



**AMALGAMATED
INDUSTRIAL STEEL BERHAD**
COMPANY REGISTRATION NO. 9118-M

**Interim Financial Report
for Third Quarter**

Ended 30 September 2018

**Condensed Consolidated Statement Of Comprehensive Income For The Third Quarter
Ended 30 September 2018**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year 3 rd Quarter 01.07.2018 to 30.09.2018 RM	Preceding Year Corresponding Quarter RM	Current Year To-date 01.01.2018 to 30.09.2018 RM	Preceding Year Corresponding Period RM
Revenue	1,174,035	1,558,631	4,757,647	19,754,791
Operating expenses	(1,411,881)	(2,648,170)	(6,570,032)	(25,375,033)
Other operating income	562,324	6,758,437	1,333,987	7,951,080
(Loss)/ Profit from operations	324,478	5,668,898	(478,398)	2,330,838
Finance cost	-	(32,163)	-	(591,120)
(Loss)/ Profit from ordinary activities before tax	324,478	5,636,735	(478,398)	1,739,718
Fair value gain on investment property	-	-	-	-
Net (loss)/ profit before tax	324,478	5,636,735	(478,398)	1,739,718
Tax income/ (expenses)	(60,000)	2,859,410	(60,000)	2,859,170
(Loss)/ Profit for the period	264,478	8,496,145	(538,398)	4,598,888
Other comprehensive income net of tax	-	-	-	-
Total comprehensive income for the period	264,478	8,496,145	(538,398)	4,598,888

**Condensed Consolidated Statement Of Comprehensive Income For The Third Quarter
Ended 30 September 2018 (Cont'd)**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year 3 rd Quarter 01.07.2018 to 30.09.2018 RM	Preceding Year Corresponding Quarter RM	Current Year To-date 01.01.2018 to 30.09.2018 RM	Preceding Year Corresponding Period RM
(Loss)/ Profit attributable to:				
Owners of the Parent	264,478	8,496,145	(538,398)	4,598,888
Non-Controlling Interest	-	-	-	-
	264,478	8,496,145	(538,398)	4,598,888
Total comprehensive income attributable to:				
Owners of the Parent	264,478	8,496,145	(538,398)	4,598,888
Non-Controlling Interest	-	-	-	-
	264,478	8,496,145	(538,398)	4,598,888
		<u>sen</u>		<u>sen</u>
(Loss)/ Earnings per share:				
- basic	0.19	6.18	(0.39)	3.34

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

*AISB-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR
THE THIRD QUARTER ENDED 30 SEPTEMBER 2018*

**Condensed Consolidated Statement Of Financial Position
As At 30 September 2018**

	<u>9 months</u> <u>ended</u> 30.09.2018 RM	<u>12 months</u> <u>ended</u> 31.12.2017 RM
NON-CURRENT ASSETS		
Property, plant and equipment	589,325	573,242
Investment property	36,642,417	76,500,000
Other investments	12,182	12,182
Other assets	32,060	32,060
Total Non-Current Assets	37,275,984	77,117,484
CURRENT ASSETS		
Property Development Expenditure	63,292,101	21,015,509
Inventories	-	1,208,101
Trade receivables	403	253,140
Other receivables, deposits and prepayments	359,053	456,244
Current tax assets	77,624	18,857
Cash and cash equivalents	48,354,856	51,671,718
Total Current Assets	112,084,037	74,623,569
TOTAL ASSETS	149,360,021	151,741,053
EQUITY		
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	24,539,768	24,539,768
Unappropriated profit	50,286,938	50,825,336
Treasury shares	(3,724,544)	(3,724,544)
TOTAL SHAREHOLDERS' EQUITY	141,471,894	142,010,292

*AISB-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR
THE THIRD QUARTER ENDED 30 SEPTEMBER 2018*

**Condensed Consolidated Statement Of Financial Position
As At 30 September 2018 (Cont'd)**

	<u>9 months</u> <u>ended</u> 30.09.2018 RM	<u>12 months</u> <u>ended</u> 31.12.2017 RM
NON-CURRENT LIABILITIES		
Retirement benefit obligations	187,679	234,384
Deferred tax liabilities	5,479,899	5,479,899
Total Non-Current Liabilities	5,667,578	5,714,283
CURRENT LIABILITIES		
Trade payables	140,963	102,460
Other payables	1,954,090	3,032,567
Amount owing to related company	-	856,931
Current tax liabilities	125,496	24,520
Total Current Liabilities	2,220,549	4,016,478
TOTAL LIABILITIES	7,888,127	9,730,761
TOTAL EQUITY AND LIABILITIES	149,360,021	151,741,053

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

*AISB-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR
THE THIRD QUARTER ENDED 30 SEPTEMBER 2018*

Condensed Consolidated Statement Of Changes In Equity For The Nine Months Ended 30 September 2018

	Share Capital	Treasury shares	Share premium	Asset Revaluation Reserve	Capital reserve	Retained profit	Total Equity
	RM	RM	RM	RM	RM	RM	RM
Balance at 1 January 2017	13,187,497	(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							
- Issuance of ordinary shares pursuant to private placement	6,378,961	-	-	-	-	-	6,378,961
- Expenses related to share issue	-	-	(60,693)	-	-	-	(60,693)
Total transactions with owners	6,378,961	-	(60,693)	-	-	-	6,318,268
Balance as at 31 December 2017	19,566,458	(3,724,544)	2,594,524	24,539,768	48,208,750	50,825,336	142,010,292
Profit after taxation for the financial period	-	-	-	-	-	(538,398)	(538,398)
Balance as at 30 September 2018	19,566,458	(3,724,544)	2,594,524	24,539,768	48,208,750	50,286,938	141,471,894

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.

Condensed Consolidated Statement Of Cash Flows

	9 Months to 30.09.2018 RM	Audited 2017 RM
CASH FLOWS FOR OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(478,398)	5,925,272
Amortization of club membership	-	363
Depreciation of property, plant & equipment	78,396	173,756
Provision for doubtful debts	(16,939)	408,332
Fair Value Gain on investment properties	-	(3,086,244)
Gain/(Loss) on disposal of property, plant and equipment	(24,999)	(11,696,003)
Interest income	(1,283,384)	(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	-	33,492
Operating loss before working capital changes	(1,725,324)	(7,156,894)
Decrease in inventories	1,208,101	12,408,992
Increase in property development cost	(2,034,959)	(486,145)
(Increase)/Decrease in trade and other receivables	(18,270)	21,147,317
Increase/(Decrease) in trade and other payables	(1,008,088)	(32,004,192)
(Decrease)/Increase in amount owing to a related party	(856,931)	856,931
CASH FOR OPERATIONS	(4,435,471)	(5,233,991)
Income tax refunded	17,065	1,052
Income tax (paid)	(34,855)	(30,069)
Interest paid	-	(591,120)
Real property gains tax paid	-	(2,951,880)
Retirement benefits paid	(46,706)	(26,972)
NET CASH FOR OPERATING ACTIVITIES	(4,499,967)	(8,832,980)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of a subsidiary, net of cash in bank acquired	-	(675,999)
Interest received	1,283,384	1,067,947
Additional cost incurred for investment properties	(30,800)	(7,413,756)
Purchase of other equipment	(94,479)	(526,760)
Proceeds from disposal of property, plant and equipment	25,000	74,205,344
NET CASH FROM INVESTING ACTIVITIES	1,183,105	66,656,776

Condensed Consolidated Statement Of Cash Flows (Cont'd)

	9 Months to 30.09.2018 RM	Audited 2017 RM
CASH FLOWS FOR FINANCING ACTIVITIES		
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)
NET CASH FOR FINANCING ACTIVITIES	-	(20,221,732)
NET (DECREASE)/INCREASE IN CASH AND BANK BALANCES	(3,316,862)	37,602,064
CASH AND BANK BALANCES : -		
AT BEGINNING OF THE FINANCIAL YEAR	<u>51,671,718</u>	<u>14,069,654</u>
AT END OF THE FINANCIAL YEAR	<u>48,354,856</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.

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
Amendments to Reference to the Conceptual Framework in MFRS Standards		1 January 2020

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 MFRS 16 which 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 recognize 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 was 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 30 September 2018.

A10 **Changes in Composition of the Group**

Parkwood Developments Sdn Bhd, a wholly-owned subsidiary of the Company had subscribed 2 ordinary shares, representing 100% equity interest in Parkwood PJS Sdn Bhd for a total cash consideration of RM2.00. Parkwood PJS Sdn Bhd was incorporated in Malaysia on 19 July 2018 with its intended principal activity in property development.

Apart from this, there were no other changes in the composition of the Group during the quarter.

A11 **Contingent Liabilities or Assets**

There were no contingent liability and contingent asset for the Group as at end of the current quarter.

A12 **Capital Commitments**

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

**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 2018 ("Q3") was RM1.17 million, or RM0.39 million lower compared to the revenue of RM1.56 million recorded in the previous corresponding quarter ("PCQ3"). The dropped in revenue was mainly attributed from the Group's discontinuation of its manufacturing operation of steel related products.

The profit after tax for Q3 was RM0.26 million compared to a profit after tax of RM8.50 million in PCQ3. The bulk of the gain in PCQ3 amounting to RM6.26 million was a capital gain from the disposal of property, plant and equipment in manufacturing plant.

The revenue of the Group for the nine-month period was RM4.76 million compared to revenue of RM19.75 million for the corresponding period in the preceding year. Lower revenue recorded in the current period mainly due to discontinuation of manufacturing operation in 2017. Other income of RM1.33 million for the nine-month period is mainly derived from interest earned from short-term cash deposits of RM43.50 million. The Group recorded loss of RM0.54 million for the period to-date compared to profit of RM4.60 million for the corresponding period in the preceding year.

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

The Group's revenue of RM1.17 million for Q3 was RM0.39 million higher than the revenue of RM0.78 million recorded in the preceding quarter ("PQ2"). The Group recorded a pre-tax profit of RM0.32 million in Q3 compared to a pre-tax loss of RM0.24 million in PQ2.

B3 Current Year Prospect

The Group will continue to generate income from the rental leasing, interest earned from short-term cash deposit and trading of steel pipes related products in 2018. Revenue and profit is expected to improve once its property development project commences launch in next year.

B4 Profit Forecast or Profit Guarantee

This is not applicable to the Group.

B5 Taxation

	Current Quarter 01.07.2018 to 30.09.2018 RM	Preceding Year Corresponding Quarter 30.09.2017 RM	Current Year To-date Ended 30.09.2018 RM	Corresponding Period Ended 30.09.2017 RM
In respect of: -				
current period				
- income tax	60,000	41,352	60,000	41,112
- deferred tax	-	2,818,058	-	2,818,058
Tax (expense)/ income	60,000	2,859,410	60,000	2,859,170

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 its debtors, Avenue TH Trading Sdn Bhd & Foklien Hardware (M) Sdn Bhd for an amount of approximately RM0.78 million. The Company has filed the affidavits to the Sessions Court for substituted services order and applying for the judgement in default. As at October 2018, the Company has obtained judgement in default against the guarantors and shall proceed with bankruptcy proceedings.

B9 Dividend Payable

No interim dividend has been declared for the financial period-to-date ended 30 September 2018.

*AISB-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR
THE THIRD QUARTER ENDED 30 SEPTEMBER 2018*

B10 (Loss)/Earnings per Share

	Current Year Third Quarter Ended 30.09.2018 RM	Preceding Year Corresponding Quarter Ended 30.09.2017 RM	Current Year To-date Ended 30.09.2018 RM	Preceding Year Corresponding Period Ended 30.09.2017 RM
<u>Basic (loss)/earnings per share</u>				
Profit/(Loss) for the financial period attributable to owners of the Parent (<i>RM</i>)	264,478	8,496,145	(538,398)	4,598,888
Weighted average number of ordinary shares in issue	137,585,442	144,382,742	137,585,442	144,382,742
Basic earnings/(loss) per share	0.19	6.18	(0.39)	3.34