

AMALGAMATED INDUSTRIAL STEEL BERHAD

Condensed Consolidated Statement Of Comprehensive Income For The Quarter Ended 31 March 2015

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	3 months ended		Current Year To date	Preceding Year Corresponding Period
	31.03.2015	31.03.2014	3 months ended 31.03.2015	3 months ended 31.03.2014
	RM	RM	RM	RM
Revenue	19,556,945	23,958,647	19,556,945	23,958,647
Operating expenses	(20,785,714)	(23,803,113)	(20,785,714)	(23,803,113)
Other operating income	89,118	36,377	89,118	36,377
(Loss)/ Profit from operations	(1,139,651)	191,911	(1,139,651)	191,911
Finance cost	(544,782)	(559,277)	(544,782)	(559,277)
(Loss)/ Profit from ordinary activities before tax	(1,684,433)	(367,366)	(1,684,433)	(367,366)
Fair value gain on investment property	-	-	-	-
Net (loss)/ profit before tax	(1,684,433)	(367,366)	(1,684,433)	(367,366)
Tax income/ (expenses)	450,941	(3,034)	450,941	(3,034)
(Loss)/ Profit for the period	(1,233,492)	(370,400)	(1,233,492)	(370,400)
Other comprehensive income net of tax				
Gain on revaluation of property	-	-	-	-
Total comprehensive income for the period	(1,233,492)	(370,400)	(1,233,492)	(370,400)
(Loss)/ Profit attributable to:				
Owners of the Parent	(1,233,492)	(370,400)	(1,233,492)	(370,400)
Non-Controlling Interest	-	-	-	-
	(1,233,492)	(370,400)	(1,233,492)	(370,400)
Total comprehensive income attributable to:				
Owners of the Parent	(1,233,492)	(370,400)	(1,233,492)	(370,400)
Non-Controlling Interest	-	-	-	-
	(1,233,492)	(370,400)	(1,233,492)	(370,400)
Notes				
Included under Operating Expenses:				
- Inventories written down	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
- Provision for doubtful debt	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Included under Other Operating Incomes:				
- Foreign exchange gain / (loss)	<u>53,461</u>	<u>16,528</u>	<u>53,461</u>	<u>16,528</u>
- Gain on disposal of assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	sen	sen	sen	sen
(Loss)/Earnings per share:				
- basic	(0.93)	(0.33)	(0.93)	(0.33)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014.

AMALGAMATED INDUSTRIAL STEEL BERHAD

Condensed Consolidated Statement Of Financial Position As At 31 March 2015

	3 months ended 31.03.2015 RM	12 months ended 31.12.2014 RM
NON-CURRENT ASSETS		
Property, plant and equipment	48,516,017	48,614,804
Investment property	61,000,000	61,000,000
Other investments	13,273	13,273
	109,529,290	109,628,077
CURRENT ASSETS		
Inventories	22,236,907	22,722,178
Trade receivables	21,806,846	20,728,235
Other receivables, deposits and prepayments	608,703	423,358
Current tax assets	62,415	110,605
Cash and cash equivalents	4,744,059	4,081,657
	49,458,930	48,066,033
TOTAL ASSETS	158,988,220	157,694,110
EQUITY		
Share capital	13,187,498	12,052,188
Capital reserve	48,331,986	48,208,750
Reserves, non-distributable	52,135,704	49,624,766
Unappropriated profit	7,202,709	8,436,201
Treasury shares	(3,724,544)	(3,724,544)
TOTAL SHAREHOLDERS' EQUITY	117,133,353	114,597,361
NON-CURRENT LIABILITIES		
Retirement benefit obligations	295,605	285,705
Deferred tax liabilities	1,559,462	2,010,404
	1,855,067	2,296,109
CURRENT LIABILITIES		
Trade payables	10,362,750	4,496,710
Other payables	1,311,050	1,171,930
Bank borrowings	28,326,000	35,132,000
	39,999,800	40,800,640
TOTAL LIABILITIES	41,854,867	43,096,749
TOTAL EQUITY AND LIABILITIES	158,988,220	157,694,110

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014.

AMALGAMATED INDUSTRIAL STEEL BERHAD

Condensed Consolidated Statement Of Cash Flows

	3 Months to 31/3/2015 RM	Audited 2014 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	(1,684,433)	(2,648,560)
Amortization of club membership	91	363
Depreciation of property, plant & equipment	216,787	1,322,832
Fair value gain on investment properties	-	(2,400,000)
Gain on disposal of property, plant and equipment	(30,000)	(313,993)
Property, plant and equipment written off	-	823
Impairment loss on equipment	-	30,001
Interest income	1,537	(4,729)
Interest expense	544,782	2,206,185
Inventories written down	-	88,299
Retirement benefit obligations	9,900	(8,010)
Unrealized gain on foreign exchange	53,461	(11,991)
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Operating loss before working capital changes	(887,875)	(1,738,780)
(Increase)/Decrease in inventories	485,271	7,562,016
(Increase)/Decrease in trade and other receivables	(1,263,956)	3,874,031
Increase/(Decrease) in trade and other payables	6,005,159	398,970
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CASH FROM OPERATIONS	4,338,599	10,096,237
Retirement benefit paid	-	(11,682)
Income tax refund	48,190	39,670
NET CASH FROM OPERATING ACTIVITIES	<hr/>	<hr/>
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES	4,386,789	10,124,225
Interest received	1,537	4,729
Purchase of property, plant and equipment	(118,000)	(64,000)
Proceeds from disposal of property, plant and equipment	30,000	314,000
NET CASH FROM/(FOR) INVESTING ACTIVITIES	(86,463)	254,729
CASH FLOWS FOR FINANCING ACTIVITIES		
Cash received from Share Placement	3,742,858	
(Repayment)/Additional bank borrowings	(6,806,000)	(8,705,000)
Interest paid	(544,782)	(2,206,185)
NET CASH FOR FINANCING ACTIVITIES	(3,607,924)	(10,911,185)
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES	692,402	(532,231)
CASH AND BANK BALANCES : -		
AT BEGINNING OF THE FINANCIAL YEAR	4,081,657	4,613,388
AT END OF FINANCIAL YEAR	<hr/>	<hr/>
	4,774,059	4,081,157

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statement for the year ended 31 December 2014

AMALGAMATED INDUSTRIAL STEEL BERHAD

Condensed Consolidated Statement Of Changes In Equity For The Three Months Ended 31 March 2015

	Attributable To Owners Of The Parent									
	Issued and fully paid ordinary share of 10 sen each		Treasury Shares		Non-distributable			Distributable		Total Equity
	Number of shares	Nominal value	Number of shares	Purchased value	Share premium	Asset Revaluation Reserve	Capital reserve	Retained profit	RM	RM
		RM		RM	RM	RM	RM	RM		
At 1 January 2014	120,521,875	60,260,938	(6,797,300)	(3,724,544)	28,751	43,929,191		7,575,466	108,069,802	
Par value reduction	-	(48,208,750)	-	-	-	-	48,208,750	-	-	
Realisation of reserve on amortisation of revalued properties	-	-	-	-	-	(460,147)	-	460,147	-	
Profit after taxation for the financial year	-	-	-	-	-	-	-	400,588	400,588	
Other comprehensive income for the financial year	-	-	-	-	-	6,126,971	-	-	6,126,971	
Total comprehensive income for the year	-	-	-	-	-	6,126,971	-	400,588	6,527,559	
Balance as at 31 December 2014	120,521,875	12,052,188	(6,797,300)	(3,724,544)	28,751	49,596,015	48,208,750	8,436,201	114,597,361	
At 1 January 2015	120,521,875	12,052,188	(6,797,300)	(3,724,544)	28,751	49,596,015	48,208,750	8,436,201	114,597,361	
Issue of new shares - Share Placement	11,353,100	1,135,310			2,634,174	(123,236)		123,236	3,769,484	
Realization of reserve on amortization of revalued properties									-	
Total comprehensive income for the period								(1,233,492)	(1,233,492)	
Balance as at 31 March 2015	131,874,975	13,187,498	(6,797,300)	(3,724,544)	2,662,925	49,472,779	48,208,750	7,325,945	117,133,353	

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014.

AMALGAMATED INDUSTRIAL STEEL BERHAD

(Company No. 9118-M)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2015

EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1 Review of Performance of the Group and Company

The Group's revenue for the first quarter ended 31 March 2015 ("Q1") was RM19.56 million, 18% lower than the revenue of RM23.96 million recorded in the previous corresponding quarter ("PCQ1"). The drop in sales was attributable to the continuing sluggish market condition in Q1.

The low production volume in Q1 resulted in high unabsorbed manufacturing cost which affected the profit margin resulting in a higher net loss before tax of RM1.68 million in Q1, as compared to a net loss before tax of RM0.37 million in PCQ1.

The Company is dormant after transferring its business operation to a subsidiary at the beginning of the new financial year. Its income is mainly rental and management fee from its subsidiary. It suffered a loss of RM0.24 before tax in the current quarter. Comparatively, it registered a profit of RM5.82 million in the preceding quarter, after accounting for gain of RM5.33 million on transfer of assets to a subsidiary and fair value gain of RM2.4 million on investment property.

B2 Material Changes in the Group Quarterly Results Compared to the Results of the Preceding Quarter

The Group's revenue of RM19.56 million for the period ended 31 March 2015 was 0.76% lower than the revenue of RM19.71 million recorded in the previous quarter. Although the Group recorded slightly lower sales volume, slightly better product margin from pricing control and lower operating

expenses contributed to the lower net loss before tax of RM1.68 million compared to RM1.72 million, before fair value gain on investment property of RM2.4 million, for the preceding quarter.

B3 Current Year Prospects

The Government had instituted anti-dumping actions against certain steel mills from various countries at specified rates. In 2015, non-ASEAN material origin not subjected to anti-dumping duties, normal duty applicable has been reduced from 20 % to 15 %. As international price is expected to remain weak during the first half of 2015, excessive cheap steel material will continue to be imported and is expected to depress local steel prices.

For the second half of the current year, the Group will commence to implement the initial stage of property development at Jalan Playar. Revenue is expected to arise in 2016.

Regardless, for this year, Management will focus to trade within its resources to keep operating cost lean, to optimize working capital and improve cash flow.

B4 Profit Forecast or Profit Guarantee

This is not applicable to the Group.

B5 Taxation

	Current Quarter 3 months ended 31.03.2015 RM	Preceding Year Corresponding Quarter 31.03.2014 RM	Current Year To-date Ended 31.03.2015 RM	Correspon ding Period Ended 31.03.2014 RM
In respect of :-				
current period				
- income tax	450,941	-	450,941	-
- deferred tax	-	(3,034)	-	(3,034)
prior period				
- income tax	-	-	-	-
- deferred tax	2,874,614	-	2,874,614	-
- deferred tax on fair value gain of investment property	(120,000)	-	(120,000)	-
	<u>3,205,555</u>	<u>(3,034)</u>	<u>3,205,555</u>	<u>(3,034)</u>
Tax (expense)/ income				

The Company and its subsidiaries reported operating losses for the financial period ended 31 March 2015 and the loss of the Company is available for utilization against future taxable profit.

B6 Status of Corporate Proposals

The proposed diversification in operations to include property development business has been approved in the EGM on 16th February 2015.

The proposed private placement of 11,372,457 new ordinary shares of RM0.10 each was completed at the end of March 2015 with 11,353,100 shares being issued at an issue price of RM0.34 per share.

B7 Group Borrowings and Debt Securities

The total Group borrowings of RM36.3 million were to be secured by way of a charge on two pieces of land bearing title number H.S. (D) 167540 located at Mukim Damansara, Daerah Petaling, and H.S. (D) 168507 located at Bandar Shah Alam, Daerah Petaling. The land charge has yet to be perfected.

B8 Pending Material Litigation

There was no pending material litigation for the quarter.

B9 Dividend Payable

No interim dividend has been declared for the year ended 31 December 2014 (31 December 2013: Nil).

B10 (Loss)/Earnings per Share

	Current Year Quarter Ended 31.03.2015 RM	Preceding Year Corresponding Quarter Ended 31.03.2014 RM	Current Year To-date Ended 31.03.2015 RM	Preceding Year Corresponding Period Ended 31.03.2014 RM
a) <u>Basic (loss)/earnings per share</u>				
(Loss)/ profit for the financial period attributable to owners of the Parent (<i>RM</i>)	(1,233,493)	(370,400)	(1,233,493)	(370,400)
Weighted average number of ordinary shares in issue	131,874,975	113,724,575	131,874,975	113,724,575
Basic (loss) / earning per share (<i>Sen</i>)	(0.93)	(0.33)	(0.93)	(0.33)
b) <u>Diluted earnings/ (loss) per share</u>				
This is not applicable to the Group.				

*AISB-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR
THE FOURTH QUARTER ENDED 31 DECEMBER 2014
-EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT (Cont'd)*

B11	Disclosure of realised and unrealised profits/ (losses)		
	Current Year Quarter Ended 31.03.15 <u>RM</u>	Preceding Year Corresponding Quarter 31.03.14 <u>RM</u>	As at the end of last financial year 31.12.2014 <u>RM</u>
Total retained profits / (accumulated losses) of the Group:			
- Realized	4,906,919	(700,834)	6,140,411
- Unrealized	<u>2,419,026</u>	<u>33,734,396</u>	<u>2,295,790</u>
Total Group retained profit as per consolidated accounts	<u>7,325,945</u>	<u>33,033,562</u>	<u>8,436,201</u>