



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

**Interim Financial Report  
for Third Quarter**

**Ended 30 September 2019**

**Condensed Consolidated Statement of Comprehensive Income For The Third Quarter  
Ended 30 September 2019**

|  | <b>INDIVIDUAL QUARTER</b>   |  | <b>CUMULATIVE PERIOD</b>  |   |
|--|---|--|---|---|
|  | <b>Current<br/>Year<br/>3rd Quarter<br/>01.07.2019<br/>to<br/>30.09.2019<br/>RM</b> | <b>Preceding<br/>Year<br/>Corresponding<br/>Quarter<br/>RM</b> | <b>Current<br/>Year<br/>To-date<br/>01.01.2019<br/>to<br/>30.09.2019<br/>RM</b> | <b>Preceding<br/>Year<br/>Corresponding<br/>Period<br/>RM</b> |
| <b>Revenue</b>                                       | 1,609,318   | 1,174,035  | 3,409,212   | 4,757,647   |
| <b>Operating expenses</b>                            | (2,380,663)   | (1,411,881)  | (6,471,103)   | (6,570,032)   |
| <b>Other operating income</b>                        | 274,824   | 562,324  | 1,116,800   | 1,333,987   |
| <b>Loss from operations</b>                          | (496,521)   | 324,478  | (1,945,091)   | (478,398)   |
| <b>Finance costs</b>                                 | (29,000)  | -  | (85,018)  | -   |
| <b>Loss before taxation</b>                          | (525,521)   | 324,478  | (2,030,109)   | (478,398)   |
| <b>Tax income/ (expenses)</b>                        | (13,917)  | (60,000)   | (41,981)  | (60,000)  |
| <b>(Loss)/ Profit for the period</b>                 | (539,438)   | 264,478  | (2,072,090)   | (538,398)   |
| <b>Other comprehensive income<br/>net of tax</b>     | -   | -  | -   | -   |
| <b>Total comprehensive<br/>income for the period</b> | (539,438)   | 264,478  | (2,072,090)   | (538,398)   |
| <b>Loss attributable to:</b>                         |   |  |   |   |
| <b>Owners of the Parent</b>                          | (539,438)   | 264,478  | (2,072,090)   | (538,398)   |
| <b>Non-Controlling Interest</b>                      | -   | -  | -   | -   |
|  | (539,438)   | 264,478  | (2,072,090)   | (538,398)   |

**Condensed Consolidated Statement of Comprehensive Income For The Third Quarter  
Ended 30 September 2019 (Cont'd)**

| INDIVIDUAL QUARTER   |   | CUMULATIVE PERIOD  |  |
|--|---|--|--|
| Current<br>Year<br>3rd Quarter<br>01.07.2019<br>to<br>30.09.2019<br>RM | Preceding<br>Year<br>Corresponding<br>Quarter<br>RM | Current<br>Year<br>To-date<br>01.01.2019<br>to<br>30.09.2019<br>RM | Preceding<br>Year<br>Corresponding<br>Period<br>RM |

**Total comprehensive expenses attributable to:**

|                                 |           |         |             |           |
|---------------------------------|-----------|---------|-------------|-----------|
| <b>Owners of the Parent</b>     | (539,438) | 264,478 | (2,072,090) | (538,398) |
| <b>Non-Controlling Interest</b> | -         | -       | -           | -         |

|           |         |             |           |
|-----------|---------|-------------|-----------|
| (539,438) | 264,478 | (2,072,090) | (538,398) |
|-----------|---------|-------------|-----------|

|                                    |            |            |            |            |
|------------------------------------|------------|------------|------------|------------|
|                                    | <u>sen</u> | <u>sen</u> | <u>sen</u> | <u>sen</u> |
| <b>(Loss)/ Earnings per share:</b> |            |            |            |            |
| <b>- basic (sen)</b>               | (0.39)     | 0.19       | (1.51)     | (0.39)     |

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 THIRD  
QUARTER ENDED 30 SEPTEMBER 2019*

**Condensed Consolidated Statement of Financial Position As At 30 September 2019**

|   | <b>As At<br/>30.09.2019<br/>(Unaudited)<br/>RM</b> | <b>As At<br/>31.12.2018<br/>(Audited)<br/>RM</b> |
|---|--|--|
| <b>NON-CURRENT ASSETS</b>                   |  |  |
| Plant and equipment                         | 1,010,016  | 671,072  |
| Investment property                         | 36,600,000   | 36,600,000                                       |
| Club membership                             | 11,818   | 11,818   |
| Right-of-use assets                         | 1,195,609  | -  |
| Other assets                                | 32,060   | 32,060   |
| <b>Total Non-Current Assets</b>             | <b>38,849,503</b>                                  | <b>37,314,950</b>                                |
| <b>CURRENT ASSETS</b>                       |  |  |
| Inventories                                 | 59,161,065   | 59,922,511                                       |
| Contract costs                              | 3,092,936  | -  |
| Contract assets                             | 2,210,073  | -  |
| Trade receivables                           | 88,217   | 58,062   |
| Other receivables, deposits and prepayments | 1,110,151  | 317,853  |
| Current tax assets                          | 20,933   | 2,246  |
| Fixed deposit with licensed bank            | 7,497,470  | 20,000,000                                       |
| Short-term investments                      | 24,401,789   | 24,667,864                                       |
| Cash and bank balances                      | 3,612,621  | 2,411,339  |
| <b>Total Current Assets</b>                 | <b>101,195,255</b>                                 | <b>107,379,875</b>                               |
| <b>TOTAL ASSETS</b>                         | <b>140,044,758</b>                                 | <b>144,694,825</b>                               |
| <b>EQUITY</b>                               |  |  |
| Share capital                               | 22,160,982   | 19,566,458                                       |
| Capital reserve                             | 48,208,750   | 48,208,750                                       |
| Share premium                               | -  | 2,594,524  |
| Reserves                                    | 24,539,768   | 24,539,768                                       |
| Retained profits                            | 44,493,561   | 46,655,229                                       |
| Treasury shares                             | (3,724,544)  | (3,724,544)                                      |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>           | <b>135,678,517</b>                                 | <b>137,840,185</b>                               |

*AISB-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD  
QUARTER ENDED 30 SEPTEMBER 2019*

**Condensed Consolidated Statement of Financial Position As At 30 September 2019 (Cont'd)**

|                                      | As At<br>30.09.2019<br>(Unaudited)<br>RM | As At<br>31.12.2018<br>(Audited)<br>RM |
|--------------------------------------|--|--|
| <b>NON-CURRENT LIABILITIES</b>       |  |  |
| Retirement benefit obligations       | 95,075                                   | 126,052                                |
| Deferred tax liabilities             | 1,205,536                                | 1,681,070                              |
| Lease liabilities                    | 1,681,070                                | -                                      |
| <b>Total Non-Current Liabilities</b> | <b>2,981,681</b>                         | <b>1,807,122</b>                       |
| <b>CURRENT LIABILITIES</b>           |  |  |
| Trade payables                       | 9,000                                    | -                                      |
| Other payables                       | 1,266,485                                | 2,082,576                              |
| Current tax liabilities              | -  | 2,964,942                              |
| Lease liabilities                    | 109,075                                  | -                                      |
| <b>Total Current Liabilities</b>     | <b>1,384,560</b>                         | <b>5,047,518</b>                       |
| <b>TOTAL LIABILITIES</b>             | <b>4,366,241</b>                         | <b>6,854,640</b>                       |
| <b>TOTAL EQUITY AND LIABILITIES</b>  | <b>140,044,758</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.

**Condensed Consolidated Statement of Changes In Equity For The Nine Months Ended 30 September 2019**

|  | <b>Share<br/>Capital</b> | <b>Treasury<br/>Shares</b> | <b>Share<br/>Premium</b> | <b>Asset<br/>Revaluation<br/>Reserve</b> | <b>Capital<br/>Reserve</b> | <b>Retained<br/>Profit</b> | <b>Total<br/>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  | 2,594,524                | -                          | (2,594,524)              | -  | -                          | -                          | -                       |
| <b>Balance as at 1 January 2019, restated</b>  | <b>22,160,982</b>        | <b>(3,724,544)</b>         | <b>-</b>                 | <b>24,539,768</b>                        | <b>48,208,750</b>          | <b>46,565,651</b>          | <b>137,750,607</b>      |
| Profit after taxation for the financial period | -                        | -                          | -                        | -  | -                          | (2,072,090)                | (2,072,090)             |
| <b>Balance as at 30 September 2019</b>         | <b>22,160,982</b>        | <b>(3,724,544)</b>         | <b>-</b>                 | <b>24,539,768</b>                        | <b>48,208,750</b>          | <b>44,493,561</b>          | <b>135,678,517</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>9 Months<br/>to<br/>30.09.2019<br/>RM</b> | <b>Audited<br/>2018<br/>RM</b> |
|---|--|--------------------------------|
| <b>CASH FLOWS FOR OPERATING ACTIVITIES</b>                      |  |                                |
| Loss before taxation  | (2,030,109)                                  | (4,975,497)                    |
| Amortization of club membership                                 | -  | 364                            |
| Depreciation of plant & equipment                               | 483,045                                      | 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   | (1,006,776)                                  | (1,559,336)                    |
| Interest expense  | 85,018                                       | -                              |
| Retirement benefit obligations                                  | 25,119                                       | (36,508)                       |
| Operating loss before working capital changes                   | (2,467,943)                                  | (3,722,088)                    |
| Decrease/(Increase) in inventories                              | 1,150,012                                    | (598,901)                      |
| Increase in contract costs                                      | (3,092,936)                                  | -                              |
| Increase in contract assets                                     | (2,210,073)                                  | -                              |
| (Increase)/Decrease in trade and other receivables              | (725,644)                                    | 350,408                        |
| Decrease in trade and other payables                            | (1,195,652)                                  | (1,052,451)                    |
| Decrease in amount owing to a related party                     | -  | (856,931)                      |
| <b>CASH FOR OPERATIONS</b>                                      | <b>(8,542,236)</b>                           | <b>(5,879,963)</b>             |
| Income tax refunded   | 21,982                                       | 33,090                         |
| Income tax paid   | (3,099,881)                                  | (69,496)                       |
| Retirement benefits paid  | (56,096)                                     | (71,824)                       |
| <b>NET CASH FOR OPERATING ACTIVITIES</b>                        | <b>(11,676,231)</b>                          | <b>(5,988,193)</b>             |
| <b>CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES</b>               |  |                                |
| Interest received   | 1,006,775                                    | 1,559,336                      |
| Purchase of plant and equipment                                 | (500,442)                                    | (213,658)                      |
| Placement of fixed deposits                                     | -  | (20,000,000)                   |
| Proceeds from short-term investments                            | 12,502,530                                   | -                              |
| Proceeds from disposal of property, plant and equipment         | 1,800  | 50,000                         |
| <b>NET CASH FROM/(FOR) INVESTING ACTIVITIES</b>                 | <b>13,010,663</b>                            | <b>(18,604,322)</b>            |

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

|  | <b>9 Months<br/>to<br/>30.09.2019<br/>RM</b> | <b>Audited<br/>2018<br/><br/>RM</b> |
|--|--|-------------------------------------|
| <b>CASH FLOWS FOR FINANCING ACTIVITIES</b>                   |  |                                     |
| Lease liabilities paid                                       | (399,225)                                    | -                                   |
| <b>NET CASH FOR FINANCING ACTIVITIES</b>                     | <b>(399,225)</b>                             | <b>-</b>                            |
| <b>NET INCREASE/(DECREASE) IN CASH AND BANK<br/>BALANCES</b> |  |                                     |
|  | 935,207                                      | (24,592,515)                        |
| <b>CASH AND BANK BALANCES : -</b>                            |  |                                     |
| AT BEGINNING OF THE FINANCIAL YEAR                           | <u>27,079,203</u>                            | <u>51,671,718</u>                   |
| AT END OF THE FINANCIAL YEAR                                 | <b><u>28,014,410</u></b>                     | <b><u>27,079,203</u></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. MFRS 16 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 THIRD QUARTER ENDED 30 SEPTEMBER 2019*

|                         | As at<br>31 December<br>2018<br>RM | Effect of<br>MFRS 16<br>RM | As at<br>1 January 2019<br>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 |
|--|---|
| MFRS 17  | 1 January 2021  |
| Amendments to MFRS 3   | 1 January 2020  |
| Amendments to MFRS 101 & MFRS 108  | 1 January 2020  |
| Amendments to MFRS 10 & MFRS 128   | 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 period-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**

Parkwood Damai Sdn Bhd (formerly known as AIS Manufacturing Sdn Bhd), a wholly-owned subsidiary of the Company, had on 14 November 2019 entered into a sale and purchase agreement with Rias Niaga Sdn Bhd to acquire five parcels of leasehold commercial land identified as Lot Nos. 70303, 70304, 70305, 70306 and 70307, held under Title Nos. PN 22368, PN 22369, PN 22370, PN 22371 and PN 22372 respectively, all within Mukim Sungai Buloh, District of Petaling, Selangor together with a single-storey sports centre erected on Lot 70303, Lot 70304, Lot 70305 and Lot 70306 and a one and a half-storey reconditioned car showroom erected on Lot 70307 for a total cash consideration of RM31.00 million.

**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 third quarter ended 30 September 2019 ("Q3") was RM1.61 million, increased of RM0.44 million as compared to the revenue in the previous corresponding quarter ("PCQ3") due to higher revenue recorded and recognised for the Group's property development segment in the current quarter.

The loss after tax for Q3 was RM0.54 million compared to a profit after tax of RM0.26 million in PCQ3 was due to the one-off structural steel scrap disposal captured in PCQ3, lower interest income earned and increased of operating expenditures incurred in current quarter.

For the 9 months period, the revenue was RM3.41 million compared to a revenue of RM4.76 million for the corresponding period in the preceding year. Lower revenue recorded in the current 9 months period was due to lower trading activities in steel related products.

Other income of RM1.12 million is mainly derived from the interest income earned from short-term cash deposits and placements in fixed deposit with licensed bank.

The pre-tax loss for the period to-date was RM2.03 million compared to RM0.48 million for the corresponding period in the preceding year. Higher loss recorded in the current period to-date was due to lower revenue contribution from trading activities and higher marketing cost incurred for the property development segment.

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

The Group's revenue of RM1.61 million for Q3 was mainly derived from rental income and revenue recognition from its property development segment. The Group recorded a pre-tax loss of RM0.53 million in Q3 compared to a pre-tax loss of RM0.72 million in PQ2. Lower pre-tax loss was due to lower marketing activities and expenditures incurred in property development segment for Q3 as compare with Q2.

**B3 Prospect For The Current Financial Year**

The Group expects higher contribution from its property development segment following the launch of Utamara Boutique Residences in the first half of 2019.

**B4 Profit Forecast or Profit Guarantee**

This is not applicable to the Group.

**B5 Taxation**

|   | <b>Current<br/>Quarter<br/>01.07.2019<br/>to<br/>30.09.2019<br/>RM</b> | <b>Preceding<br/>Year<br/>Corresponding<br/>Quarter<br/>30.09.2018<br/>RM</b> | <b>Current<br/>Year<br/>To-date<br/>Ended<br/>30.09.2019<br/>RM</b> | <b>Preceding<br/>Year<br/>Corresponding<br/>Period<br/>30.09.2018<br/>RM</b> |
|---|--|---|---|--|
| In respect of<br>current period<br>income tax | 13,917   | 60,000  | 41,981  | 60,000   |
| Tax (expense)/<br>income                      | 13,917   | 60,000  | 41,981  | 60,000   |

**B6 Status of Corporate Proposals**

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

**B7 Group Borrowings and Debt Securities**

Parkwood Sdn Bhd, a wholly owned subsidiary of the Company had on 7 May 2019 accepted a fixed term loan and bridging loan facilities amounted to RM15.00 million offered by Hong Leong Bank Berhad for the development of its Utamara's residences project.

**B8 Pending Material Litigation**

There is no material litigation which may materially affect the Group for the current quarter under review.

**B9 Dividend Payable**

No interim dividend has been declared for the financial period-to-date ended 30 September 2019.

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

|   | <b>Current<br/>Year<br/>Third<br/>Quarter<br/>Ended<br/>30.09.2019<br/>RM</b> | <b>Preceding<br/>Year<br/>Corresponding<br/>Quarter<br/>Ended<br/>30.09.2018<br/>RM</b> | <b>Current<br/>Year<br/>To-date<br/>Ended<br/>30.09.2019<br/>RM</b> | <b>Preceding<br/>Year<br/>Corresponding<br/>Period<br/>Ended<br/>30.09.2018<br/>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> ) | (539,438)   | 264,478   | (2,072,090)   | (538,398)  |
| 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)   | (0.39)  | 0.19  | (1.51)  | (0.39)   |