

# AMALGAMATED INDUSTRIAL STEEL BERHAD

## Condensed Consolidated Statement Of Comprehensive Income For The First Quarter Ended 31 March 2018

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year 1st Quarter 01.01.2018 to 31.03.2018 RM	Preceeding Year Corresponding Quarter RM	Current Year To-date 01.01.2018 to 31.03.2018 RM	Preceeding Year Corresponding Period RM
Revenue	2,317,942	10,287,316	2,317,942	10,287,316
Operating expenses	(3,676,637)	(13,055,361)	(3,676,637)	(13,055,361)
Other operating income/(expenses)	794,009	553,700	794,009	553,700
<b>(Loss)/ Profit from operations</b>	<b>(564,686)</b>	<b>(2,214,345)</b>	<b>(564,686)</b>	<b>(2,214,345)</b>
Finance cost	-	(347,767)	-	(347,767)
<b>(Loss)/ Profit from ordinary activities before tax</b>	<b>(564,686)</b>	<b>(2,562,112)</b>	<b>(564,686)</b>	<b>(2,562,112)</b>
Fair value gain on investment property	-	-	-	-
<b>Net (loss)/ profit before tax</b>	<b>(564,686)</b>	<b>(2,562,112)</b>	<b>(564,686)</b>	<b>(2,562,112)</b>
Tax income/ (expenses)	-	-	-	-
<b>(Loss)/ Profit for the period</b>	<b>(564,686)</b>	<b>(2,562,112)</b>	<b>(564,686)</b>	<b>(2,562,112)</b>
<b>Other comprehensive income net of tax</b>				
Gain on revaluation of property	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>(564,686)</b>	<b>(2,562,112)</b>	<b>(564,686)</b>	<b>(2,562,112)</b>
<b>(Loss)/ Profit attributable to:</b>				
Owners of the Parent	(564,686)	(2,562,112)	(564,686)	(2,562,112)
Non-Controlling Interest	-	-	-	-
	<b>(564,686)</b>	<b>(2,562,112)</b>	<b>(564,686)</b>	<b>(2,562,112)</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Parent	(564,686)	(2,562,112)	(564,686)	(2,562,112)
Non-Controlling Interest	-	-	-	-
	<b>(564,686)</b>	<b>(2,562,112)</b>	<b>(564,686)</b>	<b>(2,562,112)</b>
<b>(Loss)/Earnings per share:</b>		<u>sen</u>		<u>sen</u>
- basic	(0.41)	(2.05)	(0.41)	(2.05)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017.

# AMALGAMATED INDUSTRIAL STEEL BERHAD

## Condensed Consolidated Statement Of Financial Position As At 31 March 2018

	<b>3 months ended 31.03.2018 RM</b>	<b>12 months ended 31.12.2017 RM</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	607,090	573,242
Investment property	76,524,201	76,500,000
Other investments	12,182	12,182
Other assets	32,060	32,060
<b>Total Non-Current Assets</b>	<b>77,175,533</b>	<b>77,117,484</b>
<b>CURRENT ASSETS</b>		
Property Development Expenditure	21,840,667	21,015,509
Inventories	-	1,208,101
Trade receivables	147,414	253,140
Other receivables, deposits and prepayments	447,248	456,244
Deferred expenditure	-	-
Current tax assets	66,692	18,857
Cash and cash equivalents	49,464,843	51,671,718
	71,966,864	74,623,569
Non-Current Assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>71,966,864</b>	<b>74,623,569</b>
<b>TOTAL ASSETS</b>	<b>149,142,397</b>	<b>151,741,053</b>
<b>EQUITY</b>		
Share capital	19,566,458	19,566,458
Capital reserve	48,208,750	48,208,750
Share premium	2,594,524	2,594,524
Reserves, non-distributable	24,539,768	24,539,768
Unappropriated profit	50,260,650	50,825,336
Treasury shares	(3,724,544)	(3,724,544)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>141,445,606</b>	<b>142,010,292</b>
<b>NON-CURRENT LIABILITIES</b>		
Retirement benefit obligations	242,757	234,384
Deferred tax liabilities	5,479,899	5,479,899
<b>Total Non-Current Liabilities</b>	<b>5,722,656</b>	<b>5,714,283</b>
<b>CURRENT LIABILITIES</b>		
Trade payables	81,261	102,460
Other payables	1,827,378	3,032,567
Amount owing to related company	-	856,931
Bank borrowings	-	-
Current tax liabilities	65,496	24,520
<b>Total Current Liabilities</b>	<b>1,974,135</b>	<b>4,016,478</b>
<b>TOTAL LIABILITIES</b>	<b>7,696,791</b>	<b>9,730,761</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>149,142,397</b>	<b>151,741,053</b>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017.

# AMALGAMATED INDUSTRIAL STEEL BERHAD

## Condensed Consolidated Statement Of Changes In Equity For The Three Months Ended 31 March 2018

	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		RM	RM	RM	RM	RM	RM	
<b>Balance at 1 January 2017</b>	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	
Realization of reserve on disposal of revalued properties	-	-	-	-	-	(36,385,772)	-	36,385,772	-	
Profit after taxation for the financial year	-	-	-	-	-	-	-	6,273,293	6,273,293	
Contributions by owners of the Company	-	-	-	-	-	-	-	-	6,378,961	
- Issuance of ordinary shares pursuant to private placement	12,507,767	6,378,961	-	-	(60,693)	-	-	-	(60,693)	
- Expenses related to share issue	-	-	-	-	(60,693)	-	-	-	6,318,268	
Total transactions with owners	-	6,378,961	-	-	(60,693)	-	-	-	6,318,268	
<b>Balance as at 31 December 2017</b>	<b>144,382,742</b>	<b>19,566,458</b>	<b>(6,797,300)</b>	<b>(3,724,544)</b>	<b>2,594,524</b>	<b>24,539,768</b>	<b>48,208,750</b>	<b>50,825,336</b>	<b>142,010,292</b>	
<b>Balance at 1 January 2018</b>	144,382,742	19,566,458	(6,797,300)	(3,724,544)	2,594,524	24,539,768	48,208,750	50,825,336	142,010,292	
Realization of reserve on disposal of revalued properties	-	-	-	-	-	-	-	-	-	
Profit after taxation for the financial period	-	-	-	-	-	-	-	(564,686)	(564,686)	
Other comprehensive income for the financial year	-	-	-	-	-	-	-	-	-	
- Revaluation of property	-	-	-	-	-	-	-	-	-	
Total comprehensive income for the period	-	-	-	-	-	-	-	(564,686)	(564,686)	
<b>Balance as at 31 March 2018</b>	<b>144,382,742</b>	<b>19,566,458</b>	<b>(6,797,300)</b>	<b>(3,724,544)</b>	<b>2,594,524</b>	<b>24,539,768</b>	<b>48,208,750</b>	<b>50,260,650</b>	<b>141,445,606</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 2017.

# AMALGAMATED INDUSTRIAL STEEL BERHAD

## Condensed Consolidated Statement Of Cash Flows

	3 Months to 31.03.2018 RM	Audited 2017 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	(564,686)	5,925,272
Amortization of club membership	-	363
Depreciation of property, plant & equipment	27,151	173,756
Provision for doubtful debts	-	408,332
Fair Value Gain on investment properties	-	(3,086,244)
Gain/(Loss) on disposal of property, plant and equipment	-	(11,696,003)
Interest income	(434,427)	(1,067,947)
Interest expense	-	591,120
Inventories written down	-	487,747
Inventories written off	-	134,585
Equipment written-off	-	938,633
Retirement benefit obligations	8,373	33,492
Operating profit/(loss) before working capital changes	<u>(963,589)</u>	<u>(7,156,894)</u>
(Increase)/Decrease in inventories	1,208,101	12,408,992
Increase in property development cost	-	(486,145)
(Increase)/Decrease in trade and other receivables	82,837	21,147,317
Increase/(Decrease) in trade and other payables	(1,194,504)	(32,004,192)
Increase in amount owing to a related party	<u>(856,931)</u>	<u>856,931</u>
<b>CASH FROM OPERATIONS</b>	<u>(1,724,086)</u>	<u>(5,233,991)</u>
Retirement benefit paid	-	1,052
Income tax (paid)	(6,859)	(30,069)
Interest paid	-	(591,120)
Real property gains tax paid	-	(2,951,880)
Retirement benefits paid	-	<u>(26,972)</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>(1,730,945)</u>	<u>(8,832,980)</u>
<b>CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES</b>		
Acquisition of a subsidiary, net of cash in bank acquired	-	(675,999)
Increase in property development cost	(825,157)	-
Interest received	434,427	1,067,947
Additional cost incurred for investment properties	(24,200)	(7,413,756)
Purchase of other equipment	(61,000)	(526,760)
Proceeds from disposal of property, plant and equipment	-	74,205,344
<b>NET CASH FROM/(FOR) INVESTING ACTIVITIES</b>	<u>(475,930)</u>	<u>66,656,776</u>
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Cash received from Share Placement, net of expenses	-	6,318,268
Drawdown of bank borrowings	-	22,480,000
Repayment of bank borrowings	-	(49,020,000)
<b>NET CASH FOR FINANCING ACTIVITIES</b>	<u>-</u>	<u>(20,221,732)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES</b>	<u>(2,206,875)</u>	<u>37,602,064</u>
<b>CASH AND BANK BALANCES : -</b>		
AT BEGINNING OF THE FINANCIAL YEAR	<u>51,671,718</u>	<u>14,069,654</u>
AT END OF FINANCIAL YEAR	<u>49,464,843</u>	<u>51,671,718</u>

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statement for the year ended 31 December 2017

# AMALGAMATED INDUSTRIAL STEEL BERHAD

(Company No. 9118-M)

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

### NOTES TO THE INTERIM FINANCIAL REPORT

#### A1 Accounting Policies and Methods of Computation

The interim financial statements of the Group 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”), the requirements of the Companies Act 2016 in Malaysia 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 2017. 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 2017.

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 2017.

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 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
IC Interpretation 23	Uncertainty Over Income Tax Treatment	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 & MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Long-term Interests In Associates and Joint Ventures	1 January 2019
Annual improvements to MFRS Standards 2015 – 2017 Cycles		1 January 2019

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. Based on the assessment completed to date, the Group is in the process of making an assessment of the financial impact arising from the adoption of MFRS 9 and the extent of the impact has not been determined.
- (b) MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under

MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The Group anticipates that the application of MFRS 16 in the future may have an 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 16 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 2017 was not qualified.

**A3 Comments about Seasonal or Cyclical Factors**

The business operations of the Group are not affected by seasonal or cyclical factor.

**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 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**

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 31 March 2018.

**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 2017 have remained unchanged.

**A12 Capital Commitments**

There was no capital entered during or outstanding at the end of the current quarter.



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

***QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE  
FIRST FINANCIAL QUARTER ENDED 31 MARCH 2018***

**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 2018 ("Q1") was – RM2.32 million, 77.45% or RM7.97 million lower compared to the revenue of RM10.29 million recorded in the previous corresponding quarter ("PCQ1"). The main reason for the drop in revenue was due to the Group's discontinuation of its manufacturing business to trading and property development. The manufacturing operation had fully ceased at the end of June 2017.

The after tax loss for Q1 was RM0.56 million compared to a loss of RM2.56 million in PCQ1. The bulk of the loss in PCQ1 was due to the much higher operating expenses of RM13.05 million.

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

The Group's revenue of RM2.32 million for Q1 was higher than the negative revenue of RM0.014 million recorded in the preceding quarter ("PQ"). The Group recorded a loss before tax of RM0.56 million in Q1 compared to a pre-tax profit of RM0.59 million in PQ.

The pre-tax loss in PQ1 was due to higher operating expenses by RM0.62 million. There was also a fair value gain of RM3.09 million on investment property in PQ, without which operating loss before tax in PQ would be RM2.50 million.

**B3 Current Year Prospect**

Revenue and profit is expected to improve once its property development project commences in second half of 2018. Rental income from the Investment Property in Jalan Playa, which commenced in December 2017, will further increase its revenue from property investment.

**B4 Profit Forecast or Profit Guarantee**

This is not applicable to the Group.

**B5 Taxation**

	<b>Current Quarter 01.01.2018 to 31.03.2018 RM</b>	<b>Preceding Year Corresponding Quarter 31.03.2017 RM</b>	<b>Current Year To-date Ended 31.03.2018 RM</b>	<b>Corresponding Period Ended 31.03.2017 RM</b>
In respect of :-				
current period				
- income tax	-	-	-	-
- deferred tax	-	-	-	-
prior period				
- income tax	1,548,905	488,994	1,548,905	488,994
- deferred tax	560,223	-	560,223	-
- deferred tax on fair value gain of investment property	-	3,608,966	-	3,608,966
Tax (expense)/ income	<u>2,109,128</u>	<u>4,097,960</u>	<u>2,109,128</u>	<u>4,097,960</u>

Operating losses of its subsidiaries for the financial period ended 31 December 2017 is available for utilization against future taxable profit.

**B6 Status of Corporate Proposals**

No corporate exercise was undertaken or outstanding in the current quarter.

**B7 Group Borrowings and Debt Securities**

The Group has no borrowing or gearing.

**B8 Pending Material Litigation**

On 20 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 2016 to July'16. We have procured Judgement in Default of Appearance against the company and both guarantors on 10 January 2017. The lawyers have advised that they have attempted to serve the writ twice, once via AR registered post and the other by hand, without success. They will apply for substituted service. The matters have now been fixed for a further case management on 28 May 2018.

**B9 Dividend Payable**

No interim dividend has been declared for the financial period-to-date ended 31 March 2018.

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

	<b>Current Year First Quarter Ended 31.03.2018 RM</b>	<b>Preceding Year Corresponding Quarter Ended 31.03.2017 RM</b>	<b>Current Year To-date Ended 31.03.2018 RM</b>	<b>Preceding Year Corresponding Period Ended 31.03.2017 RM</b>
a) <b><u>Basic (loss)/earnings per share</u></b>				
(Loss)/ profit for the financial period attributable to owners of the Parent ( <i>RM</i> )	(564,686)	(2,562,112)	(564,686)	(2,562,112)
Weighted average number of ordinary shares in issue	137,585,442	125,077,675	137,585,442	125,077,675
Basic (loss) / earning per share ( <i>Sen</i> )	(0.41)	(2.05)	(0.41)	(2.05)
b) <b><u>Diluted earnings/ (loss) per share</u></b>				
This is not applicable to the Group.				