

AYER Holdings Berhad (37-K)

(Formerly known as TAHPS Group Berhad)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018**

	Unaudited As at 30 Sep 2018 RM'000	Restated As at 31 Dec 2017 RM'000
Property, plant and equipment	171,575	169,803
Investments	5,843	6,331
Investment property	3,148	3,161
Inventories-Land held for property development	160,174	148,836
Goodwill on consolidation	27,100	27,100
	<u>367,840</u>	<u>355,231</u>
Current assets		
Inventories-Property development costs	1,679	3,302
Inventories	80,785	86,831
Biological assets	1,795	2,458
Contract assets	11,796	1,562
Receivables	15,922	17,771
Current tax assets	1,827	2,376
Short-term investments	70,449	78,615
Deposits, cash and bank balances	22,639	15,231
	<u>206,892</u>	<u>208,146</u>
Current liabilities		
Payables	27,582	23,534
Current tax liabilities	-	50
	<u>27,582</u>	<u>23,584</u>
Net current assets	179,310	184,562
Long-term liabilities		
Deferred tax liabilities	41,420	41,653
	<u>505,730</u>	<u>498,140</u>
Share capital	74,853	74,853
Reserves	430,877	423,287
Equity attributable to owners of the Company	<u>505,730</u>	<u>498,140</u>
Net Assets per share (RM)	<u>6.76</u>	<u>6.65</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying notes.

AYER Holdings Berhad (37-K)

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

	Individual Quarter		Cumulative Quarter	
	Unaudited Current Quarter Ended 30 Sep 2018 RM'000	Restated Preceding Corresponding Quarter 30 Sep 2017 RM'000	Unaudited Current Year To Date 30 Sep 2018 RM'000	Restated Preceding Corresponding Year To Date 30 Sep 2017 RM'000
Revenue	18,118	10,590	56,991	36,159
Cost of Sales	(9,571)	(5,407)	(28,016)	(15,240)
Gross profit	8,547	5,183	28,975	20,919
Interest income	796	255	2,179	1,700
Other income	353	1,053	1,303	6,694
Depreciation & Amortisation	(815)	(694)	(2,317)	(2,103)
Administration and other expenses	(4,339)	(3,165)	(13,406)	(13,253)
Profit before taxation	4,542	2,632	16,734	13,957
Income tax expense	(1,813)	4	(4,913)	(2,265)
Profit net of tax	2,729	2,636	11,821	11,692
Other comprehensive income:				
Changes in fair value of investments	48	(287)	(488)	547
Total comprehensive income	2,777	2,349	11,333	12,239
Profit attributable to owners of the parent	2,729	2,636	11,821	11,692
Total comprehensive income attributable to owners of the parent	2,777	2,349	11,333	12,239
Earnings per share attributable to owners of the Company	sen	sen	sen	sen
Basic / Diluted	3.65	3.52	15.79	15.62

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying notes.

AYER Holdings Berhad (37-K)

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

	Attributable to owners of the parent						Total RM'000
	Share capital RM'000	Non-distributable			Distributable		
		Share premium RM'000	Fair value reserve RM'000	Revaluation reserve RM'000	General reserve RM'000	Retained profits RM'000	
<u>9 months period ended 30 September 2018</u>							
Balance as at 1 January 2018	74,853	92	6,037	25,922	250	388,528	495,682
Effect on adoption of MFRS	-	-	-	-	-	2,458	2,458
Profit for the period	-	-	-	-	-	11,821	11,821
Other comprehensive income for the period	-	-	(488)	-	-	-	(488)
Total comprehensive income for the period	-	-	(488)	-	-	11,821	11,333
Transfer within reserves	-	-	-	(74)	-	74	-
Dividends	-	-	-	-	-	(3,743)	(3,743)
Balance as at 30 September 2018	74,853	92	5,549	25,848	250	399,138	505,730
<u>9 months period ended 30 September 2017</u>							
Balance as at 1 January 2017	74,853	92	4,942	26,272	250	379,556	485,965
Effect on adoption of MFRS	-	-	-	-	-	2,708	2,708
Profit for the period	-	-	-	-	-	11,692	11,692
Other comprehensive income for the period	-	-	547	-	-	-	547
Total comprehensive income for the period	-	-	547	-	-	11,692	12,239
Transfer within reserves	-	-	-	(119)	-	119	-
Dividends	-	-	-	-	-	(3,744)	(3,744)
Balance as at 30 September 2017	74,853	92	5,489	26,153	250	390,331	497,168

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying notes.

AYER Holdings Berhad (37-K)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2018

	9 Months Ended	
	Unaudited Current Year to date 30 Sep 2018 RM'000	Restated Preceding Year to date 30 Sep 2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	16,734	13,957
Adjustments for :		
Depreciation and amortisation	2,317	2,103
Gain on disposal of property, plant and equipment	(28)	(4,359)
Fair Value loss/(gain) on biological assets	663	(1,178)
Dividend Income	(167)	(50)
Interest Income	(2,179)	(1,700)
Operating profit before working capital changes	<u>17,340</u>	<u>8,773</u>
Decrease in inventories and inventories-property development costs	7,668	9,528
(Increase)/Decrease in receivables	(8,426)	347
Increase in payables	4,049	1,171
Cash generated from operations	<u>20,631</u>	<u>19,819</u>
Interest received	2,220	1,621
Tax refunded	-	72
Tax paid	<u>(4,647)</u>	<u>(4,742)</u>
Net cash from operating activities	<u>18,204</u>	<u>16,770</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,075)	(2,620)
Proceeds from disposal of property, plant and equipment	28	4,859
Payment for inventories-land held for property development	(11,339)	(1,437)
Withdrawal of short-term deposits	-	389
Dividend received from quoted equity securities in Malaysia	167	51
Net cash (used in)/from investing activities	<u>(15,219)</u>	<u>1,242</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	<u>(3,743)</u>	<u>(3,744)</u>
Net cash (used in) financing activities	<u>(3,743)</u>	<u>(3,744)</u>
Net increase in cash and cash equivalents	(758)	14,268
Cash and cash equivalents at 1 January	93,684	70,767
Cash and cash equivalents at 30 September	<u>92,926</u>	<u>85,035</u>
Cash and cash equivalents comprise :		
Short term investments - money market fund	70,449	74,208
Short term deposits	1,313	1,296
Cash and bank balances	<u>21,326</u>	<u>9,692</u>
	93,088	85,196
Pledged short-term deposits	<u>(162)</u>	<u>(161)</u>
Cash and cash equivalents	<u>92,926</u>	<u>85,035</u>

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying notes.

Part A – Explanatory Notes Pursuant to MFRS134

1 Basis of preparation and Accounting Policies

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the audited financial statements for the year ended 31 December 2017. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2017.

The financial statements of the Group for the period ended 31 March 2018 are the first set of financial statements prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) Framework. The date of transition to the MFRS Framework was on 1 January 2017.

The accounting policies and presentation adopted by the Group for the quarterly financial statements are consistent with those adopted in the Group’s consolidated audited financial statements for the financial year ended 31 December 2017, except for the adoption of the following.

MFRS 141 Agriculture

Prior to the adoption of MFRS 141 Agriculture, produce growing on bearer plants i.e. biological assets were unrecognised. Following the adoption of the MFRS 141 and its amendments, these biological assets are measured at fair value less costs to sell. The changes in fair value less costs to sell are recognised in profit or loss.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 requires an entity recognises revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Following the adoption the Group recognises revenue in accordance with the core principle by applying the following steps:

- Identify the contracts with a customer
- Identify the performance obligation in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenue when (or as) the entity satisfies a performance obligation

MFRS 9: Financial Instruments

The main effect on the adoption of MFRS9 on the Group would principally be in respect of the assessment of impairment losses of outstanding debts based on an “expected credit loss” model instead of the “incurred loss” model. This may have the effect of accelerating the recognition of impairment losses in respect of these debts if any.

As a result, the following comparatives in the interim financial report have been restated.

Condensed Consolidated Statement of Financial Position As At 31 December 2017

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Current Assets			
Biological assets	-	2,458	2,458
Contract assets	-	1,562	1,562
Receivables	19,333	(1,562)	17,771
Reserves	420,829	2,458	423,287

Condensed Consolidated Statement of Comprehensive Income For The Period Ended 30 September 2017

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Other operating income	5,516	1,178	6,694
Profit before tax	12,779	1,178	13,957
Profit net of tax	10,514	1,178	11,692

New MFRSs, Amendments to MFRSs, Annual Improvements to MFRS Standards and IC Interpretation ('Standards') that are yet to be effective for current period

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

Effective for financial periods beginning on or after 1 January 2019

- MFRS 16 Leases
- Amendments to MFRS 9 Financial Instruments
- Amendments to MFRS 119 Employee Benefits
- Annual Improvements to MFRS Standards 2015-2017
- IC Interpretation 23 Uncertainty over Income Tax Treatments

Effective for financial periods beginning on or after 1 January 2020

- Amendments to References to the Conceptual Framework in MFRS Standards

Effective date to be announced

- Amendments to MFRS 10 Consolidated Financial Statements

2 Seasonal or cyclical factors

The Group's results for the quarter under review were not materially impacted by any seasonal or cyclical factors apart from the plantation segment which is influenced by seasonal climatic conditions.

3 Unusual items due to their nature, size or incidence

None.

4 Changes in estimates

Not applicable.

5 Debt and equity securities

There were no issue, repurchase and repayment of debt and equity securities during the financial period.

6 Dividends paid

The first and final dividend of 5 sen per share single tier tax exempt for the financial year ended 31 December 2017 (for financial period ended 31 Dec 2016: 5 sen per share single tier tax exempt) amounting to RM3.74 million was paid on 22 May 2018.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2018

7 Carrying amount of revalued assets

The valuations of property, plant and equipment and investment properties have been brought forward without amendment from the financial report for the year ended 31 December 2017.

8 Events after the interim period

There was no significant event after the end of the quarter under review.

9 Changes in composition of the Group

There was no change in the composition of the Group during the period under review.

10 Changes in contingent liabilities and contingent assets

There was no change in contingent liability or contingent asset since the end of the last financial year.

11 Capital commitments

Amounts contracted but not provided for capital expenditure as at 30 September 2018 amounted to RM3.3 million.

12 Significant Related Party Transactions

None.

13 Segmental information

Segmental information for the financial period ended 30 September 2018 is as follows:

	Property development RM'000	Plantation RM'000	Others RM'000	Consolidated RM'000
30 September 2018				
Revenue				
External customers	49,904	6,920	-	56,824
Dividend income	-	-	167	167
Total Revenue	<u>49,904</u>	<u>6,920</u>	<u>167</u>	<u>56,991</u>
Results				
Segment results	<u>19,038</u>	<u>147</u>	<u>(2,451)</u>	<u>16,734</u>
Income tax expense				<u>(4,913)</u>
Profit net of tax for the period				<u>11,821</u>
Assets				
Segment assets	<u>345,736</u>	<u>97,065</u>	<u>131,931</u>	<u>574,732</u>
Liabilities				
Segment liabilities	<u>22,146</u>	<u>2,394</u>	<u>44,462</u>	<u>69,002</u>

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2018

30 September 2017

Revenue

External customers	26,982	9,127	-	36,109
Dividend income	-	-	50	50
Total Revenue	<u>26,982</u>	<u>9,127</u>	<u>50</u>	<u>36,159</u>

Results

Segment results	<u>11,188</u>	<u>5,095</u>	<u>(2,326)</u>	13,957
Income tax expense				<u>(2,265)</u>
Profit net of tax for the period				<u>11,692</u>

Assets

Segment assets	<u>327,768</u>	<u>92,628</u>	<u>137,686</u>	<u>558,082</u>
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Liabilities

Segment liabilities	<u>18,201</u>	<u>1,857</u>	<u>43,564</u>	<u>63,622</u>
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Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia

14 Auditors’ Report on preceding Annual Financial Statements

The auditors’ report on the financial statements for the financial year ended 31 December 2017 was not qualified.

15 Review of performance

The Group recorded revenue of RM18.1 million and profit before tax of RM4.5 million in the current quarter.

	Current Quarter Ended 30 Sep 2018		Current Year To Date Ended 30 Sep 2018	
	RM'000	%	RM'000	%
Revenue				
Property	16,283	89.9	49,904	87.6
Plantation	1,819	10.0	6,920	12.1
Others	16	0.1	167	0.3
Total	18,118	100.0	56,991	100.0

Profit before Tax

Property	5,701	125.5	19,037	113.8
Plantation	(556)	(12.2)	148	0.9
Others	(603)	(13.3)	(2,451)	(14.7)
Total	4,542	100.0	16,734	100.0

16 Material changes in profit/(loss) before taxation vs preceding quarter

	Current Quarter Ended 30 Sep 2018	Preceding Quarter Ended 30 Jun 2018	% + / (-)
	RM '000	RM'000	
Revenue	18,118	22,715	(20.2)
Profit before taxation	4,542	8,895	(18.9)

The Group recorded a decrease in revenue by 20.2% from RM22.7 million to RM18.1 million and a decrease by 48.9% in profit before taxation of RM8.9 million to RM4.5 million as compared to the preceding quarter. The decrease in revenue was mainly caused by lower sales for the completed units and lower percentage of work recognised for the current development project by the property division.

17 Commentary on prospects (current financial year)

For the financial year ending 2018, the Group anticipates that the fundamental conditions of the property sector will remain largely unchanged from 2017. The general outlook remains challenging given the prevailing weaknesses and macro uncertainties in the property sector. During this challenging period, the Group continues to focus on the re-planning of its township development in Bandar Bukit Puchong in order to further enhance the township with innovative and market receptive products. In addition, the Group will strengthen its marketing effort. Simultaneously, the Group will continue to enhance its new brand value to increase its visibility within the property sector.

The construction of Andira Park, a 140-unit landed villa development, is progressing as scheduled and barring unforeseen circumstances, is expected to contribute progressively to the Group's revenue and profits during the current and the following financial year. The plantation segment is expected to be challenging due to the softening of the crude palm oil price.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2018

18 Statement of board of directors' opinion as to whether the revenue or profit estimate, forecast, projection or internal targets are likely to be achieved

Not applicable. The Company has not announced or disclosed any estimates, forecasts, projections or internal targets.

19 Variance of actual profit from forecast profit or profit guarantee

Not applicable.

20 Taxation

	Current Quarter Ended 30 Sep 2018 RM'000	Current Year To Date Ended 30 Sep 2018 RM'000
Malaysian income tax:		
Current tax	1,629	4,775
Underprovision of tax in prior year	370	370
Deferred tax	(186)	(233)
Income tax expense	1,813	4,913

The effective tax rate for the financial period ended 30 September 2018 is higher than the statutory tax rate due to certain non-deductible expenses for tax purposes.

21 Corporate proposals

- (a) Status of corporate proposals
Not applicable.
- (b) Status of utilisation of proceeds
Not applicable.

22 Group borrowings and debt security

There was no borrowing and debt security as at 30 September 2018.

23 Changes in material litigation

There was no material litigation since the date of the last financial position as at 31 December 2017.

24 Dividends

No interim ordinary dividend has been declared for the quarter ended 30 September 2018.

25 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit net of tax for the year by the weighted average number of shares in issue during the year.

	Current Quarter Ended 30 Sep 2018	Current Year To Date Ended 30 Sep 2018
Profit net of tax (RM'000)	2,729	11,821
Weighted average number of ordinary shares in issue ('000)	74,853	74,853
Basic earnings per share (sen)	3.65	15.79

(b) Diluted earnings per share

Not applicable.

26 Disclosure requirements to the Statement of Comprehensive Income

	Current Quarter Ended 30 Sep 2018 RM'000	Current Year to date Ended 30 Sep 2018 RM'000
(a) dividend income	16	167
(b) interest expense	} Nil	} Nil
(c) provision for and write off of receivables		
(d) provision for and write off of inventories	} 2	} 28
(e) gain or loss on disposal of quoted or unquoted investments or properties		
(f) impairment of assets	} Nil	} Nil
(g) foreign exchange gain or loss		
(h) gain or loss on derivatives		
(i) exceptional items		

27 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors.

By Order of the Board

Teo Mee Hui (MAICSA 7050642)
Secretary

Kuala Lumpur
Date: 21 November 2018