



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

**Interim Financial Report
for Fourth Quarter**

Ended 31 December 2018

*AISB-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR
THE FOURTH QUARTER ENDED 31 DECEMBER 2018*

**Condensed Consolidated Statement Of Comprehensive Income For The Fourth Quarter
Ended 31 December 2018**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year 4th Quarter 01.10.2018 to 31.12.2018 RM	Preceding Year Corresponding Quarter RM	Current Year To-date 01.01.2018 to 31.12.2018 RM	Preceding Year Corresponding Period RM
Revenue	485,235	(14,359)	4,258,882	19,740,432
Operating expenses	(2,487,740)	(3,356,583)	(9,057,771)	(29,144,546)
Other operating income	305,405	4,470,252	2,623,391	12,834,262
(Loss)/ Profit from operations	(1,697,100)	1,099,310	(2,175,498)	3,430,148
Finance cost	-	-	-	(591,120)
(Loss)/ Profit from ordinary activities before tax	(1,697,100)	1,099,310	(2,175,498)	2,839,028
(Impairment loss)/Fair value gain on investment property	(2,800,000)	3,086,244	(2,800,000)	3,086,244
Net (loss)/ profit before tax	(4,497,100)	4,185,554	(4,975,498)	5,925,272
Tax income/ (expenses)	865,390	(2,511,149)	805,390	348,021
(Loss)/ Profit for the period	(3,631,710)	1,674,405	(4,170,108)	6,273,293
Other comprehensive income net of tax	-	-	-	-
Total comprehensive income for the period	(3,631,710)	1,674,405	(4,170,108)	6,273,293

*AISB-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR
THE FOURTH QUARTER ENDED 31 DECEMBER 2018*

**Condensed Consolidated Statement Of Comprehensive Income For The Fourth Quarter
Ended 31 December 2018 (Cont'd)**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year 4th Quarter 01.10.2018 to 31.12.2018 RM	Preceding Year Corresponding Quarter RM	Current Year To-date 01.01.2018 to 31.12.2018 RM	Preceding Year Corresponding Period RM
(Loss)/ Profit attributable to:				
Owners of the Parent	(3,631,710)	1,674,405	(4,170,108)	6,273,293
Non-Controlling Interest	-	-	-	-
	(3,631,710)	1,674,405	(4,170,108)	6,273,293
Total comprehensive income attributable to:				
Owners of the Parent	(3,631,710)	1,674,405	(4,170,108)	6,273,293
Non-Controlling Interest	-	-	-	-
	(3,631,710)	1,674,405	(4,170,108)	6,273,293
	<u>sen</u>	<u>sen</u>	<u>sen</u>	<u>sen</u>
(Loss)/ Earnings per share:				
- basic (sen)	(2.64)	1.22	(3.03)	4.74

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 FOURTH QUARTER ENDED 31 DECEMBER 2018*

**Condensed Consolidated Statement Of Financial Position
As At 31 December 2018**

	<u>12 months</u> <u>ended</u> 31.12.2018 RM	<u>12 months</u> <u>ended</u> 31.12.2017 RM
NON-CURRENT ASSETS		
Property, plant and equipment	671,069	573,242
Investment property	36,600,000	76,500,000
Other investments	11,819	12,182
Other assets	32,060	32,060
Total Non-Current Assets	37,314,948	77,117,484
CURRENT ASSETS		
Property Development Expenditure	59,922,511	21,015,509
Inventories	-	1,208,101
Trade receivables	116,721	253,140
Other receivables, deposits and prepayments	259,193	456,244
Current tax assets	2,246	18,857
Cash and cash equivalents	47,079,201	51,671,718
Total Current Assets	107,379,872	74,623,569
TOTAL ASSETS	144,694,820	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	46,655,228	50,825,336
Treasury shares	(3,724,544)	(3,724,544)
TOTAL SHAREHOLDERS' EQUITY	137,840,184	142,010,292

*AISB-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR
THE FOURTH QUARTER ENDED 31 DECEMBER 2018*

**Condensed Consolidated Statement Of Financial Position
As At 31 December 2018 (Cont'd)**

	<u>12 months</u> <u>ended</u> 31.12.2018 RM	<u>12 months</u> <u>ended</u> 31.12.2017 RM
NON-CURRENT LIABILITIES		
Retirement benefit obligations	126,052	234,384
Deferred tax liabilities	1,681,070	5,479,899
Total Non-Current Liabilities	1,807,122	5,714,283
CURRENT LIABILITIES		
Trade payables	-	102,460
Other payables	2,082,572	3,032,567
Amount owing to related company	-	856,931
Current tax liabilities	2,964,942	24,520
Total Current Liabilities	5,047,514	4,016,478
TOTAL LIABILITIES	6,854,636	9,730,761
TOTAL EQUITY AND LIABILITIES	144,694,820	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 FOURTH QUARTER ENDED 31 DECEMBER 2018**

Condensed Consolidated Statement Of Changes In Equity For The Twelfth Month Ended 31 December 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	-	-	-	-	-	(4,170,108)	(4,170,108)
Balance as at 31 December 2018	19,566,458	(3,724,544)	2,594,524	24,539,768	48,208,750	46,655,228	137,840,184

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

	12 Months to 31.12.2018 RM	Audited 2017 RM
CASH FLOWS FOR OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(4,975,498)	5,925,272
Amortization of club membership	364	363
Depreciation of property, plant & equipment	112,421	173,756
Provision for doubtful debts	(16,939)	408,332
Fair value gain on investment property	-	(3,086,244)
Impairment loss on investment property	2,800,000	-
Gain on disposal of property, plant and equipment	(49,998)	(11,696,003)
Interest income	(1,559,334)	(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	(36,508)	33,492
Operating loss before working capital changes	(3,725,492)	(7,156,894)
Decrease in inventories	1,208,101	12,408,992
Increase in property development cost	(1,807,003)	(486,145)
Decrease in trade and other receivables	318,524	21,147,317
Decrease in trade and other payables	(1,020,569)	(32,004,192)
(Decrease)/Increase in amount owing to a related party	(856,931)	856,931
CASH FOR OPERATIONS	(5,883,370)	(5,233,991)
Income tax refunded	17,065	1,052
Income tax (paid)	(53,471)	(30,069)
Interest paid	-	(591,120)
Real property gains tax paid	-	(2,951,880)
Retirement benefits paid	(71,825)	(26,972)
NET CASH FOR OPERATING ACTIVITIES	(5,991,601)	(8,832,980)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of a subsidiary, net of cash in bank acquired	-	(675,999)
Interest received	1,559,334	1,067,947
Additional cost incurred for investment properties	-	(7,413,756)
Purchase of other equipment	(210,250)	(526,760)
Proceeds from disposal of property, plant and equipment	50,000	74,205,344
NET CASH FROM INVESTING ACTIVITIES	1,399,084	66,656,776

*AISB-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR
THE FOURTH QUARTER ENDED 31 DECEMBER 2018*

Condensed Consolidated Statement Of Cash Flows (Cont'd)

	12 Months to 31.12.2018 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	(4,592,517)	37,602,064
CASH AND BANK BALANCES :-		
AT BEGINNING OF THE FINANCIAL YEAR	51,671,718	14,069,654
AT END OF THE FINANCIAL YEAR	<u>47,079,201</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 31 December 2018.

A10 Changes in Composition of the Group

There was no change 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 fourth quarter ended 31 December 2018 ("Q4") was RM0.48 million, or RM0.50 million higher compared to the revenue in the previous corresponding quarter ("PCQ4"). The revenue in Q4 was mainly attributed from the Group's rental income.

The loss after tax for Q4 was RM3.63 million compared to a profit after tax of RM1.67 million in PCQ4. The loss in current quarter mainly attributable from the impairment loss of RM2.80 million on investment property and marketing expenditures of RM1.17 million incurred on property development.

The revenue of the Group for the year was RM4.26 million compared to revenue of RM19.74 million for the corresponding period in the preceding year. Lower revenue recorded in the current year mainly due to discontinuation of manufacturing operation in 2017. Other incomes of RM2.62 million are comprised of interest income of RM1.64 million earned from short-term cash deposits and the disposal of structural steel of RM0.98 million. The Group recorded loss of RM4.17 million compared to profit of RM6.27 million for the corresponding preceding year, the higher profit recorded in previous year mainly attributable by the other income from the disposal of property, plant and equipment amounting to RM11.70 million and also the fair value gain of RM3.09 million on investment property.

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

The Group's revenue of RM0.48 million for Q4 was mainly derived from rental income. The Group recorded a pre-tax loss of RM4.50 million in Q4 compared to a pre-tax loss of RM0.32 million in PQ3 mainly due to the impairment loss of RM2.80 million from investment property and also the marketing expenditures of RM1.17 million incurred on property development for which the project will be launch in first half of 2019.

B3 Prospect For The New Financial Year

The Group expected to start generating income from property development project after the launch in first half of 2019.

B4 Profit Forecast or Profit Guarantee

This is not applicable to the Group.

*AISB-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR
THE FOURTH QUARTER ENDED 31 DECEMBER 2018*

B5 Taxation

	Current Quarter 01.10.2018 to 31.12.2018 RM	Preceding Year Corresponding Quarter 31.12.2017 RM	Current Year To-date Ended 31.12.2018 RM	Corresponding Period Ended 31.12.2017 RM
In respect of: -				
current period				
- income tax	-	(1,039,266)	60,000	65,736
- RPGT	2,933,439	-	2,933,439	2,951,880
- deferred tax	(3,798,829)	(1,471,883)	(3,798,829)	(3,365,637)
Tax (expense)/ income	(865,390)	(2,511,149)	(805,390)	(348,021)

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 January 2019, 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 31 December 2018.

*AISB-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR
THE FOURTH QUARTER ENDED 31 DECEMBER 2018*

B10 (Loss)/Earnings per Share

	Current Year Fourth Quarter Ended 31.12.2018 RM	Preceding Year Corresponding Quarter Ended 31.12.2017 RM	Current Year To-date Ended 31.12.2018 RM	Preceding Year Corresponding Period Ended 31.12.2017 RM
<u>Basic (loss)/earnings per share</u>				
Profit/(Loss) for the financial period attributable to owners of the Parent (RM)	(3,631,710)	1,674,405	(4,170,108)	6,273,293
Weighted average number of ordinary shares in issue	137,585,442	137,585,442	137,585,442	132,354,111
Basic earnings/(loss) per share (sen)	(2.64)	1.22	(3.03)	4.74