



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

**Interim Financial Report
for First Quarter**

Ended 31 March 2020

**Condensed Consolidated Statement of Comprehensive Income For The First Quarter
Ended 31 March 2020**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year 1st Quarter 01.01.2020 to 31.03.2020 RM	Preceding Year Corresponding Quarter RM	Current Year To-date 01.01.2020 to 31.03.2020 RM	Preceding Year Corresponding Period RM
Revenue	588,849	498,235	588,849	498,235
Operating expenses	(1,769,034)	(1,713,233)	(1,769,034)	(1,713,233)
Other operating income	352,089	452,309	352,089	452,309
Loss from operations	(828,096)	(762,689)	(828,096)	(762,689)
Finance costs	(97,154)	(23,054)	(97,154)	(23,054)
Loss before taxation	(925,250)	(785,743)	(925,250)	(785,743)
Tax income/ (expenses)	(41,877)	(13,974)	(41,877)	(13,974)
(Loss)/ Profit for the period	(967,127)	(799,717)	(967,127)	(799,717)
Other comprehensive income net of tax	-	-	-	-
Total comprehensive income for the period	(967,127)	(799,717)	(967,127)	(799,717)
Loss attributable to:				
Owners of the Parent	(967,127)	(799,717)	(967,127)	(799,717)
Non-Controlling Interest	-	-	-	-
	(967,127)	(799,717)	(967,127)	(799,717)

**Condensed Consolidated Statement of Comprehensive Income For The First Quarter
Ended 31 March 2020 (Cont'd)**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year 1st Quarter 01.01.2020 to 31.03.2020 RM	Preceding Year Corresponding Quarter RM	Current Year To-date 01.01.2020 to 31.03.2020 RM	Preceding Year Corresponding Period RM
Total comprehensive expenses attributable to:				
Owners of the Parent	(967,127)	(799,717)	(967,127)	(799,717)
Non-Controlling Interest	-	-	-	-
	(967,127)	(799,717)	(967,127)	(799,717)
	<u>sen</u>	<u>sen</u>	<u>sen</u>	<u>sen</u>
(Loss)/ Earnings per share:				
- basic (sen)	(0.70)	(0.58)	(0.70)	(0.58)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019.

*AISB-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST
QUARTER ENDED 31 MARCH 2020*

Condensed Consolidated Statement of Financial Position As At 31 March 2020

	As At 31.03.2020 (Unaudited) RM	As At 31.12.2019 (Audited) RM
NON-CURRENT ASSETS		
Plant and equipment	687,845	709,220
Investment property	36,600,000	36,600,000
Right-of-use assets	926,343	1,076,552
Other assets	43,514	43,514
Total Non-Current Assets	38,257,702	38,429,286
CURRENT ASSETS		
Property development costs	62,230,518	61,821,952
Contract costs	2,897,690	2,914,236
Contract assets	2,160,801	2,076,687
Trade and other receivables	4,781,321	3,783,290
Current tax assets	1,211	1,211
Fixed deposit with licensed bank	2,428,500	7,556,477
Short-term investments	12,199,524	20,132,160
Cash and bank balances	17,154,239	7,076,544
Total Current Assets	103,853,804	105,362,557
TOTAL ASSETS	142,111,506	143,791,843
EQUITY		
Share capital	22,160,982	22,160,982
Capital reserve	48,208,750	48,208,750
Reserves	24,539,768	24,539,768
Retained profits	42,848,499	43,815,626
Treasury shares	(3,724,544)	(3,724,544)
TOTAL SHAREHOLDERS' EQUITY	134,033,455	135,000,582

Condensed Consolidated Statement of Financial Position As At 31 March 2020 (Cont'd)

*AISB-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST
QUARTER ENDED 31 MARCH 2020*

	As At 31.03.2020 (Unaudited) RM	As At 31.12.2019 (Audited) RM
NON-CURRENT LIABILITIES		
Lease liabilities	691,575	708,823
Term loan	4,372,507	3,793,445
Retirement benefit obligations	138,821	130,448
Deferred tax liabilities	156,442	156,442
Total Non-Current Liabilities	5,359,345	4,789,158
CURRENT LIABILITIES		
Trade and other payables	1,582,266	2,758,860
Lease liabilities	362,200	496,712
Term loan	655,096	627,387
Current tax liabilities	119,144	119,144
Total Current Liabilities	2,718,706	4,002,103
TOTAL LIABILITIES	8,078,051	8,791,261
TOTAL EQUITY AND LIABILITIES	142,111,506	143,791,843

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019.

Condensed Consolidated Statement of Changes In Equity For The Three Months Ended 31 March 2020

	Share Capital	Treasury Shares	Share Premium	Asset Revaluation Reserve	Capital Reserve	Retained Profit	Total Equity
	RM	RM	RM	RM	RM	RM	RM
Balance as at 1 January 2019	19,566,458	(3,724,544)	2,594,524	24,539,768	48,208,750	46,655,229	137,840,185
Effects of MFRS 16 Leases adoption	-	-	-	-	-	(89,578)	(89,578)
Adjustments for effects of Companies Act 2016	2,594,524	-	(2,594,524)	-	-	-	-
Profit after taxation for the financial year	-	-	-	-	-	(2,750,025)	(2,750,025)
Balance as at 31 December 2019	22,160,982	(3,724,544)	-	24,539,768	48,208,750	43,815,626	135,000,582
Profit after taxation for the financial period	-	-	-	-	-	(967,127)	(967,127)
Balance as at 31 March 2020	22,160,982	(3,724,544)	-	24,539,768	48,208,750	42,848,499	134,033,455

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019.

Condensed Consolidated Statement of Cash Flows

	3 Months to 31.03.2020 RM	Audited 2019 RM
CASH FLOWS FOR OPERATING ACTIVITIES		
Loss before taxation	(925,250)	(4,093,254)
Amortization of club membership	-	364
Bad debt written off	-	403
Depreciation	149,086	625,117
Equipment written off	-	8
Loss on disposal of equipment	-	20,276
Interest income	(334,089)	(1,255,545)
Interest expense	76,643	151,998
Retirement benefit obligations	8,373	60,492
Operating loss before working capital changes	(1,025,237)	(4,490,141)
Increase in property development costs	(408,566)	(1,899,441)
Decrease/(Increase) in contract costs	16,546	(2,914,236)
Increase in contract assets	(84,114)	(2,076,687)
Increase in trade and other receivables	(998,031)	(3,407,778)
(Decrease)/Increase in trade and other payables	(1,176,592)	676,284
CASH FOR OPERATIONS	(3,675,994)	(14,111,999)
Income tax refunded	-	36,387
Income tax paid	(41,877)	(129,110)
Real property gains tax paid	-	(2,933,439)
Retirement benefits paid	-	(56,096)
NET CASH FOR OPERATING ACTIVITIES	(3,717,871)	(17,194,257)
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES		
Interest received	334,089	1,255,545
Purchase of equipment	(11,486)	(222,660)
Withdrawal of fixed deposits with tenure more than 3 months	5,127,977	12,443,523
Proceeds from disposal of property and equipment	-	1,800
NET CASH FROM INVESTING ACTIVITIES	5,450,580	13,478,208

Condensed Consolidated Statement of Cash Flows (Cont'd)

	3 Months to 31.03.2020 RM	Audited 2019 RM
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(117,777)	(423,284)
Drawdown of term loan	606,770	4,399,501
Interest paid	(76,643)	(130,667)
NET CASH FROM FINANCING ACTIVITIES	412,350	3,845,550
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NET INCREASE IN CASH AND BANK BALANCES	2,145,059	129,501
 CASH AND BANK BALANCES : -		
AT BEGINNING OF THE FINANCIAL PERIOD	27,208,704	27,079,203
AT END OF THE FINANCIAL PERIOD	29,353,763	27,208,704

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statement for the year ended 31 December 2019.

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 2019. 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 2019.

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 2019.

The Group and Company have not applied the following MFRSs and 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	Insurance Contracts	1 January 2021
Amendments to MFRS 10 & MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The adoption of the above accounting standards and/or 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 2019 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

Segmental information for the financial period ended 31 March 2020 is as follows:

	Investment Property RM	Steel Industry RM	Property Development RM	Group RM
Revenue				
External revenue	504,735	-	84,114	588,849
Results				
Segment operating loss	(95,023)	-	(830,227)	(925,250)
Income tax expense				(41,877)
Consolidated loss after taxation				(967,127)
Assets				
Segment assets	138,942,816	-	3,167,479	142,110,295
Current tax assets				1,211
Consolidated total assets				142,111,506

	Investment Property RM	Steel Industry RM	Property Development RM	Group RM
Liabilities				
Segment liabilities	1,147,471	-	6,648,642	7,796,113
Unallocated tax liabilities				281,938
Consolidated total liabilities				<u>8,078,051</u>

The Group's business is operated entirely within Malaysia and as such, no segment information based on geographical location is presented.

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 2020.

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

On 14 November 2019, the Group entered into a Sale and Purchase Agreement to purchase 5 parcels of leasehold commercial lands with total area measuring approximately 14,365 square meters for a total purchase consideration of RM31,000,000.

	The Group	
	2020 RM	2019 RM
Purchase of property	27,900,000	27,900,000
	<u> </u>	<u> </u>

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 2020 ("Q1") was RM0.59 million, marginal increase of RM0.09 million as compared to the revenue of RM0.50 million in the previous corresponding quarter ("PCQ1") due to higher revenue recognised from the Group's property development segment in the current quarter.

The loss after tax for Q1 was RM0.98 million compared to a loss after tax of RM0.80 million in PCQ1. Higher loss in current quarter was mainly due to lower interest income earned and marginal increase in operating expenses in the quarter.

For the 3 months period ended 31 March 2020, the investment property segment recorded leasing revenue and loss before tax of RM0.50 million and RM0.09 million respectively, while the property development segment recorded revenue and loss before tax of RM0.08 million and RM0.83 million respectively.

Other income of RM0.35 million is mainly 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 RM0.59 million for Q1 was mainly derived from the leasing revenue of the property investment segment. The Group recorded a pre-tax loss of RM0.93 million in Q1 compared to a pre-tax loss of RM2.06 million in PQ4. Lower pre-tax loss in the current quarter was due to lower marketing cost incurred as compare with immediate previous quarter.

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

	Current Quarter 01.01.2020 to 31.03.2020 RM	Preceding Year Corresponding Quarter 31.03.2019 RM	Current Year To-date Ended 31.03.2020 RM	Preceding Year Corresponding Period 31.03.2019 RM
In respect of current period				
- income tax	41,877	13,974	41,877	13,974
Tax (expense)/ income	41,877	13,974	41,877	13,974

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 March 2020.

*AISB-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST
QUARTER ENDED 31 MARCH 2020*

B10 (Loss)/Earnings per Share

	Current Year Fourth Quarter Ended 31.03.2020 RM	Preceding Year Corresponding Quarter Ended 31.03.2019 RM	Current Year To-date Ended 31.03.2020 RM	Preceding Year Corresponding Period Ended 31.03.2019 RM
<u>Basic (loss)/earnings per share</u>				
Profit/(Loss) for the financial period attributable to owners of the Parent (<i>RM</i>)	(967,127)	(799,717)	(967,127)	(799,717)
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)	(0.70)	(0.58)	(0.70)	(0.58)