



**AMALGAMATED  
INDUSTRIAL STEEL BERHAD**  
COMPANY REGISTRATION NO. 196901000692 (9118-M)

**Interim Financial Report  
for Fourth Quarter**

**Ended 31 December 2019**

**Condensed Consolidated Statement of Comprehensive Income For The Fourth Quarter Ended 31 December 2019**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE PERIOD</b>	
	<b>Current Year 4th Quarter 01.10.2019 to 31.12.2019 RM</b>	<b>Preceding Year Corresponding Quarter RM</b>	<b>Current Year To-date 01.01.2019 to 31.12.2019 RM</b>	<b>Preceding Year Corresponding Period RM</b>
<b>Revenue</b>	1,605,358	485,235	5,014,570	4,258,882
<b>Operating expenses</b>	(3,837,613)	(2,487,740)	(10,308,717)	(9,041,966)
<b>Other operating income</b>	236,094	305,405	1,352,894	2,607,587
<b>Loss from operations</b>	(1,996,161)	(1,697,100)	(3,941,253)	(2,175,497)
<b>Fair value loss on investment property</b>	-	(2,800,000)	-	(2,800,000)
<b>Finance costs</b>	(66,982)	-	(151,999)	-
<b>Loss before taxation</b>	(2,063,143)	(4,497,100)	(4,093,252)	(4,975,497)
<b>Tax income/ (expenses)</b>	1,385,211	865,390	1,343,229	805,390
<b>(Loss)/ Profit for the period</b>	(677,932)	(3,631,710)	(2,750,023)	(4,170,107)
<b>Other comprehensive income net of tax</b>	-	-	-	-
<b>Total comprehensive income for the period</b>	(677,932)	(3,631,710)	(2,750,023)	(4,170,107)
<b>Loss attributable to:</b>				
<b>Owners of the Parent</b>	(677,932)	(3,631,710)	(2,750,023)	(4,170,107)
<b>Non-Controlling Interest</b>	-	-	-	-
	(677,932)	(3,631,710)	(2,750,023)	(4,170,107)

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

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE PERIOD</b>	
	<b>Current Year 4th Quarter 01.10.2019 to 31.12.2019 RM</b>	<b>Preceding Year Corresponding Quarter RM</b>	<b>Current Year To-date 01.01.2019 to 31.12.2019 RM</b>	<b>Preceding Year Corresponding Period RM</b>
<b>Total comprehensive expenses attributable to:</b>				
<b>Owners of the Parent</b>	(677,932)	(3,631,710)	(2,750,023)	(4,170,107)
<b>Non-Controlling Interest</b>	-	-	-	-
	(677,932)	(3,631,710)	(2,750,023)	(4,170,107)
	<u>sen</u>	<u>sen</u>	<u>sen</u>	<u>sen</u>
<b>(Loss)/ Earnings per share:</b>				
<b>- basic (sen)</b>	(0.49)	(2.64)	(2.00)	(3.03)

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 FOURTH QUARTER ENDED 31 DECEMBER 2019*

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

	<b>As At 31.12.2019 (Unaudited) RM</b>	<b>As At 31.12.2018 (Audited) RM</b>
<b>NON-CURRENT ASSETS</b>		
Plant and equipment	709,220	671,072
Investment property	36,600,000	36,600,000
Club membership	11,454	11,818
Right-of-use assets	1,076,551	-
Other assets	32,060	32,060
<b>Total Non-Current Assets</b>	<b>38,429,285</b>	<b>37,314,950</b>
<b>CURRENT ASSETS</b>		
Inventories	61,821,951	59,922,511
Contract costs	2,914,236	-
Contract assets	2,076,687	-
Trade receivables	273,147	58,062
Other receivables, deposits and prepayments	3,510,145	317,853
Current tax assets	7,563	2,246
Fixed deposit with licensed bank	7,556,477	20,000,000
Short-term investments	20,132,161	24,667,864
Cash and bank balances	7,076,544	2,411,339
<b>Total Current Assets</b>	<b>105,368,911</b>	<b>107,379,875</b>
<b>TOTAL ASSETS</b>	<b>143,798,196</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	43,815,628	46,655,229
Treasury shares	(3,724,544)	(3,724,544)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>135,000,584</b>	<b>137,840,185</b>

*AISB-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019*

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

	<b>As At 31.12.2019 (Unaudited) RM</b>	<b>As At 31.12.2018 (Audited) RM</b>
<b>NON-CURRENT LIABILITIES</b>		
Retirement benefit obligations	130,448	126,052
Deferred tax liabilities	156,442	1,681,070
Borrowing	4,523,599	-
<b>Total Non-Current Liabilities</b>	<b>4,810,489</b>	<b>1,807,122</b>
<b>CURRENT LIABILITIES</b>		
Trade payables	855,559	-
Other payables	1,903,300	2,082,576
Current tax liabilities	125,496	2,964,942
Borrowing	1,102,768	-
<b>Total Current Liabilities</b>	<b>3,987,123</b>	<b>5,047,518</b>
<b>TOTAL LIABILITIES</b>	<b>8,797,612</b>	<b>6,854,640</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>143,798,196</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 Twelfth Months Ended 31 December 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	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	-	-	-	-	-	(2,750,023)	(2,750,023)
<b>Balance as at 31 December 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>43,815,628</b>	<b>135,000,584</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>12 Months to 31.12.2019 RM</b>	<b>Audited 2018 RM</b>
<b>CASH FLOWS FOR OPERATING ACTIVITIES</b>		
Loss before taxation	(4,093,252)	(4,975,497)
Amortization of club membership	364	364
Depreciation of plant & equipment	625,117	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	(1,255,544)	(1,559,336)
Interest expense	135,348	-
Retirement benefit obligations	60,492	(36,508)
Operating loss before working capital changes	(4,551,715)	(3,722,088)
Increase in inventories	(2,014,501)	(598,901)
Increase in contract costs	(2,914,236)	-
Increase in contract assets	(2,076,687)	-
(Increase)/Decrease in trade and other receivables	(3,247,793)	350,408
Increase/(Decrease) in trade and other payables	676,284	(1,052,451)
Decrease in amount owing to a related party	-	(856,931)
<b>CASH FOR OPERATIONS</b>	<b>(14,128,648)</b>	<b>(5,879,963)</b>
Income tax refunded	36,387	33,090
Income tax paid	(3,062,548)	(69,496)
Retirement benefits paid	(56,096)	(71,824)
<b>NET CASH FOR OPERATING ACTIVITIES</b>	<b>(17,210,905)</b>	<b>(5,988,193)</b>
<b>CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES</b>		
Interest received	1,244,144	1,559,336
Purchase of plant and equipment	(222,661)	(213,658)
Placement of fixed deposits	-	(20,000,000)
Proceeds from short-term investments	12,454,923	-
Proceeds from disposal of property, plant and equipment	1,800	50,000
<b>NET CASH FROM/(FOR) INVESTING ACTIVITIES</b>	<b>13,478,206</b>	<b>(18,604,322)</b>

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

	<b>12 Months to 31.12.2019 RM</b>	<b>Audited 2018  RM</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Lease liabilities paid	(537,300)	-
Drawdown of bank borrowing	4,399,501	-
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>3,862,201</b>	<b>-</b>
<b>NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES</b>	<b>129,502</b>	<b>(24,592,515)</b>
<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	<u><b>27,208,705</b></u>	<u><b>27,079,203</b></u>

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 FOURTH QUARTER ENDED 31 DECEMBER 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
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 the Group is principally engaged in property investment and property development.

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 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 fourth quarter ended 31 December 2019 ("Q4") was RM1.61 million, increased of RM 1.12 million as compared to the revenue in the previous corresponding quarter ("PCQ4") due to higher revenue recognised for the Group's property development segment in the current quarter.

The loss after tax for Q4 was RM0.68 million compared to a loss after tax of RM3.63 million in PCQ4. Higher loss in preceding corresponding quarter was mainly due to the fair value loss on investment property amounted to RM2.80 million.

For the 12 months period ended 31 December 2019, the revenue was RM5.01 million compared to a revenue of RM4.26 million for the corresponding period in the preceding year. Higher revenue recorded in the current 12 months period was due to the revenue contributed from property development segment.

Other income of RM1.35 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 RM4.09 million compared to RM4.98 million for the corresponding period in the preceding year. Lower loss recorded in the current period to-date was due to revenue contributed from property division.

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

The Group's revenue of RM 1.61 million for Q4 was mainly derived from revenue recognition from its property development segment and rental income. The Group recorded a pre-tax loss of RM2.06 million in Q4 compared to a pre-tax loss of RM0.53 million in PQ3. Higher pre-tax loss in the current quarter was due to higher marketing cost incurred.

**B3 Prospect For The Current Financial Year**

The Group expects better contribution from its property development segment in 2020.

**B4 Profit Forecast or Profit Guarantee**

This is not applicable to the Group.

**B5 Taxation**

	<b>Current Quarter 01.10.2019 to 31.12.2019 RM</b>	<b>Preceding Year Corresponding Quarter 31.12.2018 RM</b>	<b>Current Year To-date Ended 31.12.2019 RM</b>	<b>Preceding Year Corresponding Period 31.12.2018 RM</b>
In respect of current period				
- income tax	(139,416)	-	(181,398)	(60,000)
- RPGT	-	(2,933,439)	-	(2,933,439)
- deferred tax	1,524,627	3,798,829	1,524,627	3,798,829
Tax (expense)/ income	1,385,211	865,390	1,343,229	805,390

**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 31 December 2019.

*AISB-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019*

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

	<b>Current Year Fourth Quarter Ended 31.12.2019 RM</b>	<b>Preceding Year Corresponding Quarter Ended 31.12.2018 RM</b>	<b>Current Year To-date Ended 31.12.2019 RM</b>	<b>Preceding Year Corresponding Period Ended 31.12.2018 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> )	(677,932)	(3,631,710)	(2,750,023)	(4,170,107)
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)	(0.49)	(2.64)	(2.00)	(3.03)