

AMALGAMATED INDUSTRIAL STEEL BERHAD

Condensed Consolidated Statement Of Comprehensive Income For The Second Quarter Ended 30 June 2016

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year 2nd Quarter 01.04.2016 to 30.06.2016 RM	Preceding Year Corresponding Quarter RM	Current Year To-date 01.01.2016 to 30.06.2016 RM	Preceding Year Corresponding Period RM
Revenue	15,124,169	16,335,688	30,272,971	35,892,633
Operating expenses	(13,268,502)	(17,545,364)	(29,188,821)	(38,331,079)
Other operating income	10,864	728,294	(9,857)	817,412
(Loss)/ Profit from operations	1,866,531	(481,382)	1,074,293	(1,621,034)
Finance cost	(312,593)	(469,333)	(677,621)	(1,014,115)
(Loss)/ Profit from ordinary activities before tax	1,553,938	(950,715)	396,672	(2,635,149)
Fair value gain on investment property	-	-	-	-
Net (loss)/ profit before tax	1,553,938	(950,715)	396,672	(2,635,149)
Tax income/ (expenses)	(251,134)	146,913	(251,134)	597,854
(Loss)/ Profit for the period	1,302,804	(803,802)	145,538	(2,037,295)
Other comprehensive income net of tax	-	-	-	-
Gain on revaluation of property	-	-	-	-
Total comprehensive income for the period	1,302,804	(803,802)	145,538	(2,037,295)
(Loss)/ Profit attributable to:				
Owners of the Parent	1,302,804	(803,802)	145,538	(2,037,295)
Non-Controlling Interest	-	-	-	-
Total comprehensive income attributable to:				
Owners of the Parent	1,302,804	(803,802)	145,538	(2,037,295)
Non-Controlling Interest	-	-	-	-
(Loss)/Earnings per share:				
- basic	1.04	<u>sen</u> (0.64)	0.12	<u>sen</u> (1.63)

Notes

Included under Operating Expenses:

- Inventories written down	0	0	0	0
- Provision for doubtful debt	0	0	0	0

Included under Other Operating Incomes:

- Foreign exchange gain / (loss)	(19,518)	72,402	(19,518)	125,863
- Gain on disposal of assets	0	0	0	0

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015.

AMALGAMATED INDUSTRIAL STEEL BERHAD

Condensed Consolidated Statement Of Financial Position As At 30 June 2016

	<u>6 months</u> <u>ended</u> 30.06.2016 RM	<u>12 months</u> <u>ended</u> 31.12.2015 RM
NON-CURRENT ASSETS		
Property, plant and equipment	48,309,103	49,145,791
Investment property	61,000,000	61,000,000
Other investments	16,013	12,909
Other assets	345,366	157,641
Deferred tax assets	-	-
	109,670,482	110,316,341
CURRENT ASSETS		
Inventories	16,101,928	15,792,354
Trade receivables	17,939,244	20,048,302
Other receivables, deposits and prepayments	498,878	757,124
Current tax assets	17,065	62,415
Cash and cash equivalents	2,610,635	3,922,141
	37,167,750	40,582,336
TOTAL ASSETS	146,838,232	150,898,677
EQUITY		
Share capital	13,187,497	13,187,497
Capital reserve	48,208,750	48,208,750
Share premium	2,655,217	2,655,217
Reserves, non-distributable	49,757,408	50,203,610
Unappropriated profit	3,417,151	2,825,411
Treasury shares	(3,724,544)	(3,724,544)
TOTAL SHAREHOLDERS' EQUITY	113,501,479	113,355,941
NON-CURRENT LIABILITIES		
Retirement benefit obligations	204,815	212,352
Deferred tax liabilities	4,433,251	4,433,251
	4,638,066	4,645,603
CURRENT LIABILITIES		
Trade payables	8,760,958	2,314,391
Other payables	941,595	862,742
Bank borrowings	18,745,000	29,720,000
Current tax liabilities	251,134	-
	28,698,687	32,897,133
TOTAL LIABILITIES	33,336,753	37,542,736
TOTAL EQUITY AND LIABILITIES	146,838,232	150,898,677

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015.

AMALGAMATED INDUSTRIAL STEEL BERHAD

Condensed Consolidated Statement Of Changes In Equity For The Six Months Ended 30 June 2016

	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
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	(892,405)	-	892,405	3,761,775	
Realization of reserve on amortization of revalued properties	-	-	-	-	-	-	-	-	-	
Loss after taxation for the financial year	-	-	-	-	-	-	-	-	-	
Other comprehensive income for the financial year - Revaluation of property	-	-	-	-	-	1,500,000	-	-	1,500,000	
Total comprehensive income for the year	-	-	-	-	-	1,500,000	-	(6,503,195)	(5,003,195)	
Balance as at 31 December 2015	131,874,975	13,187,497	(6,797,300)	(3,724,544)	2,655,217	50,203,610	48,208,750	2,825,411	113,355,941	
At 1 January 2016	131,874,975	13,187,497	(6,797,300)	(3,724,544)	2,655,217	50,203,610	48,208,750	2,825,411	113,355,941	
Realization of reserve on amortization of revalued properties	-	-	-	-	-	(446,202)	-	446,202	-	
Profit after taxation for the financial period	-	-	-	-	-	-	-	145,538	145,538	
Total comprehensive income for the period	-	-	-	-	-	-	-	145,538	145,538	
Balance as at 30 June 2016	131,874,975	13,187,497	(6,797,300)	(3,724,544)	2,655,217	49,757,408	48,208,750	3,417,151	113,501,479	

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015.

AMALGAMATED INDUSTRIAL STEEL BERHAD

Condensed Consolidated Statement Of Cash Flows

	6 Months to 30.06.2016 RM	Audited 2015 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	396,672	(4,580,348)
Amortization of club membership	180	364
Depreciation of property, plant & equipment	836,508	1,263,515
Gain/(Loss) on disposal of property, plant and equipment	-	(278,829)
Property, plant and equipment written off	-	35,327
Interest income	(3,592)	(8,049)
Interest expense	677,621	1,740,195
Inventories written down	-	263,475
Inventories written off	-	7,961
Retirement benefit obligations	18,570	25,872
Unrealized gain on foreign exchange	-	(93,168)
Operating profit/(loss) before working capital changes	<u>1,925,959</u>	<u>(1,623,685)</u>
(Increase)/Decrease in inventories	(309,574)	6,658,388
(Increase)/Decrease in trade and other receivables	2,367,304	439,335
Increase/(Decrease) in trade and other payables	<u>6,525,420</u>	<u>(2,491,507)</u>
CASH FROM OPERATIONS	<u>10,509,109</u>	<u>2,982,531</u>
Retirement benefit paid	(26,107)	(99,225)
Income tax refund	45,350	48,190
Interest paid	<u>(677,621)</u>	<u>(1,740,195)</u>
NET CASH FROM OPERATING ACTIVITIES	<u>9,850,731</u>	<u>1,191,301</u>
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES		
Interest received	3,592	8,049
Purchase of property, plant and equipment	-	(59,000)
Purchase of other assets	(190,829)	(157,641)
Proceeds from disposal of property, plant and equipment	-	508,000
NET CASH FROM/(FOR) INVESTING ACTIVITIES	(187,237)	299,408
CASH FLOWS FOR FINANCING ACTIVITIES		
Cash received from Share Placement	-	3,761,775
Drawdown of bank borrowings	-	43,143,000
Repayment of bank borrowings	<u>(10,975,000)</u>	<u>(48,555,000)</u>
NET CASH FOR FINANCING ACTIVITIES	(10,975,000)	(1,650,225)
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES	(1,311,506)	(159,516)
CASH AND BANK BALANCES : -		
AT BEGINNING OF THE FINANCIAL YEAR	<u>3,922,141</u>	<u>4,081,657</u>
AT END OF FINANCIAL YEAR	<u>2,610,635</u>	<u>3,922,141</u>

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statement for the year ended 31 December 2015

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2016

NOTES TO THE INTERIM FINANCIAL REPORT

A1 Accounting Policies and Methods of Computation

The interim financial statements are unaudited and have been prepared under the historical cost convention and modified to include other bases of valuation, and in compliance with the requirements of Malaysian Financial Reporting Standards (“MFRS”), 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 2015. 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 2015.

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 2015.

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.

*AISB-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR
THE SECOND QUARTER ENDED 30 JUNE 2016
- NOTES TO THE INTERIM FINANCIAL REPORT (Cont'd)*

<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 Customers & Amendments to MFRS 15:	1 January 2018
Amendments to MFRS 10 & MFRS 128 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
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 127 (2011)	Equity Method in Separate Financial Statements	1 January 2016
Annual Improvement	to MFRSs 2012 – 2014 Cycle	1 January 2016

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group's upon their application 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.

A2 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2015 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.

A7 Dividend Paid

There was no payment of dividend during the quarter.

A8 Operating Segment Information

	3 months ended 31.03.2016	6 months ended 30.06.2016	6 months ended 30.06.2015
	RM	RM	RM
<u>Segment Revenue</u>			
Local	12,946,012	27,201,182	29,706,466
Overseas	2,202,790	3,071,789	6,186,167
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Sales	15,148,802	30,272,971	35,892,633
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	3 months ended 31.03.2016	6 months ended 30.06.2016	6 months ended 30.06.2015
	RM	RM	RM
<u>Segment Results</u>			
Local	(649,584)	1,308,015	(1,296,115)
Overseas	(142,654)	(233,722)	(324,919)
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Profit/ (Loss) from operations	(792,238)	1,074,293	(1,621,034)
Finance cost	(365,028)	(677,621)	(1,014,115)
Fair value gain on Investment Property	-	-	-
Tax income/ (expense)	-	-	597,854
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Profit/ (Loss) for the period	(1,157,266)	396,672	(2,037,295)
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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 June 2016.

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 2015 have remained unchanged.

A12 Capital Commitments

There is no capital commitment provided for in the interim financial statements as at 30 June 2016.

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2016

**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 second quarter ended 30 June 2016 ("Q2") was RM15.12 million, 7.47% lower than the revenue of RM16.34 million recorded in the previous corresponding quarter ("PCQ2"). The drop in sales is mainly due to stockist preferring to stay on the sideline, with the uncertainty of the erratic prices, and buying only on need basis instead of keeping stock.

Though the turnover was slightly lower, the lower cost of imported raw material prices coupled with the lower finance cost has resulted in a profit before tax of RM1.55 million for Q2 as compared to a loss of RM0.95 million in PCQ2.

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

The Group's revenue of RM15.12 million for Q2 was 0.20% lower than the revenue of RM15.15 million recorded in the first quarter ("Q1"). Although the Group recorded slightly lower sales volume, the much better product margin from cheaper imported raw materials prices and lower operating expenses contributed largely to profit before tax of RM1.55 million, compared to the loss of RM1.16 million in Q1.

B3 Current Year Prospects

International prices of prime hot rolled coils surged in the short term of March/April 2016 to reach a peak of USD550 per metric ton. This price scenario pushed retail prices of most steel product upward and had contributed to the positive price margins. Prices began to soften back beginning of the third quarter and are expected to stabilize at a level below USD450 per metric ton.

The Group will continue to strive to turnaround its business performance. Cost efficiency and prudent cash management are the strategies employed to improve the Group's financial performance.

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

B4 Profit Forecast or Profit Guarantee

This is not applicable to the Group.

B5 Taxation

	Current Quarter 01.04.2016 to 30.06.2016 RM	Preceding Year Corresponding Quarter 30.06.2015 RM	Current Year To-date Ended 30.06.2016 RM	Corresponding Period Ended 30.06.2015 RM
In respect of :-				
current period				
- income tax	251,134	-	251,134	-
- deferred tax	-	146,913	-	597,854
prior period				
- income tax	-	-	-	-
- deferred tax	-	450,941	-	-
- deferred tax on fair value gain of investment property	-	-	-	-
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Tax (expense)/ income	251,134	597,854	251,134	597,854

Operating losses of its subsidiaries for the financial period ended 30 June 2016 is available for utilization against future taxable profit.

B6 Status of Corporate Proposals

There was no new corporate proposal during the quarter ended 30 June 2016.

B7 Group Borrowings and Debt Securities

The total Group borrowings of RM18.74 million as at Q2 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-to-date ended 30 June 2016.

B10 (Loss)/Earnings per Share

	Current Year Second Quarter Ended 30.06.2016 RM	Preceding Year Corresponding Quarter Ended 30.06.2015 RM	Current Year To-date Ended 30.06.2016 RM	Preceding Year Corresponding Period Ended 30.06.2015 RM
a) <u>Basic (loss)/earnings per share</u>				
(Loss)/ profit for the financial period attributable to owners of the Parent (<i>RM</i>)	1,302,804	(803,802)	145,538	(2,037,295)
Weighted average number of ordinary shares in issue	131,874,975	131,874,975	131,874,975	131,874,975
Basic (loss) / earning per share (<i>Sen</i>)	0.99	(0.61)	0.11	(1.55)
b) <u>Diluted earnings/ (loss) per share</u>				

This is not applicable to the Group.

*AISB-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR
THE SECOND QUARTER ENDED 30 JUNE 2016
-EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT (Cont'd)*

B11	<u>Disclosure of realised and unrealised profits/ (losses)</u>		
	Current Year Second Quarter Ended 30.06.16 <u>RM</u>	Preceding Year Corresponding Quarter 30.06.15 <u>RM</u>	As at the end of last financial year 31.12.2015 <u>RM</u>
Total retained profits / (accumulated losses) of the Group:			
- Realized	2,970,949	4,966,921	1,868,136
- Unrealized	<u>446,202</u>	<u>1,678,456</u>	<u>957,275</u>
Total Group retained profit as per consolidated accounts	<u>3,417,151</u>	<u>6,645,377</u>	<u>2,825,411</u>