

AMALGAMATED INDUSTRIAL STEEL BERHAD

Condensed Consolidated Statement Of Comprehensive Income For The Third Quarter Ended 30 September 2017

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year 3rd Quarter 01.07.2017 to 30.09.2017 RM	Preceeding Year Corresponding Quarter RM	Current Year To-date 01.01.2017 to 30.09.2017 RM	Preceeding Year Corresponding Period RM
Revenue	1,558,631	11,458,766	19,754,791	41,731,737
Operating expenses	(2,648,170)	(11,935,310)	(25,375,033)	(41,124,131)
Other operating income/(expenses)	6,758,437	164,737	7,951,080	154,880
(Loss)/ Profit from operations	5,668,898	(311,807)	2,330,838	762,486
Finance cost	(32,163)	(340,883)	(591,120)	(1,018,504)
(Loss)/ Profit from ordinary activities before tax	5,636,735	(652,690)	1,739,718	(256,018)
Fair value gain on investment property	-	-	-	-
Net (loss)/ profit before tax	5,636,735	(652,690)	1,739,718	(256,018)
Tax income/ (expenses)	2,859,410	93,491	2,859,170	(157,643)
(Loss)/ Profit for the period	8,496,145	(559,199)	4,598,888	(413,661)
Other comprehensive income net of tax				
Gain on revaluation of property	-	-	-	-
Total comprehensive income for the period	8,496,145	(559,199)	4,598,888	(413,661)
(Loss)/ Profit attributable to:				
Owners of the Parent	8,496,145	(559,199)	4,598,888	(413,661)
Non-Controlling Interest	-	-	-	-
	8,496,145	(559,199)	4,598,888	(413,661)
Total comprehensive income attributable to:				
Owners of the Parent	8,496,145	(559,199)	4,598,888	(413,661)
Non-Controlling Interest	-	-	-	-
	8,496,145	(559,199)	4,598,888	(413,661)
(Loss)/Earnings per share:		sen		sen
- basic	6.18	(0.45)	3.34	(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 2016.

AMALGAMATED INDUSTRIAL STEEL BERHAD

Condensed Consolidated Statement Of Financial Position As At 30 September 2017

	9 months ended 30.09.2017 RM	12 months ended 31.12.2016 RM
NON-CURRENT ASSETS		
Property, plant and equipment	6,278,884	1,258,533
Investment property	66,000,000	66,000,000
Other investments	12,545	12,545
Other assets	32,060	32,060
Total Non-Current Assets	72,323,489	67,303,138
CURRENT ASSETS		
Inventories	1,072,794	14,239,425
Trade receivables	4,181,167	18,023,345
Other receivables, deposits and prepayments	3,744,322	2,982,683
Deferred expenditure	896,218	1,259,005
Current tax assets	32,701	30,974
Cash and cash equivalents	70,821,578	14,069,654
	80,748,780	50,605,086
Non-Current Assets classified as held for sale	-	62,409,679
Total Current Assets	80,748,780	113,014,765
TOTAL ASSETS	153,072,269	180,317,903
EQUITY		
Share capital	19,566,458	13,187,497
Capital reserve	48,208,750	48,208,750
Share premium	2,594,524	2,655,217
Reserves, non-distributable	47,596,115	60,925,540
Unappropriated profit	26,094,584	8,166,271
Treasury shares	(3,724,544)	(3,724,544)
TOTAL SHAREHOLDERS' EQUITY	140,335,887	129,418,731
NON-CURRENT LIABILITIES		
Retirement benefit obligations	226,011	227,864
Deferred tax liabilities	2,836,452	8,689,094
Total Non-Current Liabilities	3,062,463	8,916,958
CURRENT LIABILITIES		
Trade payables	581,478	6,235,547
Other payables	9,051,088	9,206,667
Bank borrowings	-	26,540,000
Current tax liabilities	41,353	-
Total Current Liabilities	9,673,919	41,982,214
TOTAL LIABILITIES	12,736,382	50,899,172
TOTAL EQUITY AND LIABILITIES	153,072,269	180,317,903

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016.

AMALGAMATED INDUSTRIAL STEEL BERHAD

Condensed Consolidated Statement Of Changes In Equity For The Nine Months Ended 30 September 2017

		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	RM	RM
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		-	-	-	-	-	(706,462)	-	706,462	4,634,398	
Loss after taxation for the financial year		-	-	-	-	-	-	-	-	4,634,398	
Other comprehensive income for the financial year - Revaluation of property		-	-	-	-	-	11,428,392	-	-	11,428,392	
Total comprehensive income for the year		-	-	-	-	-	11,428,392	-	4,634,398	16,062,790	
Balance as at 31 December 2016		131,874,975	13,187,497	(6,797,300)	(3,724,544)	2,655,217	60,925,540	48,208,750	8,166,271	129,418,731	
At 1 January 2017		131,874,975	13,187,497	(6,797,300)	(3,724,544)	2,655,217	60,925,540	48,208,750	8,166,271	129,418,731	
Transaction with owners of the Company: - Issuance of ordinary shares pursuant to private placement		12,507,767	6,378,961	-	-	(60,693)	-	-	-	6,318,268	
Realization of reserve on disposal of revalued properties		-	-	-	-	-	(13,329,425)	-	13,329,425	-	
Profit after taxation for the financial period		-	-	-	-	-	-	-	4,598,888	4,598,888	
Other comprehensive income for the financial year - Revaluation of property		-	-	-	-	-	-	-	-	-	
Total comprehensive income for the period		-	-	-	-	-	-	-	4,598,888	4,598,888	
Balance as at 30 September 2017		144,382,742	19,566,458	(6,797,300)	(3,724,544)	2,594,524	47,596,115	48,208,750	26,094,584	140,335,887	

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016.

AMALGAMATED INDUSTRIAL STEEL BERHAD

Condensed Consolidated Statement Of Cash Flows

	9 Months to 30.09.2017 RM	Audited 2016 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	1,739,717	5,281,035
Amortization of club membership	-	364
Depreciation of property, plant & equipment	145,262	512,054
Provision for doubtful debts	-	395,199
Fair Value Gain on investment properties	-	(5,000,000)
Gain/(Loss) on disposal of property, plant and equipment	(7,488,547)	883
Interest income	(510,299)	(107,111)
Interest expense	591,120	1,397,415
Inventories written down	-	14,030
Inventories written off	-	11
Equipment written-off	525,702	-
Retirement benefit obligations	25,119	41,619
Unrealized gain on foreign exchange	-	(105,972)
Operating profit/(loss) before working capital changes	<u>(4,971,926)</u>	<u>2,429,527</u>
(Increase)/Decrease in inventories	13,166,631	1,538,888
(Increase)/Decrease in trade and other receivables	13,080,539	(1,721,170)
Increase/(Decrease) in trade and other payables	<u>(5,809,648)</u>	<u>12,371,053</u>
CASH FROM OPERATIONS	<u>15,465,596</u>	<u>14,618,298</u>
Retirement benefit paid	(26,972)	(26,107)
Income tax refunded	39,625	45,350
Income tax (paid)	-	(13,669)
Interest paid	<u>(591,120)</u>	<u>(1,397,415)</u>
NET CASH FROM OPERATING ACTIVITIES	<u>14,887,129</u>	<u>13,226,457</u>
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES		
Interest received	510,299	107,111
Purchase of property, plant and equipment	(5,693,306)	-
Purchase of other assets	-	(8,055)
Proceeds from disposal of property, plant and equipment	67,269,534	2,000
NET CASH FROM/(FOR) INVESTING ACTIVITIES	<u>62,086,527</u>	<u>101,056</u>
CASH FLOWS FOR FINANCING ACTIVITIES		
Cash received from Share Placement	6,318,268	-
Drawdown of bank borrowings	-	58,780,000
Repayment of bank borrowings	<u>(26,540,000)</u>	<u>(61,960,000)</u>
NET CASH FOR FINANCING ACTIVITIES	<u>(20,221,732)</u>	<u>(3,180,000)</u>
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES	<u>56,751,924</u>	<u>10,147,513</u>
CASH AND BANK BALANCES : -		
AT BEGINNING OF THE FINANCIAL YEAR	<u>14,069,654</u>	<u>3,922,141</u>
AT END OF FINANCIAL YEAR	<u>70,821,578</u>	<u>14,069,654</u>

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statement for the year ended 31 December 2016

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

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 2016. 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 2016.

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 2016.

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 THIRD QUARTER ENDED 30 SEPTEMBER 2017
- 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	1 January 2018
MFRS 16	Leases	1 January 2019
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	*1 January 2018
Amendments to MFRS 10 & MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 15	Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15	Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 107	Disclosure Initiative	1 January 2017
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealized Losses	1 January 2017
Amendments to MFRS 140	Transfers of Investment Property	1 January 2018
Annual improvements to MFRS Standards 2014 – 2016 Cycles:		
Amendments to MFRS12	Clarification of the Scope of Standard	1 January 2017
Amendments to MFRS 1	Deletion of Short-term Exemptions for First-time Adopters	1 January 2018
Amendments to MFRS 128	Measuring an Associate or Joint Venture at Fair Value	1 January 2018

* Entities that meet the specific criteria in MFRS 4.20B may choose to defer the application of MFRS 9 until the earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.

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 2016 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

Except for the receipt of RM67.27 million from the disposal of property, plant and equipment and the reversal of deferred tax of RM2.86 million, 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 equity securities for the current financial year-to-date except for the private placement of 12,507,767 new ordinary shares at an issue price of RM0.51 each, which was completed in early June 2017. The issue expenses of RM60,693 was charged to share premium account. Share capital increased by RM6,318,268 resulting from the share placement.

In July 2017, the syndicated loan amounting to RM26.54 million was fully repaid and the charge on the land and building in Jalan Utas, Shah Alam was fully discharged. With the repayment, the Group has zero gearing.

A7 Dividend Paid

There was no payment of dividend during the quarter.

A8 Operating Segment Information

No segmental information is provided as all sales are local.

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, other than as stated in Notes A4 and B6.

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 2016 have remained unchanged.

A12 Capital Commitments

The Company entered into an agreement with WLT Builders Sdn Bhd on 22nd December 2016 for the partial demolition and construction of a new office building, together with infrastructure works on Lot 22, Jalan Pelaya 15/1, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan. The contractual sum is RM6,418,000 and the works shall be completed within five and a half months from the agreement date.

As at 30 September 2017 all works were fully completed and the contractual sum fully paid saved for the retention sum of 5%.

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

***QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2017***

**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 third quarter ended 30 September 2017 ("Q3") was RM1.56 million, 86.39% lower than the revenue of RM11.46 million recorded in the previous corresponding quarter ("PCQ3"). The main reason for the drop in revenue was due to the Group's transition from manufacturing to trading and property development. The manufacturing operation had fully ceased at the end of June 2017. The trading operation and property development is expected to fully take off in January 2018. Rental income shall also commence in the same period with the delivery of vacant possession of the premises to the tenant by end November 2017.

The operating profit for Q3 was RM5.64 million compared to a loss of RM0.65 million in PCQ3. The bulk of the gains in Q3, amounting to RM6.78 million were from the disposal of property, plant and equipment. Reversal of deferred tax loss of RM2.86 million, due to overprovision, added to the after tax profit of RM8.50 million.

Overall, for the year-to-date, the Group recorded an after-tax profit of RM4.60 million compared to an after-tax loss of RM0.41 million in preceding year corresponding period.

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

The Group's revenue of RM1.56 million for Q3 was 80.28% lower than the revenue of RM7.91 million recorded in the preceding quarter ("PQ"). The Group

recorded a profit before tax of RM5.64 million in Q3 compared to a pre-tax loss of RM1.33 million in PQ.

The lower turnover was due to the same reasons as in B1 above.

B3 Prospect for the remaining Quarter

The Group is still in transition on its new trading activities in steel business, via products procurement for sale and to out-source its manufacturing activity to other sub-contractors. Except from the increase in interest income of about RM180,000 per month and receipt of rental income from the month of December onward, little activity is expected in the last quarter.

All bank borrowings were fully settled in the month of July. The repayment of the bank borrowings had reduced gearing to zero.

B4 Profit Forecast or Profit Guarantee

This is not applicable to the Group.

B5 Taxation

	Current Quarter 01.07.2017 to 30.09.2017 RM	Preceding Year Corresponding Quarter 30.09.2016 RM	Current Year To-date Ended 30.09.2017 RM	Corresponding Period Ended 30.06.2016 RM
In respect of :-				
current period				
- income tax	41,352	93,491	41,112	(157,643)
- deferred tax	2,818,058	-	2,818,058	-
prior period				
- income tax	-	-	-	-
- deferred tax	-	-	-	-
- deferred tax on fair value gain of investment property	-	-	-	-
Tax (expense)/ income	<u>2,859,410</u>	<u>93,491</u>	<u>2,859,170</u>	<u>(157,643)</u>

Operating losses of its subsidiaries for the financial period ended 30 September 2017 is available for utilization against future taxable profit.

B6 Status of Corporate Proposals

On 26 August 2016, the Board announced to Bursa Securities that Amalgamated Industrial Steel Berhad had, on 26 August 2016, entered into a Sales & Purchase Agreement with Daikin Malaysia Sdn Bhd (formerly known as O.Y.L. Manufacturing Company Sdn Bhd) for the proposed disposal of two (2) adjoining contiguous detached industrial lots held under title Nos. HSD 167540, Locality of Tapak Perusahaan di Shah Alam, Mukim of Damansara and HSD 168507, Town of Shah Alam, all in District of Petaling, State of Selangor Darul Ehsan, for a total disposal consideration of RM69,500,000 (Ringgit Malaysia Sixty-Nine Million Five Hundred Thousand).

The said proposal was approved by shareholders at an Extraordinary General Meeting, held on 23 November 2016.

The said proposal was completed in July 2017 with the settlement of all outstanding sum due to us, delivery of vacant possession and transfer of title to Daikin Malaysia Sdn Bhd.

B7 Group Borrowings and Debt Securities

The total Group borrowings of RM26.54 million at the beginning of the month of July 2017, 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, was fully repaid and discharged in July 2017 as per Note A6 and B3.

B8 Pending Material Litigation

On 20th October 2016, its subsidiary, AIS Manufacturing Sdn Bhd, commenced legal action against one of its debtors, Avenue TH Trading Sdn Bhd, for an amount of RM386,036.68 for goods sold and delivered in the months of May'16 to July'16. We have procured Judgement in Default of Appearance against the company and both guarantors on 10th January 2017. Our lawyer has prepared Garnishee proceedings in view that CCM search showed there appear to be deposits placed by the company with several banks. The Management had decided to proceed with bankruptcy actions pending feedback from the lawyer on the legal fees payable with such actions.

B9 Dividend Payable

No interim dividend has been declared for the financial period-to-date ended 30 September 2017.

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

	Current Year Third Quarter Ended 30.09.2017 RM	Preceding Year Corresponding Quarter Ended 30.09.2016 RM	Current Year To-date Ended 30.09.2017 RM	Preceding Year Corresponding Period Ended 30.09.2016 RM
a) <u>Basic (loss)/earnings per share</u>				
(Loss)/ profit for the financial period attributable to owners of the Parent (RM)	8,496,145	(559,199)	4,598,888	(413,661)
Weighted average number of ordinary shares in issue	144,382,742	131,874,975	144,382,742	131,874,975
Basic (loss) / earning per share (Sen)	5.88	(0.45)	3.18	(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 THIRD QUARTER ENDED 30 SEPTEMBER 2017
-EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT (Cont'd)*

B11 Disclosure of realised and unrealised profits/ (losses)			
	Current Year Third Quarter Ended 30.09.17 RM	Preceding Year Corresponding Quarter 30.09.16 RM	As at the end of last financial year 31.12.2016 RM
Total retained profits / (accumulated losses) of the Group:			
- Realized	26,094,584	6,014,858	5,916,680
- Unrealized	<u>Nil</u>	<u>Nil</u>	<u>2,249,591</u>
Total Group retained profit as per consolidated accounts	<u>26,094,584</u>	<u>6,014,858</u>	<u>8,166,271</u>