



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

**Interim Financial Report  
for First Quarter**

**Ended 31 March 2019**

**Condensed Consolidated Statement of Comprehensive Income For The First Quarter  
Ended 31 March 2019**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE PERIOD</b>	
	<b>Current Year 1st Quarter 01.01.2019 to 31.03.2019 RM</b>	<b>Preceding Year Corresponding Quarter RM</b>	<b>Current Year To-date 01.01.2019 to 31.03.2019 RM</b>	<b>Preceding Year Corresponding Period RM</b>
<b>Revenue</b>	498,235	2,317,942	498,235	2,317,942
<b>Operating expenses</b>	(1,713,233)	(3,676,637)	(1,713,233)	(3,676,637)
<b>Other operating income</b>	452,309	794,009	452,309	794,009
<b>Loss from operations</b>	(762,689)	(564,686)	(762,689)	(564,686)
<b>Finance costs</b>	(23,054)	-	(23,054)	-
<b>Loss from ordinary activities before tax</b>	(785,743)	(564,686)	(785,743)	(564,686)
<b>Impairment loss on investment property</b>	-	-	-	-
<b>Loss before taxation</b>	(785,743)	(564,686)	(785,743)	(564,686)
<b>Tax income/ (expenses)</b>	(13,974)	-	(13,974)	-
<b>(Loss)/ Profit for the period</b>	(799,717)	(564,686)	(799,717)	(564,686)
<b>Other comprehensive income net of tax</b>	-	-	-	-
<b>Total comprehensive income for the period</b>	(799,717)	(564,686)	(799,717)	(564,686)

**Condensed Consolidated Statement of Comprehensive Income For The First Quarter  
Ended 31 March 2019 (Cont'd)**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year 1st Quarter 01.01.2019 to 31.03.2019  RM	Preceding Year Corresponding Quarter  RM	Current Year To-date 01.01.2019 to 31.03.2019  RM	Preceding Year Corresponding Period  RM
<b>Loss attributable to:</b>				
<b>Owners of the Parent</b>	(799,717)	(564,686)	(799,717)	(564,686)
<b>Non-Controlling Interest</b>	-	-	-	-
	(799,717)	(564,686)	(799,717)	(564,686)
<b>Total comprehensive expenses attributable to:</b>				
<b>Owners of the Parent</b>	(799,717)	(564,686)	(799,717)	(564,686)
<b>Non-Controlling Interest</b>	-	-	-	-
	(799,717)	(564,686)	(799,717)	(564,686)
	<u>sen</u>	<u>sen</u>	<u>sen</u>	<u>sen</u>
<b>(Loss)/ Earnings per share:</b>				
<b>- basic (sen)</b>	(0.58)	(0.41)	(0.58)	(0.41)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018.

*AISB-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR  
THE FIRST QUARTER ENDED 31 MARCH 2019*

**Condensed Consolidated Statement of Financial Position  
As At 31 March 2019**

	<b>As At 31.03.2019 (Unaudited) RM</b>	<b>As At 31.12.2018 (Audited) RM</b>
<b>NON-CURRENT ASSETS</b>		
Plant and equipment	1,066,553	671,072
Investment property	36,600,000	36,600,000
Club membership	11,818	11,818
Right-of-use assets	1,149,380	-
Other assets	32,060	32,060
<b>Total Non-Current Assets</b>	<b>38,859,811</b>	<b>37,314,950</b>
<b>CURRENT ASSETS</b>		
Property development costs	60,292,551	59,922,511
Trade receivables	65,502	58,062
Other receivables, deposits and prepayments	235,515	317,853
Current tax assets	95,475	2,246
Fixed deposit with licensed bank	25,229,671	20,000,000
Short-term investments	14,080,277	24,667,864
Cash and bank balances	5,481,011	2,411,339
<b>Total Current Assets</b>	<b>105,480,002</b>	<b>107,379,875</b>
<b>TOTAL ASSETS</b>	<b>144,339,813</b>	<b>144,694,825</b>
<b>EQUITY</b>		
Share capital	70,369,732	19,566,458
Capital reserve	-	48,208,750
Share premium	-	2,594,524
Reserves	24,539,768	24,539,768
Retained profits	45,765,934	46,655,229
Treasury shares	(3,724,544)	(3,724,544)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>136,950,890</b>	<b>137,840,185</b>

*AISB-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR  
THE FIRST QUARTER ENDED 31 MARCH 2019*

**Condensed Consolidated Statement of Financial Position  
As At 31 March 2019 (Cont'd)**

	<b>As At 31.03.2019 (Unaudited) RM</b>	<b>As At 31.12.2018 (Audited) RM</b>
<b>NON-CURRENT LIABILITIES</b>		
Retirement benefit obligations	78,329	126,052
Deferred tax liabilities	1,681,070	1,681,070
Lease liabilities	1,037,312	-
<b>Total Non-Current Liabilities</b>	<b>2,796,711</b>	<b>1,807,122</b>
<b>CURRENT LIABILITIES</b>		
Other payables	1,323,215	2,082,576
Current tax liabilities	3,058,935	2,964,942
Lease liabilities	210,062	-
<b>Total Current Liabilities</b>	<b>4,592,212</b>	<b>5,047,518</b>
<b>TOTAL LIABILITIES</b>	<b>7,388,923</b>	<b>6,854,640</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>144,339,813</b>	<b>144,694,825</b>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018.

*AISB-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR  
THE FIRST QUARTER ENDED 31 MARCH 2019*

**Condensed Consolidated Statement of Changes In Equity For The Three Month Ended 31 March 2019**

	<b>Share Capital</b>	<b>Treasury shares</b>	<b>Share premium</b>	<b>Asset Revaluation Reserve</b>	<b>Capital reserve</b>	<b>Retained profit</b>	<b>Total Equity</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Balance at 1 January 2018</b>	<b>19,566,458</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>
Profit after taxation for the financial year	-	-	-	-	-	(4,170,107)	(4,170,107)
<b>Balance as at 31 December 2018</b>	<b>19,566,458</b>	<b>(3,724,544)</b>	<b>2,594,524</b>	<b>24,539,768</b>	<b>48,208,750</b>	<b>46,655,229</b>	<b>137,840,185</b>
Effects of MFRS 16 Leases adoption	-	-	-	-	-	(89,578)	(89,578)
Adjustments for effects of Companies Act 2016	50,803,274	-	(2,594,524)	-	(48,208,750)	-	-
<b>Balance as at 1 January 2019, restated</b>	<b>70,369,732</b>	<b>(3,724,544)</b>	<b>-</b>	<b>24,539,768</b>	<b>-</b>	<b>46,565,651</b>	<b>137,750,607</b>
Profit after taxation for the financial period	-	-	-	-	-	(799,717)	(799,717)
<b>Balance as at 31 March 2019</b>	<b>70,369,732</b>	<b>(3,724,544)</b>	<b>-</b>	<b>24,539,768</b>	<b>-</b>	<b>45,765,934</b>	<b>136,950,890</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 2018.

**Condensed Consolidated Statement of Cash Flows**

	<b>3 Months to 31.03.2019 RM</b>	<b>Audited 2018 RM</b>
<b>CASH FLOWS FOR OPERATING ACTIVITIES</b>		
Loss before taxation	(785,744)	(4,975,497)
Amortization of club membership	-	364
Depreciation of plant & equipment	118,360	112,588
Plant and equipment written off	8	3,238
Reversal of allowances for impairment loss on trade receivables	(44,523)	(16,939)
Fair value loss on investment property	-	2,800,000
Loss/(Gain) on disposal of property, plant and equipment	20,275	(49,998)
Interest income	(386,013)	(1,559,336)
Interest expense	23,054	-
Retirement benefit obligations	8,373	(36,508)
Operating loss before working capital changes	(1,046,210)	(3,722,088)
Decrease in inventories	-	1,208,101
Increase in property development cost	(370,040)	(1,807,002)
Decrease in trade and other receivables	60,759	350,408
Decrease in trade and other payables	(700,697)	(1,052,451)
(Decrease)/Increase in amount owing to a related party	-	(856,931)
<b>CASH FOR OPERATIONS</b>	<b>(2,056,188)</b>	<b>(5,879,963)</b>
Income tax refunded	-	33,090
Income tax (paid)	(13,209)	(69,496)
Interest paid	-	-
Retirement benefits paid	(56,096)	(71,824)
<b>NET CASH FOR OPERATING ACTIVITIES</b>	<b>(2,125,493)</b>	<b>(5,988,193)</b>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Interest received	386,013	1,559,336
Purchase of plant and equipment	(457,489)	(213,658)
Placement of fixed deposits	(5,229,671)	(20,000,000)
Placement of short-term investments	(14,080,277)	-
Proceeds from disposal of property, plant and equipment	1,800	50,000
<b>NET CASH FOR INVESTING ACTIVITIES</b>	<b>(19,379,624)</b>	<b>(18,604,322)</b>

**Condensed Consolidated Statement of Cash Flows (Cont'd)**

	<b>3 Months to 31.03.2019 RM</b>	<b>Audited 2018  RM</b>
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Cash received from Share Placement, net of expenses	-	-
Lease liabilities paid	(93,075)	-
NET CASH FOR FINANCING ACTIVITIES	(93,075)	-
<b>NET DECREASE IN CASH AND BANK BALANCES</b>	(21,598,192)	(24,592,515)
<b>CASH AND BANK BALANCES : -</b>		
AT BEGINNING OF THE FINANCIAL YEAR	27,079,203	51,671,718
AT END OF THE FINANCIAL YEAR	<b>5,481,011</b>	<b>27,079,203</b>

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statement for the year ended 31 December 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 2018. 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 2018.

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 2018.

Effective from 1 January 2019, the Group has adopted MFRS 16 Leases retrospectively, but the impact of adoption is adjusted against the opening balance of retained profit on the date of initial application. Comparatives are not restated. MFRS16 require the lessee to recognize the right-of-use of the underlying lease asset and the future lease payments liabilities in the Statement of Financial Position. For a lessor, MFRS 16 continue to allow the lessor to classify leases as either operating leases or finance leases and to account for these two types of leases differently. Right-of-use asset is depreciated throughout the lease period in accordance with the depreciation requirements of MFRS 116 "Property, Plant and Equipment" whereas lease liability is accreted to reflect interest and is reduced to reflect lease payments made.

The following table presents the impact of changes to the consolidated Statements of Financial Position of the Group resulting from the adoption of MFRS 16 Leases as at 1 January 2019:

*AISB-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR  
THE FIRST QUARTER ENDED 31 MARCH 2019*

	As at 31 December 2018 RM	Effect of MFRS 16 RM	As at 1 January 2019 RM
NON-CURRENT ASSETS			
Right-of-use assets	-	1,227,817	1,227,817
CURRENT LIABILITIES			
Lease liabilities	-	280,082	280,082
NON-CURRENT LIABILITIES			
Lease liabilities	-	1,037,313	1,037,313
EQUITY			
Retained profit	<u>46,655,229</u>	<u>89,578</u>	<u>46,565,651</u>

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
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MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 101 & MFRS 108	Definition of Material	1 January 2020
Amendments to MFRS 10 & MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
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.

**A2 Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the year ended 31 December 2018 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 March 2019.

**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 first quarter ended 31 March 2019 ("Q1") was RM0.50 million, or RM1.82 million lower compared to the revenue in the previous corresponding quarter ("PCQ1"). Lower revenue recorded in the current quarter was due to lower trading activities in steel related products as compared with PCQ1.

The loss after tax for Q1 was RM0.80 million compared to a loss after tax of RM0.56 million in PCQ1. The higher loss in the current quarter was mainly attributable to the marketing expenditures incurred on property development and lower trading activities.

Other income of RM0.45 million is derived from the interest income earned from short-term cash deposits and placements in fixed deposit with licensed bank.

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

The Group's revenue of RM0.50 million for Q1 was mainly derived from rental income. The Group recorded a pre-tax loss of RM0.79 million in Q1 compared to a pre-tax loss of RM4.50 million in the preceding quarter ("PQ4"). Higher loss in the preceding quarter was due to the impairment losses of RM2.80 million from investment property and also the marketing expenditures of RM1.17 million incurred on property development in PQ4.

**B3 Prospect For The Current Financial Year**

The Group expects to generate income from its property development project after the launch in first half of 2019.

**B4 Profit Forecast or Profit Guarantee**

This is not applicable to the Group.

**B5 Taxation**

	<b>Current Quarter 01.01.2019 to 31.03.2019 RM</b>	<b>Preceding Year Corresponding Quarter 31.03.2018 RM</b>	<b>Current Year To-date Ended 31.03.2019 RM</b>	<b>Preceding Year Corresponding Period 31.03.2018 RM</b>
In respect of: -				
current period				
- income tax	13,974	-	13,974	-
Tax (expense)/				
income	13,974	-	13,974	-

**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, a subsidiary company, i.e. AIS Manufacturing Sdn Bhd, commenced legal action against its debtors, Avenue TH Trading Sdn Bhd & Foklien Hardware (M) Sdn Bhd for amount owing 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. In January 2019, a bankruptcy search revealed that all the guarantors have been recently adjudged bankrupt. No further legal proceedings have been taken since then.

**B9 Dividend Payable**

No interim dividend has been declared for the financial period-to-date ended 31 March 2019.

*AISB-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR  
THE FIRST QUARTER ENDED 31 MARCH 2019*

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

	<b>Current Year First Quarter Ended 31.03.2019 RM</b>	<b>Preceding Year Corresponding Quarter Ended 31.03.2018 RM</b>	<b>Current Year To-date Ended 31.03.2019 RM</b>	<b>Preceding Year Corresponding Period Ended 31.03.2018 RM</b>
<b><u>Basic (loss)/earnings per share</u></b>				
Profit/(Loss) for the financial period attributable to owners of the Parent ( <i>RM</i> )	(799,717)	(564,686)	(799,717)	(564,686)
Weighted average number of ordinary shares in issue	137,585,442	137,585,442	137,585,442	137,585,442
Basic earnings/(loss) per share (sen)	(0.58)	(0.41)	(0.58)	(0.41)