

# AMALGAMATED INDUSTRIAL STEEL BERHAD

## Condensed Consolidated Statement Of Comprehensive Income For The Quarter Ended 30 September 2015

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year 3rd Quarter 01.07.2015 to 30.09.2015 RM	Preceding Year Corresponding Quarter RM	Current Year To-date 01.01.2015 to 30.09.2015 RM	Preceding Year Corresponding Period RM
Revenue	17,306,857	18,862,556	53,199,490	60,614,192
Operating expenses	(18,101,697)	(19,894,765)	(56,432,776)	(62,104,164)
Other operating income	229,201	(11,579)	1,046,613	46,043
<b>(Loss)/ Profit from operations</b>	<b>(565,639)</b>	<b>(1,043,788)</b>	<b>(2,186,673)</b>	<b>(1,443,929)</b>
Finance cost	(457,645)	(719,992)	(1,471,760)	(1,885,015)
<b>(Loss)/ Profit from ordinary activities before tax</b>	<b>(1,023,284)</b>	<b>(1,763,780)</b>	<b>(3,658,433)</b>	<b>(3,328,944)</b>
Fair value gain on investment property	-	-	-	-
<b>Net (loss)/ profit before tax</b>	<b>(1,023,284)</b>	<b>(1,763,780)</b>	<b>(3,658,433)</b>	<b>(3,328,944)</b>
Tax income/ (expenses)	284,127	305,820	881,981	544,425
<b>(Loss)/ Profit for the period</b>	<b>(739,157)</b>	<b>(1,457,960)</b>	<b>(2,776,452)</b>	<b>(2,784,519)</b>
<b>Other comprehensive income net of tax</b>				
Gain on revaluation of property	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>(739,157)</b>	<b>(1,457,960)</b>	<b>(2,776,452)</b>	<b>(2,784,519)</b>
<b>(Loss)/ Profit attributable to:</b>				
Owners of the Parent	(739,157)	(1,457,960)	(2,776,452)	(2,784,519)
Non-Controlling Interest	-	-	-	-
<b>Total comprehensive income attributable to:</b>				
Owners of the Parent	(739,157)	(1,457,960)	(2,776,452)	(2,784,519)
Non-Controlling Interest	-	-	-	-
<b>(Loss)/Earnings per share:</b>				
- basic	<u>sen</u> (0.59)	<u>sen</u> (1.28)	<u>sen</u> (2.22)	<u>sen</u> (2.45)
<b>Notes</b>				
<b>Included under Operating Expenses:</b>				
- 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>
<b>Included under Other Operating Incomes:</b>				
- Foreign exchange gain / (loss)	<u>173,218</u>	<u>(67,865)</u>	<u>299,081</u>	<u>(60,268)</u>
- Gain on disposal of assets	<u>2,996</u>	<u>0</u>	<u>2,996</u>	<u>0</u>

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 30 September 2015

	<b>9 months ended 30.09.2015 RM</b>	<b>12 months ended 31.12.2014 RM</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	48,030,767	48,614,804
Investment property	61,000,000	61,000,000
Other investments	13,273	13,273
Deferred expenditure	78,768	-
	<b>109,122,808</b>	<b>109,628,077</b>
<b>CURRENT ASSETS</b>		
Inventories	20,307,949	22,722,178
Trade receivables	20,649,272	20,728,235
Other receivables, deposits and prepayments	1,509,954	423,358
Current tax assets	39,481	110,605
Cash and cash equivalents	2,230,843	4,081,657
	<b>44,737,499</b>	<b>48,066,033</b>
<b>TOTAL ASSETS</b>	<b>153,860,307</b>	<b>157,694,110</b>
<b>EQUITY</b>		
Share capital	13,187,498	12,052,188
Capital reserve	48,208,750	48,208,750
Share premium	2,655,217	28,751
Reserves, non-distributable	49,250,905	49,596,015
Unappropriated profit	6,014,858	8,436,201
Treasury shares	(3,724,544)	(3,724,544)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>115,592,684</b>	<b>114,597,361</b>
<b>NON-CURRENT LIABILITIES</b>		
Retirement benefit obligations	202,452	285,705
Deferred tax liabilities	1,105,489	2,010,404
	<b>1,307,941</b>	<b>2,296,109</b>
<b>CURRENT LIABILITIES</b>		
Trade payables	6,699,294	4,496,710
Other payables	1,358,388	1,171,930
Bank borrowings	28,902,000	35,132,000
	<b>36,959,682</b>	<b>40,800,640</b>
<b>TOTAL LIABILITIES</b>	<b>38,267,623</b>	<b>43,096,749</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>153,860,307</b>	<b>157,694,110</b>

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 Changes In Equity For The Nine Months Ended 30 September 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	Total Equity	
										RM
<b>At 1 January 2014</b>	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)	-	-	-	-	-	-	-	
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	
<b>Balance as at 31 December 2014</b>	<b>120,521,875</b>	<b>12,052,188</b>	<b>(6,797,300)</b>	<b>(3,724,544)</b>	<b>28,751</b>	<b>49,596,015</b>	<b>48,208,750</b>	<b>8,436,201</b>	<b>114,597,361</b>	
<b>At 1 January 2015</b>	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	-	-	2,626,466	(345,110)	-	345,110	3,761,776	
Realization of reserve on amortization of revalued properties	-	-	-	-	-	-	-	-	-	
Total comprehensive income for the period	-	-	-	-	-	-	-	(2,766,452)	(2,766,452)	
<b>Balance as at 30 September 2015</b>	<b>131,874,975</b>	<b>13,187,498</b>	<b>(6,797,300)</b>	<b>(3,724,544)</b>	<b>2,655,217</b>	<b>49,250,905</b>	<b>48,208,750</b>	<b>6,014,859</b>	<b>115,592,685</b>	

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

## Condensed Consolidated Statement Of Cash Flows

	9 Months to 30.09.2015 RM	Audited 2014 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	(3,658,433)	(2,648,560)
Amortization of club membership	-	363
Depreciation of property, plant & equipment	653,030	1,322,832
Fair value gain on investment properties	-	(2,400,000)
Gain on disposal of property, plant and equipment	(2,996)	(313,993)
Property, plant and equipment written off	-	823
Impairment loss on equipment	-	30,001
Interest income	(5,605)	(4,729)
Interest expense	1,471,760	2,206,185
Inventories written down	-	88,299
Retirement benefit obligations	15,972	(8,010)
Unrealized gain on foreign exchange	-	(11,991)
	<hr/>	<hr/>
Operating loss before working capital changes	(1,526,272)	(1,738,780)
(Increase)/Decrease in inventories	2,414,229	7,562,016
(Increase)/Decrease in trade and other receivables	(1,007,633)	3,874,031
Increase/(Decrease) in trade and other payables	2,389,042	398,970
<b>CASH FROM OPERATIONS</b>	<hr/>	<hr/>
	2,269,366	10,096,237
Retirement benefit paid	(99,225)	(11,682)
Income tax refund	48,190	39,670
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<hr/>	<hr/>
	2,218,331	10,124,225
<b>CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES</b>		
Interest received	5,605	4,729
Purchase of property, plant and equipment	(196,768)	(64,000)
Proceeds from disposal of property, plant and equipment	62,002	314,000
<b>NET CASH FROM/(FOR) INVESTING ACTIVITIES</b>	(129,161)	254,729
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Cash received from Share Placement	3,761,776	-
(Repayment)/Additional bank borrowings	(6,230,000)	(8,705,000)
Interest paid	(1,471,760)	(2,206,185)
<b>NET CASH FOR FINANCING ACTIVITIES</b>	(3,939,984)	(10,911,185)
<b>NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES</b>	(1,850,814)	(532,231)
<b>CASH AND BANK BALANCES : -</b>		
AT BEGINNING OF THE FINANCIAL YEAR	4,081,657	4,613,388
AT END OF FINANCIAL YEAR	<hr/>	<hr/>
	2,230,843	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**  
(Company No. 9118-M)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR  
THE THIRD QUARTER ENDED 30 SEPTEMBER 2015**

**NOTES TO THE INTERIM FINANCIAL REPORT**

**A1 Accounting Policies and Methods of Computation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 134 “Interim Financial Reporting”, International Financial Reporting Standards (“IFRS”) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2014. 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 year ended 31 December 2014.

The accounting policies and methods of computation used in preparing the interim financial statements are consistent with those adopted for the audited financial statements for the year ended 31 December 2014.

The Group and Company have not applied the following MFRSs, Amendments to MFRSs, Issue Committee Interpretations (“IC Interpretations”) and Amendments to IC Interpretation that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective.

<u>New/Revised MFRSs, Amendments to MFRSs, IC Interpretations and Amendments to IC Interpretation</u>		<u>Effective for financial periods beginning on or after</u>
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with	1 January 2017

Customers

Amendments to MFRS 10 and MFRS 128 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11	Accounting for Acquisitions of Interest in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011)	Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101	Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortization	1 January 2016
Amendments to MFRS 116 and MFRS 141	Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 119	Defined Benefit Plans; Employee Contributions	1 July 2014
Amendments to MFRS 127 (2011)	Equity Method in Separate Financial Statements	1 January 2016
Annual Improvement	to MFRSs 2010 - 2012 Cycle	1 July 2014
Annual Improvement	to MFRSs 2011 – 2013 Cycle	1 July 2014
Annual Improvement	to MFRSs 2012 – 2014 Cycle	1 January 2016

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows: -

- (a) MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. There will be no material impact on the financial statements of the Group upon its initial application.
- (b) MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognize revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or

services underlying the particular performance obligation is transferred to the customers. In addition, extensive disclosures are required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future is not expected to have a material impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group performs a detailed review.

- (c) The amendments to MFRS 119 simplify the accounting treatment of contributions from employees and third parties to defined benefit plans. Contributions that are independent of the number of years of service shall be recognized as a reduction in the service cost in the period in which the related service is rendered. For contributions that are dependent on the number of years of service, the Company is required to attribute those contributions to periods of service using either based on the plan's contribution formula or on a straight-line basis, as appropriate. There will be no material impact on the financial statements of the Group upon its initial application.

**A2 Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the year ended 31 December 2014 was not qualified.

**A3 Comments about Seasonal or Cyclical Factors**

The business operation of the Group may, generally, be deemed seasonal and cyclical. In most years, a drop occurred around the time of major local festivities, specifically Hari Raya and Chinese New Year.

**A4 Unusual Items Due to their Nature, Size or Incidence**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter.

**A5 Material Changes in Estimates**

There have been no significant changes in estimates used for the preparation of the interim financial statements.

**A6 Debt and Equity Securities**

There were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial year-

to-date, except for the private placement of 11,353,100 new ordinary shares at an issue price of RM0.34 each, which was completed at end of March 2015.

**A7 Dividend Paid**

There was no declaration of dividend for the current financial year, up to the third quarter ended 30 September 2015.

**A8 Operating Segment Information**

	<b>3 months ended 30.09.2015</b>	<b>9 months ended 30.09.2015</b>	<b>9 months ended 30.09.2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b><u>Segment Revenue</u></b>			
Local	12,978,624	42,685,090	52,341,032
Overseas	4,328,233	10,514,400	8,273,160
	<u>17,306,857</u>	<u>53,199,490</u>	<u>60,614,192</u>
<b><u>Segment Results</u></b>			
Local	(606,592)	(1,902,707)	(1,197,778)
Overseas	40,953	(283,966)	246,151
	<u>( 565,639)</u>	<u>(2,186,673)</u>	<u>(1,443,929)</u>
Profit/ (Loss) from operations	( 565,639)	(2,186,673)	(1,443,929)
Finance cost	(457,645)	(1,471,760)	(1,885,015)
Fair value gain on Investment Property	0	0	0
Tax income/ (expense)	284,127	881,981	544,425
	<u>( 739,157)</u>	<u>(2,776,452)</u>	<u>(2,784,519)</u>
Profit/ (Loss) for the period	( 739,157)	(2,776,452)	(2,784,519)



**A9 Subsequent Events**

There were no material events subsequent to the end of the current period, up to the date of this announcement, that have not been reflected in the financial statements for the period ended 30 September 2015.

**A10 Changes in Composition of the Group**

There were no changes in the composition of the Group during the quarter.

**A11 Contingent Liabilities or Assets**

The contingent liability and contingent asset of the Group as at end of the previous financial year ended 31December 2014 have remained unchanged.

**A12 Capital Commitments**

There is no capital commitments provided for in the interim financial statements as at 30 September 2015.

# AMALGAMATED INDUSTRIAL STEEL BERHAD

(Company No. 9118-M)

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2015

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

#### B1 Review of Performance

Group revenue for the third quarter ended 30 September 2015 (“Q3”) was RM17.31 million, 8.22% lower than the revenue of RM18.86 million recorded in the previous corresponding quarter (“PCQ3”). The drop in sales was attributable to the continuing sluggish market condition.

The pre-tax loss of RM1.02 million recorded in Q3 was lower by RM0.74 million as compared to pre-tax loss of RM1.76 million in PCQ3. This was due to higher other income and reduction in finance cost.

Current year-to-date turnover was RM7.41 million lower at RM53.20 million as compared to previous corresponding period of RM60.61 million. Comparatively, the current year-to-date pre-tax loss of RM3.66 million was slightly higher than the previous corresponding period by RM0.33 million.

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

Group revenue of RM17.31 million for Q3 was 5.94% higher than the revenue of RM16.34 million recorded in preceding quarter (“Q2”). Although the Group recorded slightly higher sales volume in Q3, its pre-tax loss was RM1.02 million compared to RM0.95 million in Q2. The lower loss in Q2 was mainly due to higher other income.

**B3 Current Year Prospects**

International steel prices had dropped at rates faster than those of local supplies. This had earlier encouraged steel manufacturers to take position to import more steel at lower cost. During the third quarter and onwards, despite overseas steel prices being cheaper in USD term, the depreciation of the Malaysian Ringgit to as low as RM4.40 per USD is a real concern to industry players with regard to foreign exchange losses and uplift in product costs.

During the current period, a local producer of hot rolled coils has petitioned to the Ministry of Trade and Industry to institute safeguard measures against rampant foreign imports of raw materials and this is in the midst of public hearing. The price situation for local hot rolled coils will much depend on the development of this petition and the fluctuation of foreign exchange.

Management will focus trading within its available resources to keep operation cost lean vide optimizing working capital and conserving cash flows.

**B4 Profit Forecast or Profit Guarantee**

This is not applicable to the Group.

**B5 Taxation**

	<b>Current Quarter 3 months ended 30.09.2015 RM</b>	<b>Preceding Year Corresponding Quarter 30.09.2014 RM</b>	<b>Current Year To-date Ended 30.09.2015 RM</b>	<b>Corresponding Period Ended 30.09.2014 RM</b>
In respect of :-				
current period				
- income tax	-	-	-	-
- deferred tax	284,127	305,820	881,981	544,425
prior period				
- income tax	-	-	-	-
- deferred tax	146,913	-	-	-
- deferred tax on fair value gain of investment property	-	-	-	-
<b>Tax (expense)/ income</b>	<b>431,040</b>	<b>305,820</b>	<b>881,981</b>	<b>544,425</b>

The Company and its subsidiaries reported operating losses for the financial period ended 30 September 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 16<sup>th</sup> 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. The full proceed from the placement was received on 3<sup>rd</sup> April 2015.

**B7 Group Borrowings and Debt Securities**

The total Group borrowings of RM28.90 million as at Q3 are 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.

**B8 Pending Material Litigation**

There was no pending material litigation for the quarter.

**B9 Dividend Payable**

No interim dividend has been declared for the financial period ended 30 September 2015.

B10 **(Loss)/Earnings per Share**

	<b>Current Year Quarter Ended  30.09.2015 RM</b>	<b>Preceding Year Corresponding Quarter Ended  30.09.2014 RM</b>	<b>Current Year To-date Ended  30.09.2015 RM</b>	<b>Preceding Year Corresponding Period Ended  30.09.2014 RM</b>
a) <b><u>Basic (loss)/earnings per share</u></b>				
(Loss)/ profit for the financial period attributable to owners of the Parent (RM)	(1,023,284)	(1,457,960)	(3,658,433)	(2,784,519)
Weighted average number of ordinary shares in issue	125,077,675	113,724,575	125,077,675	113,724,575
Basic (loss) / earning per share (Sen)	(0.82)	(1.28)	(2.92)	(2.45)
b) <b><u>Diluted earnings/ (loss) per share</u></b>				
This is not applicable to the Group.				

*AISB-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR  
THE THIRD QUARTER ENDED 30 SEPTEMBER 2015  
-EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT (Cont'd)*

B11	<b>Disclosure of realised and unrealised profits/ (losses)</b>		
	Current Year Quarter Ended 30.09.15 <u>RM</u>	Preceding Year Corresponding Quarter 30.09.14 <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: <ul style="list-style-type: none"> <li>- Realized</li> <li>- Unrealized</li> </ul> Total Group retained profit as per consolidated accounts	6,014,859  <u>NIL</u>  <u>6,014,859</u>	(3,662,414)  <u>34,281,857</u>  <u>32,619,443</u>	6,140,411 <u>2,295,790</u>  <u>8,436,201</u>