of receivables	10	-	10	-
Fair value loss on biological assets	369	1,093	99	448
Loss on derecognition of property, plant and equipment	43	-	43	-
Rental of premises and car park	18	230	14	227
Interest on lease liabilities	34	-	34	-
Direct operating expenses of investment properties generating rental income	33	62	28	57
<i>And crediting all income including:</i>				
Gross dividend income from:				
• subsidiaries	-	-	6,000	6,000
• quoted equity securities in Malaysia	186	231	186	231
Gain on disposal of property, plant and equipment	83	28	-	-
Durian planting incentive	300	-	300	-
Fair value gain on short-term investments	227	28	77	28
Interest income from:				
• short-term deposits	751	515	-	-
• money market funds	2,091	2,566	1,546	1,787
• other interest income	2	3	-	-
Total interest income	2,844	3,084	1,546	1,787
Lease of land	274	295	-	-
Rental of land and buildings:				
• investment properties	367	331	349	313
• others	2,400	1,272	-	-
Reversal of impairment of receivables	-	1,716	-	-



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### 8. Taxation

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Malaysian:				
Current tax expense/(income):				
• current year	5,681	7,910	-	-
• adjustment for previous year	(723)	338	-	-
	4,958	8,248	-	-
Deferred tax expense/(income):				
• current year	(444)	(618)	-	-
• adjustment for previous year	102	127	-	-
	(342)	(491)	-	-
	4,616	7,757	-	-

The tax reconciliation is as follows:-

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Taxation based on Malaysian applicable statutory tax rate of 24%	4,303	6,698	732	710
Disallowable expenses for tax purposes	540	506	116	37
Non-taxable income for tax purposes	(630)	(1,088)	(1,874)	(1,924)
Taxes for previous year	(621)	465	-	-
Unrecognised deferred tax assets	1,026	1,177	1,026	1,177
Others	(2)	(1)	-	-
Taxation recognised in profit or loss	4,616	7,757	-	-

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### 9. **Earnings per share**

The basic and diluted earnings per share of the Group are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year as follows:-

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
Net profit attributable to shareholders (RM'000)	13,315	20,151
Weighted average number of ordinary shares in issue ('000)	74,853	74,853
Basic and diluted earnings per share (sen)	17.79	26.92

### 10. **Dividends**

	<b>Group and Company</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
In respect of financial year ended 31 December 2018:		
First and final dividend of 5 sen per share	3,743	-
In respect of financial year ended 31 December 2017:		
First and final dividend of 5 sen per share	-	3,743
	3,743	3,743

#### *Dividend proposed*

A first and final dividend in respect of the financial year ended 31 December 2019 will be proposed at the forthcoming Annual General Meeting for shareholders' approval as follows:-

	<b>RM'000</b>
First and final dividend of 4.5 sen per share	3,368

These financial statements do not reflect these proposed dividends, which when approved by shareholders, will be accrued as a liability in the financial year ending 31 December 2020.

## AYER Holdings Berhad

(Incorporated in Malaysia)

### 11. Property, plant and equipment

<b>Group 2019</b>	<b>Land &amp; buildings (Note A) RM'000</b>	<b>Vehicles, plant &amp; machinery RM'000</b>	<b>Furniture, fittings &amp; equipment RM'000</b>	<b>Bearer plants (Note B) RM'000</b>	<b>Total RM'000</b>
<i>Cost:</i>					
At 1 January 2019	168,196	2,099	4,701	16,783	191,779
Additions	82	129	229	3,581	4,021
Disposals	-	(331)	(9)	-	(340)
Derecognition	-	(88)	-	(43)	(131)
At 31 December 2019	168,278	1,809	4,921	20,321	195,329
<i>Accumulated depreciation:</i>					
At 1 January 2019	13,571	1,331	3,880	1,435	20,217
Charge for the year	2,292	253	277	352	3,174
Disposals	-	(152)	(6)	-	(158)
Derecognition	-	(88)	-	-	(88)
At 31 December 2019	15,863	1,344	4,151	1,787	23,145
<i>Carrying amount:</i>					
At 31 December 2019	152,415	465	770	18,534	172,184
<b>2018</b>					
<i>Cost:</i>					
At 1 January 2018	169,070	2,194	4,424	13,548	189,236
Additions	83	801	336	3,615	4,835
Disposals	-	(358)	(2)	-	(360)
Derecognition	(957)	(538)	(57)	(380)	(1,932)
At 31 December 2018	168,196	2,099	4,701	16,783	191,779
<i>Accumulated depreciation:</i>					
At 1 January 2018	12,236	1,997	3,366	1,834	19,433
Charge for the year	2,292	230	295	259	3,076
Disposals	-	(358)	(2)	-	(360)
Derecognition	(957)	(538)	(57)	(380)	(1,932)
Reclassification	-	-	278	(278)	-
At 31 December 2018	13,571	1,331	3,880	1,435	20,217
<i>Carrying amount:</i>					
At 31 December 2018	154,625	768	821	15,348	171,562

## AYER Holdings Berhad

(Incorporated in Malaysia)

### 11. Property, plant and equipment (continued)

<b>Company 2019</b>	<b>Land &amp; buildings (Note A) RM'000</b>	<b>Vehicles, plant &amp; machinery RM'000</b>	<b>Furniture, fittings &amp; equipment RM'000</b>	<b>Bearer plants (Note B) RM'000</b>	<b>Total RM'000</b>
<i>Cost:</i>					
At 1 January 2019	1,366	785	1,156	6,642	9,949
Additions	-	13	18	2,713	2,744
Derecognition	-	-	-	(43)	(43)
At 31 December 2019	1,366	798	1,174	9,312	12,650
<i>Accumulated depreciation:</i>					
At 1 January 2019	340	652	959	1,170	3,121
Charge for the year	-	51	65	96	212
At 31 December 2019	340	703	1,024	1,266	3,333
<i>Carrying amount:</i>					
At 31 December 2019	1,026	95	150	8,046	9,317
<b>2018</b>					
<i>Cost:</i>					
At 1 January 2018	2,299	1,037	1,021	4,417	8,774
Additions	24	98	164	2,605	2,891
Derecognition	(957)	(350)	(29)	(380)	(1,716)
At 31 December 2018	1,366	785	1,156	6,642	9,949
<i>Accumulated depreciation:</i>					
At 1 January 2018	1,297	961	926	1,488	4,672
Charge for the year	-	41	62	62	165
Derecognition	(957)	(350)	(29)	(380)	(1,716)
At 31 December 2018	340	652	959	1,170	3,121
<i>Carrying amount:</i>					
At 31 December 2018	1,026	133	197	5,472	6,828

# **AYER Holdings Berhad** *(Incorporated in Malaysia)*

## **11. Property, plant and equipment (continued)**

### *Analysis of land & buildings:*

#### **Note A**

<b>Group</b>	<b>Long</b>	<b>Short</b>	<b>Freehold</b>	<b>Buildings</b>	<b>Properties</b>	<b>Total</b>
<b>2019</b>	<b>leasehold</b>	<b>leasehold</b>	<b>land</b>	<b>RM'000</b>	<b>in progress</b>	<b>RM'000</b>
	<b>land</b>	<b>land</b>	<b>land</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<i>Cost:</i>						
At 1 January 2019	83,565	24,764	8,305	33,804	17,758	168,196
Additions	-	-	-	42	40	82
At 31 December 2019	83,565	24,764	8,305	33,846	17,798	168,278
<i>Accumulated depreciation:</i>						
At 1 January 2019	6,260	3,332	-	3,979	-	13,571
Charge for the year	949	485	-	858	-	2,292
At 31 December 2019	7,209	3,817	-	4,837	-	15,863
<i>Carrying amount:</i>						
At 31 December 2019	76,356	20,947	8,305	29,009	17,798	152,415
<b>2018</b>						
<i>Cost:</i>						
At 1 January 2018	83,565	24,764	8,305	34,700	17,736	169,070
Additions	-	-	-	61	22	83
Derecognition	-	-	-	(957)	-	(957)
At 31 December 2018	83,565	24,764	8,305	33,804	17,758	168,196
<i>Accumulated depreciation:</i>						
At 1 January 2018	5,311	2,847	-	4,078	-	12,236
Charge for the year	949	485	-	858	-	2,292
Derecognition	-	-	-	(957)	-	(957)
At 31 December 2018	6,260	3,332	-	3,979	-	13,571
<i>Carrying amount:</i>						
At 31 December 2018	77,305	21,432	8,305	29,825	17,758	154,625

# **AYER Holdings Berhad** *(Incorporated in Malaysia)*

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## **11. Property, plant and equipment (continued)**

### *Analysis of land & buildings:*

#### **Note A**

<b>Company</b>	<b>Freehold land</b>	<b>Buildings</b>	<b>Total</b>
<b>2019</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<i>Cost:</i>			
At 1 January 2019 and 31 December 2019	1,002	364	1,366
<i>Accumulated depreciation:</i>			
At 1 January 2019 and 31 December 2019	-	340	340
<i>Carrying amount:</i>			
At 31 December 2019	1,002	24	1,026
<b>2018</b>			
<i>Cost:</i>			
At 1 January 2018	1,002	1,297	2,299
Addition	-	24	24
Derecognition	-	(957)	(957)
At 31 December 2018	1,002	364	1,366
<i>Accumulated depreciation:</i>			
At 1 January 2018	-	1,297	1,297
Derecognition	-	(957)	(957)
At 31 December 2018	-	340	340
<i>Carrying amount:</i>			
At 31 December 2018	1,002	24	1,026

## AYER Holdings Berhad

(Incorporated in Malaysia)

### 11. Property, plant and equipment (continued)

#### *Analysis of bearer plants:*

#### **Note B**

Bearer plants comprise of:

- Oil palm plantation; and
- Durian plantation.

At the end of the financial year, the Group and the Company's total planted and related value of mature and immature plantations are as follows:-

Area	Group		Company	
	2019 Hectares	2018 Hectares	2019 Hectares	2018 Hectares
Oil palm plantation:				
• Mature	1,660	1,418	247	186
• Immature	409	651	-	61
	<u>2,069</u>	<u>2,069</u>	<u>247</u>	<u>247</u>
Durian:				
• Immature	38	38	38	38

Carrying amount	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Oil palm plantation:				
• Mature	8,202	4,859	860	220
• Immature	3,146	5,968	-	731
	<u>11,348</u>	<u>10,827</u>	<u>860</u>	<u>951</u>
Durian:				
• Immature	7,186	4,521	7,186	4,521
	<u>18,534</u>	<u>15,348</u>	<u>8,046</u>	<u>5,472</u>

## AYER Holdings Berhad

(Incorporated in Malaysia)

### 12. Right-of-use assets

	<b>Group and Company</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<i>Cost:</i>		
At 1 January	-	-
Effects of adopting MFRS 16	779	-
At 31 December	779	-
<i>Accumulated depreciation:</i>		
At 1 January	-	-
Charge for the year	203	-
At 31 December	203	-
<i>Carrying amount:</i>		
At 31 December	576	-

The Group and the Company lease a building for office space. The lease typically runs for a period of 2 years with an option to renew the lease after that date.

### 13. Subsidiaries

#### *Unquoted investments at cost:*

	<b>Company</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January and 31 December	246,640	246,640

The subsidiaries are as follows:-

<b>Name of company</b> <b>(Incorporated in Malaysia)</b>	<b>Principal activity</b>	<b>Effective interest</b>	
		<b>2019</b>	<b>2018</b>
<i>Direct subsidiaries</i>			
The Ayer Hitam Development Sdn. Bhd.	Property development for investment and sale	100%	100%
Bukit Hitam Development Sdn. Bhd.	Property development for investment and sale	100%	100%



## AYER Holdings Berhad

(Incorporated in Malaysia)

### 13. Subsidiaries (continued)

Name of company (Incorporated in Malaysia)	Principal activity	Effective interest	
		2019	2018
<i>Direct subsidiaries</i>			
Yee Seng Plantations Sdn. Bhd.	Cultivation of oil palms	100%	100%
<i>Indirect subsidiary</i>			
Cendana Maju Construction Sdn. Bhd.	Dormant	100%	100%

### 14. Investments

#### *Quoted equity securities in Malaysia*

	Group and Company	
	2019	2018
	RM'000	RM'000
<i>At fair value:</i>		
At 1 January	5,311	6,331
Gain/(loss) on fair value changes	250	(1,020)
At 31 December	5,561	5,311

No strategic investments were disposed of during the financial year, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

### 15. Investment properties

Group 2019	Freehold land RM'000	Buildings RM'000	Total RM'000
<i>Cost:</i>			
At 1 January 2019 and 31 December 2019	2,318	1,188	3,506
<i>Accumulated depreciation:</i>			
At 1 January 2019	-	366	366
Charge for the year	-	21	21
At 31 December 2019	-	387	387
<i>Carrying amount:</i>			
At 31 December 2019	2,318	801	3,119
<i>Fair value:</i>			
At 31 December 2019	10,714	1,081	11,795

# **AYER Holdings Berhad** *(Incorporated in Malaysia)*

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## **15. Investment properties (continued)**

<b>Group 2018</b>	<b>Freehold land RM'000</b>	<b>Buildings RM'000</b>	<b>Total RM'000</b>
<i>Cost:</i>			
At 1 January 2018 and 31 December 2018	2,318	1,188	3,506
<i>Accumulated depreciation:</i>			
At 1 January 2018	-	345	345
Charge for the year	-	21	21
At 31 December 2018	-	366	366
<i>Carrying amount:</i>			
At 31 December 2018	2,318	822	3,140
<i>Fair value:</i>			
At 31 December 2018	10,697	1,098	11,795
<b>Company 2019</b>			
<i>Cost:</i>			
At 1 January 2019 and 31 December 2019	794	848	1,642
<i>Accumulated depreciation:</i>			
At 1 January 2019	-	335	335
Charge for the year	-	17	17
At 31 December 2019	-	352	352
<i>Carrying amount:</i>			
At 31 December 2019	794	496	1,290
<i>Fair value:</i>			
At 31 December 2019	8,464	496	8,960

## AYER Holdings Berhad

(Incorporated in Malaysia)

### 15. Investment properties (continued)

Company 2018	Freehold land RM'000	Buildings RM'000	Total RM'000
<i>Cost:</i>			
At 1 January 2018 and 31 December 2018	794	848	1,642
<i>Accumulated depreciation:</i>			
At 1 January 2018	-	318	318
Charge for the year	-	17	17
At 31 December 2018	-	335	335
<i>Carrying amount:</i>			
At 31 December 2018	794	513	1,307
<i>Fair value:</i>			
At 31 December 2018	8,447	513	8,960

#### Fair value measurement

The fair values of investment properties disclosed as at the reporting date are determined by the Directors based on the sales comparable approach that reflects recent transaction prices for similar properties which have been sold or are being offered for sale.

The fair values disclosed as at the reporting date are categorised as follows:-

#### Fair value hierarchy

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
• Level 1	-	-	-	-
• Level 2	11,795	11,795	8,960	8,960
• Level 3	-	-	-	-
	11,795	11,795	8,960	8,960

Level 2 fair values of investment properties have been generally derived using the sales comparison approach. Selling prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation technique is price per square foot of comparable properties.

## AYER Holdings Berhad

(Incorporated in Malaysia)

### 16. Inventories

<b>Group</b>	<b>2019 RM'000</b>	<b>2018 RM'000</b>
<i>Non-current:</i>		
Land held for property development ( <b>Note a</b> )	161,741	160,496
<i>Current:</i>		
At cost:		
• Estate stores / consumables	308	287
• Completed development units	65,898	77,289
	66,206	77,576
Property development costs ( <b>Note b</b> )	-	603
	66,206	78,179
<b>Total inventories</b>	<b>227,947</b>	<b>238,675</b>

<b>Company</b>	<b>2019 RM'000</b>	<b>2018 RM'000</b>
<i>Current:</i>		
At cost		
• Estate stores / consumables	112	140

#### (a) Land held for property development

<b>Group</b>	<b>Land costs</b>	<b>Development costs</b>	<b>Total</b>
<b>2019</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Costs at 1 January 2019	116,874	43,622	160,496
Costs incurred during the year	-	1,245	1,245
Costs at 31 December 2019	116,874	44,867	161,741
<b>2018</b>			
Costs at 1 January 2018	106,529	42,307	148,836
Costs incurred during the year	10,345	1,315	11,660
Costs at 31 December 2018	116,874	43,622	160,496

## AYER Holdings Berhad

(Incorporated in Malaysia)

### 16. Inventories (continued)

#### (b) Property development costs

<b>Group</b>	<b>Land costs</b>	<b>Development</b>	<b>Total</b>
<b>2019</b>	<b>RM'000</b>	<b>costs</b>	<b>RM'000</b>
		<b>RM'000</b>	<b>RM'000</b>
<i>Cost:</i>			
At 1 January 2019	2,274	27,867	30,141
Additions	-	17,513	17,513
Derecognition on completion of project	(2,274)	(45,380)	(47,654)
At 31 December 2019	-	-	-
<i>Accumulated depreciation:</i>			
At 1 January 2019	1,676	27,862	29,538
Charge for the year	598	17,518	18,116
Derecognition on completion of project	(2,274)	(45,380)	(47,654)
At 31 December 2019	-	-	-
<i>Carrying amount:</i>			
At 31 December 2019	-	-	-
<b>2018</b>			
<i>Cost:</i>			
At 1 January 2018	2,274	6,250	8,524
Additions	-	21,617	21,617
At 31 December 2018	2,274	27,867	30,141
<i>Accumulated depreciation:</i>			
At 1 January 2018	770	4,452	5,222
Charge for the year	906	23,410	24,316
At 31 December 2018	1,676	27,862	29,538
<i>Carrying amount:</i>			
At 31 December 2018	598	5	603

## **AYER Holdings Berhad**

*(Incorporated in Malaysia)*

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### **17. Goodwill**

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January and 31 December	27,100	27,100

The goodwill arose from the acquisition of Yee Seng Plantations Sdn. Bhd, (“YSP”), a company incorporated in Malaysia, in August 2012.

The carrying amount of goodwill is reviewed for impairment annually. Impairment is determined for goodwill by assessing the recoverable amount of the CGU to which the goodwill relates.

#### Determination of recoverable amount

#### **2019:**

The recoverable amount of a CGU is determined based on fair value less costs of disposal (FVLCD). The FVLCD is determined using income approach (Level 3 of the fair value hierarchy). The following factors are being considered in deriving at FVLCD:-

- (a) Fair value of land and rights;
- (b) Estimated fresh fruit bunches price; and
- (c) Estimated yield.

The key assumptions used are as follows:-

- Projection period : A 28-year cash flow projection, based on the average lifecycle of oil palm trees.
- FFB yield per hectare (‘Ha’) : 3 – 28 MT/Ha
- CPO price per MT : RM2,800 per MT
- PK price per MT : RM1,600 per MT
- Discount rates : 6.65% per annum
- Average selling price of land and rights per hectare : RM70,500 per Ha
- Incidental costs of disposal : RM27 million

In assessing the FVLCD, the management is of the view that no foreseeable changes in any of the above key assumptions would cause the carrying amount of the CGU to materially exceed its recoverable amount.

The management concluded that no impairment loss is required on goodwill as the recoverable amount exceeds the carrying amount of CGU’s assets and goodwill by a significant margin.

## AYER Holdings Berhad

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### Determination of recoverable amount (continued)

#### 2018:

The recoverable amount of a CGU is determined based on value-in-use (VIU) calculation. The Group estimates the VIU using a discounted cash flow model. The key assumptions used are as follows:-

- Projection period : A 28-year cash flow projection, based on the average lifecycle of oil palm trees.
- FFB yield per hectare ('Ha') : 4 – 28 MT/Ha
- CPO price per MT : RM2,500 per MT
- PK price per MT : RM1,930 per MT
- Discount rates : 6.68% per annum

In assessing the VIU, the management is of the view that no foreseeable changes in any of the above key assumptions would cause the carrying amount of the CGU to materially exceed its recoverable amount.

The management concluded that no impairment loss is required on goodwill as the recoverable amount exceeds the carrying amount of CGU's assets and goodwill by a significant margin.

## 18. Biological assets

### 18.1 Fresh fruits bunches (FFB)

The biological assets of the Group and of the Company comprise unharvested fresh fruits bunches ('FFB').

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<i>At fair value less cost to sell:</i>				
Fresh fruits bunches ('FFB'):				
At 1 January	1,365	2,458	306	754
Fair value loss	(369)	(1,093)	(99)	(448)
At 31 December	996	1,365	207	306

## AYER Holdings Berhad

(Incorporated in Malaysia)

### 18.1 Fresh fruits bunches (FFB) (continued)

Analysis of oil palm production:-

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<i>In Metric Tonne (MT):</i>				
• FFB harvested during the year	24,816	19,806	5,008	5,126
• Unharvested FFB included in the fair valuation of FFB	1,964	4,463	396	958

#### Fair value determination

The fair value of biological assets has been determined based on the market price and the estimated yield of FFB, net of estimated cost to sell. The estimated yield is dependent on the age of the oil palm trees, the location of the plantations, soil type and infrastructure. The market price of the FFB is largely dependent on the prevailing market prices of crude palm oil and palm kernel. The estimated cost to sell includes all transportation and harvesting costs.

The Group and the Company's biological assets were fair valued within Level 3 of the fair value hierarchy.

The following table shows the key unobservable inputs used in the valuation models:

<b>Key unobservable inputs</b>			<b>Inter-relationship between key unobservable inputs and fair value measurement</b>
<i>FFB average selling price per MT:</i>			The estimated fair value decreases as the estimated selling price of FFB decreases
	<b>Group</b>	<b>Company</b>	
2019 2018	RM355 to RM590 RM288 to RM536	RM363 to RM590 RM288 to RM352	
<i>Annual production:</i>			The estimated fair value decreases as the production of FFB decreases
	<b>Group MT</b>	<b>Company MT</b>	
2019 2018	24,816 19,806	5,008 5,126	



## **AYER Holdings Berhad**

(Incorporated in Malaysia)

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### 18.1 Fresh fruits bunches (FFB) (continued)

#### Sensitivity analysis

At the reporting date, if the market prices for FFB had been 10% higher/lower, with all other variables being held constant, the profit or loss of the Group and of the Company would have been RM100,000 and RM21,000 (2018: RM137,000 and RM31,000) higher/lower.

#### Change in accounting estimates

During the financial year, the estimated value of unripe FFB on bearer plants has been revised as follows:-

	<u>2019</u>	<u>2018</u>
• Unripe FFB on bearer plants	One (1) month prior to harvest	Three (3) months prior to harvest

The management has considered that the net cash flow to be generated from FFB prior to more than one (1) month to harvest to be negligible. Therefore, the quantity of unripe FFB on bearer plants of up to one (1) month prior to harvest was used for valuation purposes as it is believed to be more reflective.

The effects of this change in estimate were recognised directly in profit or loss.

### 18.2 Durian fruits

There is an insignificant output of durian for both years under review.

#### Inability to measure fair value reliably

Critical judgement is required in determining the fair value of growing agricultural produce on bearer plant. The key assumptions include the market prices and stage of growth at the reporting date based on past experiences.

The fair value of the agricultural produce on durian is unable to be reliably measured as at the reporting date. In addition, the impact of the biological transformation on price is expected to be immaterial over the durian production cycle.

## AYER Holdings Berhad

(Incorporated in Malaysia)

### 19. Receivables

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<b>Trade receivables:</b>				
Gross receivables	3,442	6,917	82	80
Retention sum on property projects	197	2,951	-	-
	3,639	9,868	82	80
Less: Allowance for impairment	(200)	(200)	-	-
	3,439	9,668	82	80
<b>Other receivables:</b>				
• interest receivable	122	126	122	126
• refundable deposits	2,502	2,447	104	105
• others	224	214	71	71
	2,848	2,787	297	302
Less: Allowance for impairment	(10)	-	(10)	-
	2,838	2,787	287	302
<b>Trade and other receivables</b>	6,277	12,455	369	382
Prepayment and government entity	207	228	66	96
<b>Total receivables</b>	6,484	12,683	435	478

Trade receivables are non-interest-bearing and are generally on 10 to 90-day (2018: 14 to 90-day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The retention sums are receivable at the expiry period of 8 to 24 months (2018: 8 to 24 months) after the completion of respective projects.

Trade receivables secured by credit enhancements are as follows:-

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Gross receivable amounts	610	440	82	80
Nominal value of secured bank guarantees	1,100	1,100	300	300

## **AYER Holdings Berhad**

*(Incorporated in Malaysia)*

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### 20. **Contract assets**

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<i>Current:</i>		
Contract assets from property development	27,097	25,604

The Group issues progress billings to purchasers when the billing milestones are attained. The Group recognises revenue where the performance obligation is satisfied.

The Group's contract assets relating to the sale of properties as of each reporting period are summarised as follows:-

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<i>Contract assets:</i>		
At 1 January	25,604	1,562
Revenue recognised during the year	36,499	51,166
Progress billings issued during the year	(35,006)	(27,124)
At 31 December	27,097	25,604

Contract assets are transferred to receivables when rights to economic benefits become unconditional. This usually occurs when the Group issues billings to the purchasers.

#### Unsatisfied performance obligations

The unsatisfied performance obligations at the end of the reporting period are expected to be recognised in the following periods:-

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
• Within 1 year	-	36,498

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### 21. Short-term investments

#### *Money market funds in Malaysia*

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<i>At fair value:</i>				
At 1 January	70,032	78,615	52,077	54,826
Additions	27,608	63,050	6,125	38,670
Redemption	(18,690)	(71,661)	(10,191)	(41,447)
Fair value gain	227	28	77	28
At 31 December	79,177	70,032	48,088	52,077

Short-term investments represent investments in highly liquid money market funds redeemable with one (1) day notice. These money market funds are subject to an insignificant risk of changes in value.

### 22. Deposits, cash and bank balances

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Short-term deposits	167	1,314	-	-
Cash and bank balances:				
• Housing development accounts	28,198	18,394	-	-
• Others	5,523	3,299	516	892
	33,721	21,693	516	892
	33,888	23,007	516	892

Housing development accounts are held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966. These accounts are restricted from use in other operations.

The carrying amounts of short-term deposits pledged as securities for banking facilities granted to a subsidiary are disclosed in Note 31 to the financial statements.

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### 23. Payables

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Trade payables	13,647	16,242	143	827
Other payables:				
• accrued expenses	3,568	4,450	1,142	2,122
• deposits	761	705	119	109
• others	456	167	295	27
	4,785	5,322	1,556	2,258
Trade and other payables	18,432	21,564	1,699	3,085
Provision	950	950	950	950
	19,382	22,514	2,649	4,035

Trade payables are non-interest-bearing and are normally settled on 30 to 90-day (2018: 30 to 90-day) terms.

Included in trade payables of the Group are retention sums for construction contracts amounting to RM4,359,000 (2018: RM5,503,000).

The retention sums are payable at the expiry period of 24 months (2018: 24 months) after the completion of respective projects.

Provision represents the incident costs for compulsory acquisition of land.

### 24. Lease liabilities

	Group and Company	
	2019	2018
	RM'000	RM'000
<i>Lease liabilities:</i>		
Current	199	-
Non-current	391	-
	590	-

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### 24. **Lease liabilities** (continued)

The movements of lease liabilities during the financial year are as follows:-

	<b>Group and Company</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	-	-
Effects of adopting MFRS 16	779	-
Interest charged	34	-
Payments of:		
• Principal	(189)	-
• Interest	(34)	-
	(223)	-
At 31 December	590	-

The weighted average incremental borrowing rate applied to the lease liabilities is 4% per annum.

### 25. **Deferred tax liabilities**

The deferred tax liabilities after appropriate offsetting are as follows:-

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deferred tax liabilities	41,229	41,571	-	-

The deferred tax liabilities and assets are offset as:-

- the Group and the Company have a legally enforceable right to set off current tax assets against current tax liabilities; and
- they relate to taxes levied by the same tax authority on the Company and its subsidiaries.

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### 25. Deferred tax liabilities (continued)

The movements and components of deferred tax liabilities and assets without taking into consideration the offsetting within the same tax authority are as follows:-

Group 2019	Property, plant & equipment RM'000	Land held for property development RM'000	Payables RM'000	*Other temporary differences RM'000	Total RM'000
At 1 January 2019	23,000	12,825	596	5,150	41,571
Amount recognised in profit or loss	(333)	-	(231)	222	(342)
At 31 December 2019	22,667	12,825	365	5,372	41,229

### 2018

At 1 January 2018	23,333	12,825	690	5,214	42,062
Amount recognised in profit or loss	(333)	-	(94)	(64)	(491)
At 31 December 2018	23,000	12,825	596	5,150	41,571

### \*Analysis of other temporary differences:

Group 2019	Investment properties RM'000	Inventories RM'000	Accelerated capital allowances RM'000	Retirement benefits RM'000	Unutilised tax losses RM'000	Biological assets RM'000	Total RM'000
At 1 January 2019	13	484	4,575	(175)	(1)	254	5,150
Amount recognised in profit or loss	1	(41)	316	10	1	(65)	222
At 31 December 2019	14	443	4,891	(165)	-	189	5,372

### 2018

At 1 January 2018	14	545	4,353	(107)	-	409	5,214
Amount recognised in profit or loss	(1)	(61)	222	(68)	(1)	(155)	(64)
At 31 December 2018	13	484	4,575	(175)	(1)	254	5,150

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### 25. Deferred tax liabilities (continued)

Company 2019	Accelerated capital allowances RM'000	Unabsorbed capital allowances RM'000	Total RM'000
At 1 January 2019	918	(918)	-
Amount recognised in profit or loss	811	(811)	-
At 31 December 2019	1,729	(1,729)	-

### 2018

At 1 January 2018	308	(308)	-
Amount recognised in profit or loss	610	(610)	-
At 31 December 2018	918	(918)	-

### Unrecognised deductible temporary differences

The amounts of deductible temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Property, plant and equipment	2,653	2,653	-	-
Land held for property development	11,946	11,946	-	-
Payables	1,708	2,700	1,708	2,700
Unabsorbed capital allowances	1,452	3,076	1,452	3,071
Unutilised tax losses:				
• Expired by 2025	9,223	11,560	8,148	10,481
• Expired by 2026	5,381	-	5,381	-
	32,363	31,935	16,689	16,252

The above deductible temporary differences have no expiry date except unutilised tax losses. Deferred tax assets are only recognised in respect of these deductible temporary differences when it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.



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### 26. Share capital

	Number of ordinary shares		Amount	
	2019 '000	2018 '000	2019 RM'000	2018 RM'000
Issued and fully paid:				
At 1 January	74,853	74,853	74,945	74,853
Transfer in accordance with Section 618(2) of the Companies Act 2016	-	-	-	92
At 31 December	74,853	74,853	74,945	74,945

### 27. Reserves

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<i>Non-distributable:</i>				
Fair value reserve	31,027	30,841	5,267	5,017
<i>Distributable:</i>				
General reserve	250	250	250	250
Accumulated profits	416,719	407,083	229,041	229,732
	416,969	407,333	229,291	229,982
	447,996	438,174	234,558	234,999

#### Fair value reserve

The fair value reserve arises from:-

- change in fair value of business combinations achieved in stages; and
- cumulative net change in the fair value of financial assets at fair value through other comprehensive income until the financial assets are derecognised.

#### General reserve

The general reserve arises from the transfer of accumulated profits.

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### 28. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic condition. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders. The Group's approach in managing capital is based on defined guidelines approved by the Board.

There were no changes in the Group's approach to capital management during the financial year.

### 29. Related party disclosures

In addition to related party disclosures made elsewhere in the financial statements, set out below are other significant related party transactions:

#### 29.1 Related party transactions:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<i>Transactions with a subsidiary:</i>				
• dividend income	-	-	6,000	6,000
<i>Transactions with entity over which key management personnel has control:</i>				
• rental paid	223	-	223	-
• rental expenses	18	227	14	227

#### 29.2 Compensation of key management personnel:

The remuneration of key management personnel during the year was as follows:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	3,397	4,086	2,565	2,670
Contributions to defined contribution plan	141	240	141	200
	3,538	4,326	2,706	2,870

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## **30. Financial instruments**

### **30.1 Liquidity risk**

Liquidity risk refers to the risk that the Group and the Company will encounter difficulty in meeting financial obligations when they fall due.

The table below summarises the maturity profile of the Group and the Company's financial liabilities as at the reporting date based on contractual undiscounted repayment obligations:-

<b>Group 2019</b>	<b>Within one year RM'000</b>	<b>One to five years RM'000</b>	<b>More than five years RM'000</b>	<b>Total RM'000</b>
<i>Financial liabilities:</i>				
Non-interest-bearing:				
• payables	18,432	-	-	18,432
Interest-bearing:				
• Lease liabilities:				
• principal	199	391	-	590
• interest	25	19	-	44
	224	410	-	634
<b>2018</b>				
<i>Financial liabilities:</i>				
Non-interest-bearing:				
• payables	21,564	-	-	21,564
<b>Company 2019</b>				
<i>Financial liabilities:</i>				
Non-interest-bearing:				
• payables	1,699	-	-	1,699
Interest-bearing:				
• Lease liabilities:				
• principal	199	391	-	590
• interest	25	19	-	44
	224	410	-	634

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### 30.1 Liquidity risk (continued)

Company 2018	Within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
<i>Financial liabilities:</i>				
Non-interest-bearing:				
• payables	3,085	-	-	3,085

### 30.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates.

#### Sensitivity analysis for interest rate risk

No sensitivity analysis has been presented as the Group and the Company's exposure to interest rate risk on the following interest-bearing instruments is insignificant:-

- Fixed rate instruments

The effective interest rate of short-term deposits, short-term investments and lease liabilities during the year are as follows:-

	Group		Company	
	2019	2018	2019	2018
	%	%	%	%
Short-term deposits	3.05 – 3.35	3.30 – 3.35	-	-
Short-term investments	3.02 – 3.80	2.40 – 4.03	3.04 – 3.80	3.35 – 3.72
Lease liabilities	4.00	-	4.00	-

### 30.3 Credit risk

Credit risk is the potential loss from a transaction in the event of default by the counterparty.

The maximum exposure to credit risk for financial assets recognised in the statements of financial position equals to their carrying amounts.

Credit risk is controlled by the application of credit approvals, setting of counterparty limits and monitoring procedures. Credit risk is minimised given the Group and the Company's policies of selecting only counterparties with high creditworthiness.

The Group and the Company have no significant concentrations of credit risk with any single counterparty.

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### 30.3 Credit risk (continued)

(i) Trade receivables and contract assets

The Group and the Company apply the simplified approach in measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The ageing analysis of the Group and of the Company's trade receivables and contract assets is as follows:-

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Gross trade receivables (Note 19)	3,639	9,868	82	80
Contract assets (Note 20)	27,097	25,604	-	-
	30,736	35,472	82	80
Neither past due nor impaired	30,507	35,052	82	80
Past due unimpaired:				
• 1 to 30 days past due	-	191	-	-
• 31 to 60 days past due	-	-	-	-
• 61 to 90 days past due	-	-	-	-
• more than 90 days past due	29	29	-	-
	29	220	-	-
Impaired	200	200	-	-
	30,736	35,472	82	80

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(i) Trade receivables and contract assets (continued)

**Neither past due nor impaired**

The credit quality of trade receivables and contract assets that are neither past due nor impaired are mainly amounts due from property purchasers with end financing facilities from reputable end-financiers and customers with good collection track record with the Group and the Company.

Trade receivables also include amounts due from tenants that are secured with deposits paid by tenants prior to occupancy of premises and rentals paid in advance.

None of the Group and the Company's trade receivables and contract assets that are neither past due nor impaired have been renegotiated during the financial year.

**Past due unimpaired**

Trade receivables and contract assets of the Group that are past due but unimpaired are mainly related to the progress billings to be settled by end-buyers' financiers. It is the Group's policy to monitor the financial standing of these receivables and contract assets on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

**Credit-impaired**

The trade receivables are impaired individually at the reporting date.

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that:-

- are in significant financial difficulties; and
- have defaulted on payments.

These receivables are unsecured by any collateral or credit enhancements.

The movement in the allowance for impairment loss on receivables is as follows:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<i>Movement in allowance accounts:</i>		
At 1 January	200	1,916
Reversal	-	(1,716)
At 31 December	200	200

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### 30.3 Credit risk (continued)

(ii) Other receivables

The ageing analysis of the Group and of the Company's other receivables is as follows:-

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Neither past due nor impaired	2,838	2,787	287	302
Impaired	10	-	10	-
	<u>2,848</u>	<u>2,787</u>	<u>297</u>	<u>302</u>

The unimpaired other receivables are monitored closely by the Group and the Company. The expected credit loss of other receivables is determined individually after considering the financial strength of the debtors. The Group and the Company concluded that the probability of the default of these receivables is low and thus, no loss allowance has been made.

**Other receivables that are impaired**

The other receivables are impaired individually at the reporting date.

Other receivables that are individually determined to be impaired at the reporting date relate to a receivable in which the recoverable amount is below its carrying amount.

The movement in the allowance for impairment loss on other receivables is as follows:-

	Group and Company	
	2019	2018
	RM'000	RM'000
<i>Movement in allowance accounts:</i>		
At 1 January	-	-
Addition	<u>10</u>	<u>-</u>
At 31 December	<u>10</u>	<u>-</u>

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### 30.3 Credit risk (continued)

#### (iii) Deposits, cash and bank balances (excluding cash in hand)

The counterparty risk rating of the Group and of the Company's deposits, cash and bank balances with financial institutions at the reporting period end are as follows:-

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<i>Counterparty risk rating:</i>				
AAA	32,212	18,711	474	883
AA	792	455	-	-
A	873	3,829	38	6
	<u>33,877</u>	<u>22,995</u>	<u>512</u>	<u>889</u>

### 30.4 Price risk

Price risk is the risk that the fair value or future cash flows of the Group and the Company's financial instruments will fluctuate because of changes in market prices (other than interest or foreign currency).

The Group and the Company are exposed to price risk arising from their investment in quoted securities and short-term investments. These quoted securities in Malaysia and money market funds are classified as financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss respectively.

#### Sensitivity analysis for price risk

The table below shows the analysis of the impact arising from reasonably possible changes in the prices of the quoted securities and short-term investments:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<i>Increase/(decrease) in:</i>				
• Fair value reserves:				
Quoted securities:				
• Quoted price of securities +/-3%	<u>167</u>	<u>159</u>	<u>167</u>	<u>159</u>
• Accumulated profits:				
Short-term investments:				
• Net assets value +/-1%	<u>792</u>	<u>700</u>	<u>481</u>	<u>521</u>



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### **30.5 Fair values of financial instruments**

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participant at the measurement date.

As at the reporting date, the fair values of the Group and the Company's financial instruments approximate their carrying amounts unless it is impracticable to determine these values with sufficient reliability.

#### Methods and assumptions used to estimate fair values

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

<b>Financial instruments</b>	<b>Fair values determination</b>
<ul style="list-style-type: none"> <li>• Investments</li> </ul>	The fair values of publicly traded instruments are based on quoted market prices.
<ul style="list-style-type: none"> <li>• Short-term investments</li> </ul>	The fair values of the financial assets are determined by reference to statements of account at the reporting date provided by fund managers.
<ul style="list-style-type: none"> <li>• Receivables</li> <li>• Deposits, cash and bank balances</li> <li>• Payables</li> </ul>	The carrying amounts of these financial instruments approximate fair values due to the relatively short-term maturity of these instruments.
<ul style="list-style-type: none"> <li>• Lease liabilities</li> </ul>	<p>The carrying amounts of short-term lease liabilities approximate fair values because of the short period to maturity of these instruments.</p> <p>The fair values of long-term liabilities are estimated based on the current rates available for lease liabilities with the same maturity profile. The carrying amount of the long-term lease liabilities are reasonable approximations of fair values due to the insignificant impact of discounting.</p>

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### 30.6 Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group and the Company's financial assets carried at fair value as at the reporting date:-

<b>Group 2019</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
<i>Investments:</i>				
Quoted equity securities	5,561	-	-	5,561
<i>Short-term investments:</i>				
Money market funds	-	79,177	-	79,177
<b>2018</b>				
<i>Investments:</i>				
Quoted equity securities	5,311	-	-	5,311
<i>Short-term investments:</i>				
Money market funds	-	70,032	-	70,032
<b>Company 2019</b>				
<i>Investments:</i>				
Quoted equity securities	5,561	-	-	5,561
<i>Short-term investments:</i>				
Money market funds	-	48,088	-	48,088
<b>2018</b>				
<i>Investments:</i>				
Quoted equity securities	5,311	-	-	5,311
<i>Short-term investments:</i>				
Money market funds	-	52,077	-	52,077

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## **30.7 Financial instruments by category**

The table below provides an analysis of financial instruments categorised under MFRS 9 as follows:-

- (a) Financial assets at fair value through profit or loss (FVTPL)
- (b) Financial assets at fair value through other comprehensive income (FVOCI)
- (c) Financial assets at amortised cost
- (d) Financial liabilities at amortised cost

<b>Group 2019</b>	<b>Note</b>	<b>Financial assets at FVTPL RM'000</b>	<b>Financial assets at FVOCI RM'000</b>	<b>Financial assets at amortised cost RM'000</b>	<b>Financial liabilities at amortised cost RM'000</b>	<b>Total carrying amount RM'000</b>
<i>Financial assets:</i>						
• investments	14	-	5,561	-	-	5,561
• receivables (excluding prepayment and government entity)	19	-	-	6,277	-	6,277
• short-term investments	21	79,177	-	-	-	79,177
• deposits, cash and bank balances	22	-	-	33,888	-	33,888
		79,177	5,561	40,165	-	124,903
<i>Financial liabilities:</i>						
• payables (excluding provision)	23	-	-	-	18,432	18,432
• lease liabilities	24	-	-	-	590	590
		-	-	-	19,022	19,022
<b>2018</b>						
<i>Financial assets:</i>						
• investments	14	-	5,311	-	-	5,311
• receivables (excluding prepayment and government entity)	19	-	-	12,455	-	12,455
• short-term investments	21	70,032	-	-	-	70,032
• deposits, cash and bank balances	22	-	-	23,007	-	23,007
		70,032	5,311	35,462	-	110,805
<i>Financial liabilities:</i>						
• payables (excluding provision)	23	-	-	-	21,564	21,564

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## **30.7 Financial instruments by category (continued)**

<b>Company 2019</b>	<b>Note</b>	<b>Financial assets at FVTPL RM'000</b>	<b>Financial assets at FVOCI RM'000</b>	<b>Financial assets at amortised cost RM'000</b>	<b>Financial liabilities at amortised cost RM'000</b>	<b>Total carrying amount RM'000</b>
<i>Financial assets:</i>						
• investments	14	-	5,561	-	-	5,561
• receivables (excluding prepayment and government entity)	19	-	-	369	-	369
• short-term investments	21	48,088	-	-	-	48,088
• deposits, cash and bank balances	22	-	-	516	-	516
		48,088	5,561	885	-	54,534
<i>Financial liabilities:</i>						
• payables (excluding provision)	23	-	-	-	1,699	1,699
• lease liabilities	24	-	-	-	590	590
		-	-	-	2,289	2,289
<b>2018</b>						
<i>Financial assets:</i>						
• investments	14	-	5,311	-	-	5,311
• receivables (excluding prepayment and government entity)	19	-	-	382	-	382
• short-term investments	21	52,077	-	-	-	52,077
• deposits, cash and bank balances	22	-	-	892	-	892
		52,077	5,311	1,274	-	58,662
<i>Financial liabilities:</i>						
• payables (excluding provision)	23	-	-	-	3,085	3,085

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## 31. Commitments

### 31.1 Capital commitment

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<i>Unrecognised but contracted for capital expenditure:</i>				
Property, plant and equipment	166	1,627	29	1,507
Inventories - Land held for property development	84	84	-	-
Investment properties	2,500	-	-	-
	<u>2,750</u>	<u>1,711</u>	<u>29</u>	<u>1,507</u>

### 31.2 Financing commitment

Collateral for banking facilities granted to a subsidiary is as follows:-

	Group	
	2019	2018
	RM'000	RM'000
<i>Carrying amount:</i>		
Short-term deposits included in deposits, cash and bank balances	<u>152</u>	<u>130</u>

### 31.3 Non-cancellable operating lease commitments:

	Group		Company	
Leases as lessor	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<i>Future minimum rental receivable:</i>				
• 1 year or less	2,738	2,697	186	279
• 5 years or less but over 1 year	6,581	6,645	45	83
• over 5 years	3,703	4,842	-	-
	<u>13,022</u>	<u>14,184</u>	<u>231</u>	<u>362</u>

The Group and the Company entered into commercial property leases on their portfolio of investment properties consisting of commercial land and buildings. These leases have non-cancellable lease terms range from 1 to 9 years (2018: 1 to 9 years).

## AYER Holdings Berhad

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### 31. Commitments (continued)

#### 31.4 Non-cancellable operating lease commitments:

Lease as lessee	Group and Company	
	2019	2018
	RM'000	RM'000
<i>Future minimum rental payable:</i>		
• 1 year or less	-	224
• 5 years or less but over 1 year	-	633
	-	857

The Group and Company lease an office under operating leases. The lease typically runs for a period of 2 years with an option to renew the lease after that date.

Lease payments are increased every two years to reflect current market rentals.

### 32. Effects of adopting MFRS 16 Leases

MFRS 16 “Leases” supersedes MFRS 117 “Leases” and the related interpretations. MFRS 16 eliminates the classification of leases by the lessee as either finance leases or operating leases. MFRS 16 introduces a single accounting model, requiring the lessee to recognise the “right-of-use” of the underlying asset and the lease liability reflecting future lease payments liabilities in the statements of financial position. The right-of-use asset is depreciated in accordance with the principle in MFRS 116 “Property, Plant and Equipment” and the lease liability is accreted over time with interest expense recognised in the statements of comprehensive income.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

The Group and the Company have adopted MFRS 16 retrospectively from 1 January 2019 using the cumulative effect method. Accordingly, no restatement has been made for the comparative information for the financial year ended 31 December 2018. The cumulative effect of the initial application of MFRS 16 is adjusted against the opening accumulated profits on 1 January 2019.

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### 32. **Effects of adopting MFRS 16 Leases** (continued)

The following table presents the impact of changes to the statements of financial position of the Group and the Company resulting from the adoption of MFRS 16 Leases as at 1 January 2019.

	Note	As at 31 December 2018 RM'000	Effects of adopting MFRS 16 RM'000	As at 1 January 2019 RM'000
<i>Non-current assets:</i>				
Right-of-use assets	(a)	-	779	779
<i>Non-current liabilities:</i>				
Lease liabilities	(b)	-	189	189
<i>Current liabilities:</i>				
Lease liabilities	(b)	-	590	590

- (a) The right-of-use assets comprise office space leased from a related party and recognised during the year. The right-of-use assets are measured at the amount equal to the lease liabilities, adjusted by any prepaid or accrued lease payments relating to the existing lease immediately before 1 January 2019.
- (b) The lease liabilities arising from the corporate asset leased are recognised and discounted using the Group and the Company's weighted average incremental borrowing rate of 4.00%.
- (c) There is no impact on the Group and the Company's accumulated profits as at 1 January 2019.

Other than the above, the Group and the Company have elected to apply the exemption for leases of car park expiring within 12 months under Appendix C, paragraph 10(c) of MFRS 16. The lease payments are recognised as an expense on a straight-line basis over the remaining lease term during the financial year.

#### Reconciliation of operating lease commitment

Reconciliation for the differences between operating lease commitments disclosed as at 31 December 2018 and lease liabilities recognised at the date of initial application of 1 January 2019 are as follows:-

<b>Group and Company</b>	<b>1 January 2019 RM'000</b>
Operating lease commitments disclosed as at 31 December 2018 (Note 31.4)	857
Effects from discounting at the incremental borrowing rate	(78)
Lease liabilities recognised as at 1 January 2019 (Note 24)	779

## AYER Holdings Berhad

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### 33. Comparative information

The following significant items of comparative information have been restated arising from a review of disclosure requirements:-

	Group		Company	
	As restated	As previously	As restated	As previously
	RM'000	reported	RM'000	reported
		RM'000		RM'000
<i>Notes to the financial statements:</i>				
Payables (Note 23):				
Other payables:				
• accrued expenses	4,450	5,400	2,122	3,072
Provision	950	-	950	-
Related party transactions (Note 29):				
Compensation of key management personnel:				
(Note 29.2):				
Short-term employee benefits	4,086	3,406	2,670	1,990
Contributions to defined contribution plans	240	132	200	92
	4,326	3,538	2,870	2,082
Financial Instruments (Note 30):				
Liquidity risk (Note 30.1):				
Maturity profile of financial liabilities:				
Within one year:				
• payables	21,564	22,514	3,085	4,035
Financial Instruments by category (Note 30.7):				
Financial liabilities at amortised cost:				
• payables	21,564	22,514	3,085	4,035



## Analysis of Shareholdings

as at 28 February 2020

Issued and Paid-up Capital : 74,853,075 ordinary shares  
Voting Rights per share : One

### (I) SIZE OF HOLDINGS

as per Record of Depositors as at 28 February 2020

Size of Shareholdings	No. of Shareholders	%	No. of Shares	% of Holding
1 - 99	87	6.64	825	0.00
100 - 1,000	350	26.72	286,157	0.38
1,001 - 10,000	666	50.84	2,657,470	3.56
10,001 - 100,000	169	12.90	5,220,563	6.97
100,001 - 3,742,652	34	2.60	32,791,783	43.81
3,742,653 and above	4	0.30	33,896,277	45.28
	1,310	100.00	74,853,075	100.00

### (II) THIRTY LARGEST SHAREHOLDERS

as per Record of Depositors as at 28 February 2020

NAME			
1	Bee Guan Sdn Bhd	12,158,880	16.24
2	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Twin Trees Holdings Sdn Bhd (PB)	9,424,510	12.59
3	Bee Guan Sdn Bhd	4,450,128	5.95
4	Lim Ke Hun	4,014,077	5.36
5	Lim Kai Hee	3,848,682	5.14
6	Teo Kwee Hock	3,734,900	4.99
7	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Teo Siew Lai	3,661,700	4.89
8	Lim Kien Seng	3,520,815	4.70
9	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Lim Kee Choon (PB)	2,594,815	3.47
10	Lim Siew Ping	2,494,811	3.33
11	Lim Kah Weei	2,427,373	3.24
12	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Twin Trees Holdings Sdn Bhd (PBCL-OG0888)	2,220,000	2.97
13	Lim Peng Yan	2,010,811	2.69
14	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for OCBC Securities Private Limited (Client A/C-NR)	1,986,400	2.65
15	CL Holdings Sdn Bhd	1,339,092	1.79
16	Lim Kean Boon	807,366	1.08
17	Lim Sum Mei	807,366	1.08
18	Low Chee Kein	760,000	1.02
19	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	583,475	0.78
20	Chong Yean Fong	341,165	0.46
21	Timothy Lim Guan Chye	318,000	0.42
22	Yap Boon Eng	309,900	0.41
23	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wong Tiang Lien (REM 802)	309,100	0.41
24	Ho Kah Heng	282,000	0.38
25	Maybank Securities Nominees (Asing) Sdn Bhd Maybank Kim Eng Securities Pte Ltd For Lion City Enterprises Pte Ltd	280,500	0.37
26	LYP Enterprise Sdn Bhd	220,000	0.29
27	Hubert Lim Hing Lee	215,574	0.29
28	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for OCBC Securities Private Limited (Client A/C-R ES)	192,000	0.26
29	Lee Kim An	169,000	0.23
30	Chinchoo Investment Sdn. Berhad	133,400	0.18
		65,615,840	87.66

## Analysis of Shareholdings

as at 28 February 2020

### (III) SUBSTANTIAL SHAREHOLDERS

as per Register of Substantial Shareholders as at 28 February 2020

NAME	Direct Interest		Indirect Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
1 Bee Guan Sdn Bhd	16,609,008	22.19	-	-	16,609,008	22.19
2 Twin Trees Holdings Sdn Bhd	13,124,510	17.53	-	-	13,124,510	17.53
3 Lim Ke Hun	4,014,077	5.36	28,000	0.04	4,042,077	5.40
4 Lim Kai Hee	3,848,682	5.14	346,574	0.46	4,195,256	5.60
5 Lim Kee Choon	2,594,815	3.47	13,124,510 <sup>(1)</sup>	17.53	15,719,325	21.00
6 Chang Wee Yon	37,000	0.05	16,609,008 <sup>(2)</sup>	22.19	16,646,008	22.24
7 Lim Wan Yee	26,000	0.03	16,609,008 <sup>(2)</sup>	22.19	16,635,008	22.22
8 Lim Hong Beng	25,000	0.03	16,609,008	22.19	16,634,008	22.22

### (IV) DIRECTORS AND KEY SENIOR MANAGEMENT: DIRECT AND INDIRECT INTERESTS IN THE COMPANY

as per Register of Directors' Shareholdings as at 28 February 2020

NAME	Direct Interest		Indirect Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
1 Tan Sri Datuk Yong Poh Kon	-	-	-	-	-	-
2 Lim Ke Hun	4,014,077	5.36	28,000	0.04	4,042,077	5.40
3 Lim Kee Choon	2,594,815	3.47	13,124,510 <sup>(1)</sup>	17.53	15,719,325	21.00
4 Chang Wee Yon	37,000	0.05	16,609,008 <sup>(2)</sup>	22.19	16,646,008	22.24
5 Lim Wan Yee	26,000	0.03	16,609,008 <sup>(2)</sup>	22.19	16,635,008	22.22
6 Chin Yoong Kheong	-	-	-	-	-	-
7 Jeannie Khoo Poh Gaik	-	-	-	-	-	-
8 Sim Keg Yee	-	-	-	-	-	-

Note:

<sup>(1)</sup> Deemed interest by virtue of his substantial shareholding in Twin Trees Holdings Sdn Bhd, a substantial shareholder of the Company.

<sup>(2)</sup> Deemed interest by virtue of her substantial shareholding in Bee Guan Sdn Bhd, a substantial shareholder of the Company.

## Properties Held by the Group

as at 31 December 2019

Location	Description	Land Area/ *Gross Floor Area	Existing use	Date of Acquisition	Tenure	Approximate age of buildings (years)	Net Book Value as at 31.12.2019 RM'000
Gali Estate 6 <sup>th</sup> Mile, Jalan Lipis 27600 Raub, Pahang	Oil Palm and Durian Estate	402 hectares (993 acres)	Plantation	1967/69	Freehold	-	1,002
Kretay Estate 24300 Kerteh Kemaman Terengganu	Oil Palm Estate	1,947 hectares (4,811 acres)	Plantation	2001	Leasehold 99 years expiring July 2100	-	76,419
Mukim Pasir Raja Dungun, Terengganu	Undeveloped agricultural land	2,025 hectares (5,004 acres)	Secondary jungle	2003	Leasehold 60 years expiring July 2063	-	20,946
Lot 2616, Mukim Petaling, District of Petaling, Selangor	Land for development	47 hectares (116 acres)	Rent (partially) and future development	1993	Freehold	-	17,461
Bandar Bukit Puchong Puchong, Selangor	Land for development	196 hectares (484 acres)	On-going mixed- development and future development	1993	Freehold	-	116,280
Bandar Bukit Puchong Puchong, Selangor	6-Storey Car Park	31,443 square metres	Car park operation	2016	Freehold	4	17,774
Bandar Bukit Puchong Puchong, Selangor	Sales Gallery	2,616 square metres	Sales Gallery & Office	2016	Freehold	4	7,926
Bandar Puchong Utama Puchong, Selangor	Land for development	5 hectares (11.6 acres)	On-going and future development	1993	Freehold	-	6,903
Bukit Beruntung Rawang, Selangor	Bungalow land	1.4 hectares (3.5 acres)	Vacant	2005/06	Freehold	-	1,750
Bandar Bukit Puchong Puchong, Selangor	16 units low cost factory	2,384 square metres	Investment property	1998	Freehold	20	1,290











**AYER HOLDINGS BERHAD**  
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