



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

**Interim Financial Report  
for Second Quarter**

**Ended 30 June 2020**

**Condensed Consolidated Statement of Comprehensive Income For The Second Quarter Ended 30 June 2020**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE PERIOD</b>	
	<b>Current Year 2nd Quarter 01.04.2020 to 30.06.2020 RM</b>	<b>Preceding Year Corresponding Quarter RM</b>	<b>Current Year To-date 01.01.2020 to 30.06.2020 RM</b>	<b>Preceding Year Corresponding Period RM</b>
<b>Revenue</b>	845,821	1,301,659	1,434,670	1,799,894
<b>Operating expenses</b>	(1,666,069)	(2,377,208)	(3,435,103)	(4,090,440)
<b>Other operating income</b>	243,409	389,667	595,498	841,976
<b>Loss from operations</b>	(576,839)	(685,882)	(1,404,935)	(1,448,570)
<b>Finance costs</b>	(22,831)	(32,963)	(119,985)	(56,018)
<b>Loss before taxation</b>	(599,670)	(718,845)	(1,524,920)	(1,504,588)
<b>Tax income/ (expenses)</b>	(21,877)	(14,090)	(63,754)	(28,064)
<b>(Loss)/ Profit for the period</b>	(621,547)	(732,935)	(1,588,674)	(1,532,652)
<b>Other comprehensive income net of tax</b>	-	-	-	-
<b>Total comprehensive income for the period</b>	(621,547)	(732,935)	(1,588,674)	(1,532,652)
<b>Loss attributable to:</b>				
<b>Owners of the Parent</b>	(621,547)	(732,935)	(1,588,674)	(1,532,652)
<b>Non-Controlling Interest</b>	-	-	-	-
	(621,547)	(732,935)	(1,588,674)	(1,532,652)

**Condensed Consolidated Statement of Comprehensive Income For The Second Quarter Ended 30 June 2020 (Cont'd)**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year 1st Quarter 01.04.2020 to 30.06.2020 RM	Preceding Year Corresponding Quarter RM	Current Year To-date 01.01.2020 to 30.06.2020 RM	Preceding Year Corresponding Period RM
<b>Total comprehensive expenses attributable to:</b>				
<b>Owners of the Parent</b>	(621,547)	(732,935)	(1,588,674)	(1,532,652)
<b>Non-Controlling Interest</b>	-	-	-	-
	(621,547)	(732,935)	(1,588,674)	(1,532,652)
	<u>sen</u>	<u>sen</u>	<u>sen</u>	<u>sen</u>
<b>(Loss)/ Earnings per share:</b>				
<b>- basic (sen)</b>	(0.45)	(0.53)	(1.15)	(1.11)

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 SECOND QUARTER ENDED 30 JUNE 2020*

**Condensed Consolidated Statement of Financial Position As At 30 June 2020**

	<b>As At 30.06.2020 (Unaudited) RM</b>	<b>As At 31.12.2019 (Audited) RM</b>
<b>NON-CURRENT ASSETS</b>		
Plant and equipment	656,244	709,220
Investment property	36,600,000	36,600,000
Right-of-use assets	811,871	1,076,552
Other assets	43,514	43,514
<b>Total Non-Current Assets</b>	<b>38,111,629</b>	<b>38,429,286</b>
<b>CURRENT ASSETS</b>		
Property development costs	63,148,748	61,821,952
Contract costs	2,830,600	2,914,236
Contract assets	2,501,887	2,076,687
Trade and other receivables	10,969,423	3,783,290
Current tax assets	1,211	1,211
Fixed deposit with licensed bank	2,434,200	7,556,477
Short-term investments	6,835,581	20,132,160
Cash and bank balances	14,188,626	7,076,544
<b>Total Current Assets</b>	<b>102,910,276</b>	<b>105,362,557</b>
<b>TOTAL ASSETS</b>	<b>141,021,905</b>	<b>143,791,843</b>
<b>EQUITY</b>		
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	42,226,952	43,815,626
Treasury shares	(3,724,544)	(3,724,544)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>133,411,908</b>	<b>135,000,582</b>

*AISB-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020*

**Condensed Consolidated Statement of Financial Position As At 30 June 2020 (Cont'd)**

	<b>As At 30.06.2020 (Unaudited) RM</b>	<b>As At 31.12.2019 (Audited) RM</b>
<b>NON-CURRENT LIABILITIES</b>		
Lease liabilities	691,575	708,823
Term loan	4,344,904	3,793,445
Retirement benefit obligations	147,194	130,448
Deferred tax liabilities	156,442	156,442
<b>Total Non-Current Liabilities</b>	<b>5,340,115</b>	<b>4,789,158</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	1,243,582	2,758,860
Lease liabilities	252,060	496,712
Term loan	655,096	627,387
Current tax liabilities	119,144	119,144
<b>Total Current Liabilities</b>	<b>2,269,882</b>	<b>4,002,103</b>
<b>TOTAL LIABILITIES</b>	<b>7,609,997</b>	<b>8,791,261</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>141,021,905</b>	<b>143,791,843</b>

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 Six Months Ended 30 June 2020**

	<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 as at 1 January 2019</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)	-	-	-	-
Profit after taxation for the financial year	-	-	-	-	-	(2,750,025)	(2,750,025)
<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>43,815,626</b>	<b>135,000,582</b>
Profit after taxation for the financial period	-	-	-	-	-	(1,588,674)	(1,588,674)
<b>Balance as at 30 June 2020</b>	<b>22,160,982</b>	<b>(3,724,544)</b>	<b>-</b>	<b>24,539,768</b>	<b>48,208,750</b>	<b>42,226,952</b>	<b>133,411,908</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 2019.

**Condensed Consolidated Statement of Cash Flows**

	<b>6 Months to 30.06.2020 RM</b>	<b>Audited 2019 RM</b>
<b>CASH FLOWS FOR OPERATING ACTIVITIES</b>		
Loss before taxation	(1,524,920)	(4,093,254)
Amortization of club membership	-	364
Bad debt written off	-	403
Depreciation of equipment	64,462	162,428
Depreciation of right-of-use assets	224,305	462,689
Equipment written off	-	8
Loss on disposal of equipment	-	20,276
Fair value gain on short-term investments	(482,156)	(656,550)
Interest income	(80,942)	(598,995)
Interest expense on lease liabilities	43,342	114,016
Interest expense	76,643	37,982
Retirement benefit obligations	16,746	60,492
Operating loss before working capital changes	(1,662,520)	(4,490,141)
Increase in property development costs	(1,326,796)	(1,899,441)
Decrease/(Increase) in contract costs	83,636	(2,914,236)
Increase in contract assets	(425,200)	(2,076,687)
Increase in trade and other receivables	(7,186,135)	(3,407,778)
(Decrease)/Increase in trade and other payables	(1,515,275)	676,284
<b>CASH FOR OPERATIONS</b>	<b>(12,032,290)</b>	<b>(14,111,999)</b>
Income tax refunded	-	36,387
Income tax paid	(63,754)	(129,110)
Real property gains tax paid	-	(2,933,439)
Retirement benefits paid	-	(56,096)
<b>NET CASH FOR OPERATING ACTIVITIES</b>	<b>(12,096,044)</b>	<b>(17,194,257)</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	563,098	1,255,545
Purchase of equipment	(11,486)	(222,660)
Withdrawal of fixed deposits with tenure more than 3 months	5,122,277	12,443,523
Proceeds from disposal of property and equipment	-	1,800
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>5,673,889</b>	<b>13,478,208</b>

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

	<b>6 Months to 30.06.2020 RM</b>	<b>Audited 2019  RM</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of lease liabilities	(221,525)	(423,284)
Drawdown of term loan	502,525	4,399,501
Interest paid	(43,342)	(130,667)
NET CASH FROM FINANCING ACTIVITIES	237,658	3,845,550
<b>NET (DECREASE)/INCREASE IN CASH AND BANK BALANCES</b>	(6,184,497)	129,501
<b>CASH AND BANK BALANCES : -</b>		
AT BEGINNING OF THE FINANCIAL PERIOD	27,208,704	27,079,203
AT END OF THE FINANCIAL PERIOD	<b>21,024,207</b>	<b>27,208,704</b>

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 30 June 2020 is as follows:

	<b>Investment Property RM</b>	<b>Steel Industry RM</b>	<b>Property Development RM</b>	<b>Group RM</b>
<b>Revenue</b>				
External revenue	1,009,470	-	425,200	1,434,670
<b>Results</b>				
Segment operating profit/(loss)	19,016	-	(1,423,951)	(1,404,935)
Finance costs				(119,985)
Income tax expense				(63,754)
Consolidated loss after taxation				(1,588,674)
<b>Assets</b>				
Segment assets	84,056,007	-	56,964,688	141,020,695
Current tax assets				1,211
Consolidated total assets				141,021,906

*AISB-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020*

	<b>Investment Property RM</b>	<b>Steel Industry RM</b>	<b>Property Development RM</b>	<b>Group RM</b>
<b>Liabilities</b>				
Segment liabilities	978,471	-	6,355,941	7,334,412
Unallocated tax liabilities				275,586
Consolidated total liabilities				<u>7,609,998</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 30 June 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.

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

**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 second quarter ended 30 June 2020 ("Q2") was RM0.85 million, as compared to revenue of RM1.30 million reported in the previous corresponding quarter ("PCQ2"). The decreased revenue of 35.02% as compared with PCQ2 was due to lower revenue recognised from its property development activities.

The Group recorded a loss after tax of RM0.62 million for Q2 as compared to a loss after tax of RM0.73 million in PCQ2. Lower loss recorded in the current quarter due to the reduction in marketing expenses incurred as compared with the same quarter last year.

For the 6 months period ended 30 June 2020, the Group recorded a revenue of RM1.00 million from the investment property segment and RM0.43 million from the property development segment. To date, the Group's total revenue was recorded at RM1.43 million, a decline of 20.29% as compared to a revenue of RM1.80 million for the same period last year. The decline in revenue was due to lower revenue recognition in the property development segment as the result of weak sales and slowdown in construction progress for the period under review.

Other income of RM0.60 million for the 6 months period is mainly derived from the interest income earned from short-term cash deposits and placements in fixed deposit with licensed bank.

For the 6 months period, the Group recorded a loss before tax of RM1.52 million, a marginal increase of 1.35% as compared with RM1.50 million reported in the same period last year. The investment property contributed a profit before tax of RM0.01 million, whilst the property development segment recorded a loss before tax of RM1.53 million due to the impact of COVID-19 pandemic and movement control order (MCO) lockdown.

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

The Group posted a lower pre-tax loss of RM 0.60 million in Q2 as compared to a pre-tax loss of RM0.93 million in Q1. The losses reduced in Q2 was due to a higher revenue of RM0.34 million recognised as compared to revenue of RM 0.08 million reported in Q1 within the same property development segment.

**B3 Prospect For The Current Financial Year**

The Group's prospects for the current financial year will remain challenging since the COVID-19 pandemic MCO lockdown from 18 March 2020. The recovery progress was inevitably slow and the Group foresee that the property sale and construction progress will move in slow pace throughout 2020 due to unfavourable economic situation.

Nevertheless, the long-term rental income from the investment property segment shall provide a sustainable income stream to the Group.

**B4 Profit Forecast or Profit Guarantee**

This is not applicable to the Group.

**B5 Taxation**

	<b>Current Quarter 01.04.2020 to 30.06.2020 RM</b>	<b>Preceding Year Corresponding Quarter 30.06.2019 RM</b>	<b>Current Year To-date Ended 30.06.2020 RM</b>	<b>Preceding Year Corresponding Period 30.06.2019 RM</b>
In respect of current period - income tax	21,877	14,090	63,754	28,064
Tax (expense)/ income	21,877	14,090	63,754	28,064

**B6 Status of Corporate Proposals**

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

**B7 Group Borrowings and Debt Securities**

The Group's borrowing was as follows:

	<b>The Group</b>	
	<b>2020 RM</b>	<b>2019 RM</b>
<b>Term Loan (Secured)</b>		
Current liabilities	655,096	627,387
Non-current liabilities	4,344,904	3,793,445
	<u>5,000,000</u>	<u>4,420,832</u>

**B8 Pending Material Litigation**

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

**B9 Dividend Payable**

*AISB-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020*

No interim dividend has been declared for the financial period-to-date ended 30 June 2020.

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

	<b>Current Year Second Quarter Ended 30.06.2020 RM</b>	<b>Preceding Year Corresponding Quarter Ended 30.06.2019 RM</b>	<b>Current Year To-date Ended 30.06.2020 RM</b>	<b>Preceding Year Corresponding Period Ended 30.06.2019 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> )	(621,547)	(732,935)	(1,588,674)	(1,532,652)
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)	(0.45)	(0.53)	(1.15)	(1.11)