

AMALGAMATED INDUSTRIAL STEEL BERHAD

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year 4th Quarter 01.10.2015 to 31.12.2015 RM	Preceding Year Corresponding Quarter RM	Current Year To-date 01.01.2015 to 31.12.2015 RM	Preceding Year Corresponding Period RM
Revenue	16,558,589	19,711,440	69,758,079	80,325,632
Operating expenses	(17,947,222)	(21,631,116)	(74,379,998)	(83,735,284)
Other operating income	735,151	529,968	1,781,764	567,277
Profit/(Loss) from operations	(653,482)	(1,389,708)	(2,840,155)	(2,842,375)
Finance cost	(268,434)	(329,905)	(1,740,194)	(2,206,185)
Profit/(Loss) from ordinary activities before tax	(921,916)	(1,719,613)	(4,580,349)	(5,048,560)
Fair value gain on investment property	-	2,400,000	-	2,400,000
Net profit/(loss) before tax	(921,916)	680,387	(4,580,349)	(2,648,560)
Tax income/ (expenses)	(2,804,579)	2,504,721	(1,922,598)	3,049,148
Profit/(Loss) for the period	(3,726,495)	3,185,108	(6,502,947)	400,588
Other comprehensive income net of tax				
Surplus arising from revaluation of land & building	-	6,126,971	-	6,126,971
Total comprehensive income for the period	(3,726,495)	9,312,079	(6,502,947)	6,527,559
Profit/(Loss) attributable to:				
Owners of the Parent	(3,726,495)	3,185,108	(6,502,947)	400,588
Non-Controlling Interest	-	-	-	-
	(3,726,495)	3,185,108	(6,502,947)	400,588
Total comprehensive income attributable to:				
Owners of the Parent	(3,726,495)	9,312,079	(6,502,947)	6,527,559
Non-Controlling Interest	-	-	-	-
	(3,726,495)	9,312,079	(6,502,947)	6,527,559
Notes				
Included under Operating Expenses:				
- Inventories written down	<u>263,475</u>	<u>(88,300)</u>	<u>263,475</u>	<u>(88,300)</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>281,998</u>	<u>40,017</u>	<u>581,079</u>	<u>(20,251)</u>
- Gain on disposal of assets	<u>275,837</u>	<u>313,993</u>	<u>278,833</u>	<u>313,993</u>
(Loss)/Earnings per share:	sen	sen	sen	sen
- basic	(2.98)	2.80	(5.20)	0.35

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 December 2015

	12 months ended 31.12.2015 RM	12 months ended 31.12.2014 RM
NON-CURRENT ASSETS		
Property, plant and equipment	49,145,791	48,614,804
Investment property	61,000,000	61,000,000
Other investments	12,909	13,273
Trade marks	24,005	-
Deferred expenditure	133,636	-
	110,316,341	109,628,077
CURRENT ASSETS		
Inventories	15,792,355	22,722,178
Trade receivables	20,048,302	20,728,235
Other receivables, deposits and prepayments	757,124	423,358
Current tax assets	62,415	110,605
Cash and cash equivalents	3,922,140	4,081,657
	40,582,336	48,066,033
TOTAL ASSETS	150,898,677	157,694,110
EQUITY		
Share capital	13,187,497	12,052,188
Capital reserve	48,208,750	48,208,750
Share premium	2,655,217	28,751
Reserves, non-distributable	50,203,452	49,596,015
Unappropriated profit	2,825,818	8,436,201
Treasury shares	(3,724,544)	(3,724,544)
TOTAL SHAREHOLDERS' EQUITY	113,356,190	114,597,361
NON-CURRENT LIABILITIES		
Retirement benefit obligations	212,352	285,705
Deferred tax liabilities	4,433,002	2,010,404
	4,645,354	2,296,109
CURRENT LIABILITIES		
Trade payables	2,314,391	4,496,710
Other payables	862,742	1,171,930
Bank borrowings	29,720,000	35,132,000
	32,897,133	40,800,640
TOTAL LIABILITIES	37,542,487	43,096,749
TOTAL EQUITY AND LIABILITIES	150,898,677	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 Changes In Equity For The Nine Months Ended 31 December 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 RM	Number of shares	Purchased value RM	Share premium RM	Asset Revaluation Reserve RM	Capital reserve RM	Retained profit RM	Total Equity RM	
At 1 January 2014	120,521,875	60,260,938	(6,797,300)	(3,724,544)	28,751	43,929,191	48,208,750	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	
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	1,135,309	-	-	2,626,466	(893,310)	-	893,310	3,761,775	
Realization of reserve on amortization of revalued properties	-	-	-	-	-	-	-	-	-	
Profit after taxation for the financial year	-	-	-	-	-	-	-	(6,502,946)	(6,502,946)	
Other comprehensive income for the financial year	-	-	-	-	-	1,500,000	-	-	1,500,000	
Total comprehensive income for the period	-	-	-	-	-	1,500,000	-	(6,502,946)	(5,002,946)	
Balance as at 31 December 2015	131,874,975	13,187,497	(6,797,300)	(3,724,544)	2,655,217	50,202,705	48,208,750	2,826,565	113,356,190	

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

	12 Months to 31/12/2015 RM	Audited 2014 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	(4,580,348)	(2,648,560)
Adjustment for: -		
Amortization of club membership	364	363
Depreciation of property, plant & equipment	1,263,516	-
Fair value gain on investment properties	-	(2,400,000)
Gain on disposal of property, plant and equipment	(278,833)	(313,993)
Property, plant and equipment written off	35,327	823
Impairment loss on equipment	-	30,001
Interest income	(8,049)	(4,729)
Interest expense	1,740,194	2,206,185
Inventories written off	7,961	-
Inventories written down	263,475	88,299
Retirement benefit obligations	39,600	(8,010)
Unrealized gain on foreign exchange	(93,168)	(11,991)
Operating loss before working capital changes	(1,609,961)	(3,061,612)
(Increase)/Decrease in inventories	6,658,387	7,562,016
(Increase)/Decrease in trade and other receivables	439,335	3,874,031
Increase/(Decrease) in trade and other payables	(2,491,507)	398,970
CASH FROM OPERATIONS	2,996,254	8,773,405
Retirement benefit paid	(112,953)	(11,682)
Income tax refund	48,190	39,670
NET CASH FROM OPERATING ACTIVITIES	2,931,491	8,801,393
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES		
Interest received	8,049	4,729
Purchase of property, plant and equipment	(58,997)	(64,000)
Deferred expenditure	(133,636)	-
Trade Marks	(24,005)	-
Proceeds from disposal of property, plant and equipment	508,000	314,000
NET CASH FROM/(FOR) INVESTING ACTIVITIES	299,411	254,729
CASH FLOWS FOR FINANCING ACTIVITIES		
Cash received from Private Placement	3,860,053	-
Expenses incurred on Private Placement	(98,278)	-
Drawdown of bankers' acceptance	43,143,000	-
Repayment of bankers' acceptance	(48,555,000)	(8,705,000)
Interest paid	(1,740,194)	(2,206,185)
NET CASH FOR FINANCING ACTIVITIES	(3,390,419)	(10,911,185)
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES	(159,517)	(532,231)
CASH AND BANK BALANCES : -		
AT BEGINNING OF THE FINANCIAL YEAR	4,081,657	4,613,888
AT END OF FINANCIAL PERIOD	<u>3,922,140</u>	<u>4,081,657</u>

AMALGAMATED INDUSTRIAL STEEL BERHAD
(Company No. 9118-M)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR
THE FOURTH QUARTER ENDED 31 DECEMBER 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.

New/Revised MFRSs, Amendments to MFRSs, IC Interpretations and Amendments to IC Interpretation		Effective for financial periods beginning on or after
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 fourth quarter ended 31 December 2015 (31 December 2014: Nil).

A8 Operating Segment Information

	3 months ended 31.12.2015	12 months ended 31.12.2015	12 months ended 31.12.2014
	RM	RM	RM
<u>Segment Revenue</u>			
Local	14,214,837	56,899,927	70,329,606
Overseas	2,343,752	12,858,152	9,996,026
	<u>16,558,589</u>	<u>69,758,079</u>	<u>80,325,632</u>
	3 months ended 31.12.2015 RM	12 months ended 31.12.2015 RM	12 months ended 31.12.2014 RM
<u>Segment Results</u>			
Local	(677,243)	(2,579,950)	(2,466,056)
Overseas	23,761	(260,205)	(376,319)
	<u>(653,482)</u>	<u>(2,840,155)</u>	<u>(2,842,375)</u>
Profit/ (Loss) from operations	(653,482)	(2,840,155)	(2,842,375)
Finance cost	(268,434)	(1,740,194)	(2,206,185)
Fair value gain on Investment Property	-	-	2,400,000
Tax income/ (expense)	(2,804,579)	(1,922,598)	3,049,148
	<u>(3,726,495)</u>	<u>(6,502,947)</u>	<u>400,588</u>
Profit/ (Loss) for the period	<u>(3,726,495)</u>	<u>(6,502,947)</u>	<u>400,588</u>

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 31 December 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 31 December 2014 have remained unchanged.

A12 Capital Commitments

There is no capital commitments provided for in the interim financial statements as at 31 December 2015.

AMALGAMATED INDUSTRIAL STEEL BERHAD

(Company No. 9118-M)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2015

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

B1 Review of Performance

Group revenue for the fourth quarter ended 31 December 2015 (“Q4”) was RM16.56 million, 15.98% lower than the revenue of RM19.71 million recorded in the previous corresponding quarter (“PCQ4”). The drop in sales was attributable to the continuing sluggish market condition.

The pre-tax loss of RM0.92 million recorded in Q4 was lower by RM0.80 million as compared to pre-tax loss of RM1.72 million in PCQ4. This was due to better margin, lower operating expenses, higher other income and reduction in finance cost.

Current year-to-date turnover was RM10.56 million lower at RM69.76 million as compared to previous corresponding period of RM80.32 million. Comparatively, the current year-to-date pre-tax loss of RM4.58 million was lower than the previous corresponding year by RM0.47 million for the same reasons of better margin, lower operating expenses, higher other income and reduction in finance cost.

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

Group revenue of RM16.56 million for Q4 was 4.33% lower than the revenue of RM17.31 million recorded in preceding quarter (“Q3”). Although the Group recorded slightly lower sales volume in Q4, its pre-tax loss was RM0.92 million compared to RM1.02 million in Q3. The lower loss in Q4 was mainly due to higher other income.

B3 Current Year Prospects

International prices for hot rolled coils have stabilized at low levels and are not expected to drop further. The Malaysian Ringgit which has fallen to as low as RM4.40 per US dollar during the final quarter period in 2015 has currently strengthened on average 4.5 % to RM4.20. This should alleviate the cost of material input.

In January 2016, the Ministry of Trade and Industry decided not to institute safeguard measures against foreign imports of raw material. This provides industry players the opportunity to import more competitive priced material to boost productivity.

In the previous year, continuous falling prices of raw material were steep and the Group had controlled its working capital by minimizing inventory level. As such, this has now allowed the Company to purchase more material at better prices to compete in the market and to improve product margins.

Management will continue to operate its steel trading activity within its available resources and to keep operation cost under control vide optimizing working capital and conserving cash flows.

The Group's property division managed by its wholly owned subsidiary Parkwood Developments Sdn. Bhd. (formerly known as "Amalgamated Industrial Marketing Sdn. Bhd.") is awaiting final approval from relevant authorities, the development order ("DO") for its industrial buildings project in Avant Industrial Park, Shah Alam. This should be accomplished by the first Quarter 2016. Upon approval of DO, the project sales will be launched.

Barring any unforeseen circumstances, the Group is expected to perform better in the current year.

B4 Profit Forecast or Profit Guarantee

This is not applicable to the Group.

B5 Taxation

	Current Quarter 3 months ended 31.12.2015 RM	Preceding Year Corresponding Quarter 31.12.2014 RM	Current Year To-date Ended 31.12.2015 RM	Corresponding Period Ended 31.12.2014 RM
In respect of :-				
current period				
- income tax	-	-	-	-
- deferred tax	-	2,874,614	-	3,349,466
- deferred tax on fair value gain of investment property	(500,000)	(120,000)	(500,000)	(120,000)
prior period				
- income tax	-	-	-	-
- deferred tax	(2,304,579)	(249,893)	(1,422,598)	(180,318)
	<hr/>	<hr/>	<hr/>	<hr/>
Tax (expense)/ income	(2,804,579)	2,504,721	(1,922,598)	3,049,148

The Company and its subsidiaries reported operating losses for the financial period ended 31 December 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. The full proceed from the placement was received on 3rd April 2015.

B7 Group Borrowings and Debt Securities

The total Group borrowings of RM29.72 million as at Q4 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 31 December 2015 (31 December 2014: Nil).

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

	Current Year Quarter Ended 31.12.2015 RM	Preceding Year Corresponding Quarter Ended 31.12.2014 RM	Current Year To-date Ended 31.12.2015 RM	Preceding Year Corresponding Period Ended 31.12.2014 RM
a) <u>Basic (loss)/earnings per share</u>				
(Loss)/ profit for the financial period attributable to owners of the Parent (RM)	(3,726,495)	3,185,108	(6,502,947)	400,588
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 (<i>Sen</i>)	(2.98)	2.80	(5.20)	0.35
b) <u>Diluted earnings/ (loss) per share</u>				
This is not applicable to the Group.				

B11 Disclosure of realized and unrealized profits/ (losses)

	Current Year Quarter Ended 31.12.15 <u>RM</u>	Preceding Year Corresponding Quarter 31.12.14 <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	2,732,650	(3,339,704)	6,140,411
- Unrealized	<u>93,168</u>	<u>37,604,401</u>	<u>2,295,790</u>
Total Group retained profit/ (loss) as per consolidated accounts	<u>2,825,818</u>	<u>34,264,697</u>	<u>8,436,201</u>