



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

**Interim Financial Report
for Third Quarter**

Ended 30 September 2020

Condensed Consolidated Statement of Comprehensive Income For The Third Quarter Ended 30 September 2020

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year 3rd Quarter 01.07.2020 to 30.09.2020 RM	Preceding Year Corresponding Quarter RM	Current Year To-date 01.01.2020 to 30.09.2020 RM	Preceding Year Corresponding Period RM
Revenue	2,204,242	1,609,318	3,638,912	3,409,212
Operating expenses	(3,698,823)	(2,380,663)	(7,133,926)	(6,471,103)
Other operating income	112,109	274,824	707,607	1,116,800
Loss from operations	(1,382,472)	(496,521)	(2,787,407)	(1,945,091)
Finance costs	(56,508)	(29,000)	(176,492)	(85,018)
Loss before taxation	(1,438,980)	(525,521)	(2,963,899)	(2,030,109)
Tax expenses	(11,647)	(13,917)	(75,401)	(41,981)
(Loss)/ Profit for the period	(1,450,627)	(539,438)	(3,039,300)	(2,072,090)
Other comprehensive income net of tax	-	-	-	-
Total comprehensive income for the period	(1,450,627)	(539,438)	(3,039,300)	(2,072,090)
Loss attributable to:				
Owners of the Parent	(1,450,627)	(539,438)	(3,039,300)	(2,072,090)
Non-Controlling Interest	-	-	-	-
	(1,450,627)	(539,438)	(3,039,300)	(2,072,090)

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year 3rd Quarter 01.07.2020 to 30.09.2020 RM	Preceding Year Corresponding Quarter RM	Current Year To-date 01.01.2020 to 30.09.2020 RM	Preceding Year Corresponding Period RM
Total comprehensive expenses attributable to:				
Owners of the Parent	(1,450,627)	(539,438)	(3,039,300)	(2,072,090)
Non-Controlling Interest	-	-	-	-
	(1,450,627)	(539,438)	(3,039,300)	(2,072,090)
	<u>sen</u>	<u>sen</u>	<u>sen</u>	<u>sen</u>
(Loss)/ Earnings per share:				
- basic (sen)	(1.05)	(0.39)	(2.21)	(1.51)

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 THIRD
QUARTER ENDED 30 SEPTEMBER 2020*

Condensed Consolidated Statement of Financial Position As At 30 September 2020

	As At 30.09.2020 (Unaudited) RM	As At 31.12.2019 (Audited) RM
NON-CURRENT ASSETS		
Plant and equipment	629,430	709,220
Investment property	36,600,000	36,600,000
Right-of-use assets	664,267	1,076,552
Other assets	43,514	43,514
Total Non-Current Assets	37,937,211	38,429,286
CURRENT ASSETS		
Property development costs	95,249,172	61,821,952
Contract costs	3,469,896	2,914,236
Contract assets	2,505,081	2,076,687
Trade and other receivables	550,231	3,783,290
Current tax assets	1,211	1,211
Fixed deposit with licensed bank	7,440,702	7,556,477
Short-term investments	6,895,625	20,132,160
Cash and bank balances	7,013,271	7,076,544
Total Current Assets	123,125,189	105,362,557
TOTAL ASSETS	161,062,400	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	40,776,326	43,815,626
Treasury shares	(3,724,544)	(3,724,544)
TOTAL SHAREHOLDERS' EQUITY	131,961,282	135,000,582

*AISB-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD
QUARTER ENDED 30 SEPTEMBER 2020*

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

	As At 30.09.2020 (Unaudited) RM	As At 31.12.2019 (Audited) RM
NON-CURRENT LIABILITIES		
Lease liabilities	663,289	708,823
Term loan	25,654,012	3,793,445
Retirement benefit obligations	155,567	130,448
Deferred tax liabilities	156,442	156,442
Total Non-Current Liabilities	26,629,310	4,789,158
CURRENT LIABILITIES		
Trade and other payables	1,694,228	2,758,860
Lease liabilities	122,753	496,712
Term loan	535,683	627,387
Current tax liabilities	119,144	119,144
Total Current Liabilities	2,471,808	4,002,103
TOTAL LIABILITIES	29,101,118	8,791,261
TOTAL EQUITY AND LIABILITIES	161,062,400	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 Nine Months Ended 30 September 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	-	-	-	-	-	(3,039,300)	(3,039,300)
Balance as at 30 September 2020	22,160,982	(3,724,544)	-	24,539,768	48,208,750	40,776,326	131,961,282

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

	9 Months to 30.09.2020 RM	Audited 2019 RM
CASH FLOWS FOR OPERATING ACTIVITIES		
Loss before taxation	(2,963,899)	(4,093,254)
Amortization of club membership	-	364
Bad debt written off	-	403
Depreciation of equipment	96,063	162,428
Depreciation of right-of-use assets	337,062	462,689
Equipment written off	-	8
Loss on disposal of equipment	-	20,276
Fair value gain on short-term investments	(542,200)	(656,550)
Interest income	(114,662)	(598,995)
Interest expense on lease liabilities	61,235	114,016
Interest expense	115,257	37,982
Retirement benefit obligations	25,119	60,492
Operating loss before working capital changes	(2,986,025)	(4,490,141)
Increase in property development costs	(30,319,221)	(1,899,441)
Increase in contract costs	(555,660)	(2,914,236)
Increase in contract assets	(428,394)	(2,076,687)
Decrease/(Increase) in trade and other receivables	125,058	(3,407,778)
(Decrease)/Increase in trade and other payables	(1,064,627)	676,284
CASH FOR OPERATIONS	(35,228,869)	(14,111,999)
Income tax refunded	230	36,387
Income tax paid	(75,631)	(129,110)
Real property gains tax paid	-	(2,933,439)
Retirement benefits paid	-	(56,096)
NET CASH FOR OPERATING ACTIVITIES	(35,304,270)	(17,194,257)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	656,862	1,255,545
Purchase of equipment	(16,273)	(222,660)
Withdrawal of fixed deposits with tenure more than 3 months	115,775	12,443,523
Proceeds from disposal of property and equipment	-	1,800
NET CASH FROM INVESTING ACTIVITIES	756,364	13,478,208

Condensed Consolidated Statement of Cash Flows (Cont'd)

	9 Months to 30.09.2020 RM	Audited 2019 RM
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(267,629)	(423,284)
Drawdown of term loan	21,692,219	4,399,501
Interest paid	(176,492)	(130,667)
NET CASH FROM FINANCING ACTIVITIES	21,248,098	3,845,550
NET (DECREASE)/INCREASE IN CASH AND BANK BALANCES	(13,299,808)	129,501
CASH AND BANK BALANCES : -		
AT BEGINNING OF THE FINANCIAL PERIOD	<u>27,208,704</u>	<u>27,079,203</u>
AT END OF THE FINANCIAL PERIOD	<u>13,908,896</u>	<u>27,208,704</u>

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 September 2020 is as follows:

	Investment Property RM	Property Development RM	Group RM
Revenue			
External revenue	1,634,205	2,004,707	3,638,912
Results			
Segment operating profit/(loss)	(355,309)	(2,432,098)	(2,787,407)
Finance costs			(176,492)
Income tax expense			(75,401)
Consolidated loss after taxation			(3,039,300)
Assets			
Segment assets	84,911,481	76,149,708	161,061,189
Current tax assets			1,211
Consolidated total assets			161,062,400

	Investment Property RM	Property Development RM	Group RM
Liabilities			
Segment liabilities	<u>2,836,606</u>	<u>25,988,926</u>	28,825,532
Unallocated tax liabilities			<u>275,586</u>
Consolidated total liabilities			<u>29,101,118</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**

Apart from the disclosure in note B6, there were no material events after the end of the current period, up to the date of this announcement, that has not been reflected in the financial statements for the period ended 30 September 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 was no contingent liability and contingent asset for the Group as at end of the current quarter.

A12 **Capital Commitments**

There was no capital commitment for the Group 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 2020 ("Q3") was RM2.20 million, as compared to revenue of RM1.61 million reported in the previous corresponding quarter ("PCQ3"). The increased revenue of 36.97% as compared with PCQ3 was due to higher revenue recognised from its property development activities and the addition of rental income from new tenant.

The Group recorded a loss after tax of RM1.45 million for Q3 as compared to a loss after tax of RM0.54 million in PCQ3. Higher loss recorded in the current quarter due to the drop in other income and the escalation of the operating expenses incurred in property development activities.

For the 9 months ended 30 September 2020, the Group recorded a revenue of RM1.63 million from the investment property segment and RM2.00 million from the property development segment. To date, the Group's total revenue was recorded at RM3.64 million, a marginal increase of 6.74% as compared to a revenue of RM3.41 million for the same period last year. The increase in revenue was attributed to higher rental income derived from new tenant in investment property segment and the slight increase in revenue recognition in respect of property development activities.

Other income of RM0.71 million for the 9 months is mainly derived from the interest income earned from short-term cash deposits and placements in fixed deposit with licensed bank.

For the 9 months, the Group recorded a loss before tax of RM2.96 million, representing an increase of 46.00% as compared with RM2.03 million reported in the same period last year. The investment property segment recorded a loss before tax of RM0.36 million whilst the property development segment posted a loss before tax of RM2.60 million. Higher loss recorded in the period under review is due to lower interest income earned, and increase in finance cost and the escalation of operating costs associated with property development activities.

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

The Group posted a higher pre-tax loss of RM 1.44 million in Q3 as compared to a pre-tax loss of RM0.60 million in Q2. The increased loss in Q3 was due to lower interest income earned, higher marketing cost incurred and the increase in operating cost for property development activities in the quarter.

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 at slower 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 does not apply to the Group.

B5 Taxation

	Current Quarter 01.07.2020 to 30.09.2020 RM	Preceding Year Corresponding Quarter 30.09.2019 RM	Current Year To-date Ended 30.09.2020 RM	Preceding Year Corresponding Period 30.09.2019 RM
In respect of current period - income tax	11,647	13,917	75,401	41,981
Tax (expense)/ income	11,647	13,917	75,401	41,981

B6 Status of Corporate Proposals

On 12 November 2020, the Company has announced to undertake the corporate proposals for the following:

- (i) proposed renounceable rights issue of up to 137,585,442 new ordinary shares in AISB (“AISB Shares” or “Shares”) (“Rights Shares”) on the basis of 1 Rights Share for every 1 existing Share held by the shareholders of the Company (“Proposed Rights Issue”);
- (ii) proposed exemption under Paragraph 4.08(1)(b) of the Rules on Take-Overs, Mergers and Compulsory Acquisitions (“Rules”) to Telaxis Sdn Bhd (“Telaxis” or “Undertaking Shareholder”) and any persons acting in concert with Telaxis (“PACs”) from the obligation to undertake a mandatory offer on the remaining ordinary shares in the Company not already owned by them, upon completion of the Proposed Rights Issue.

The Company also intends to propose for the change of name of the Company from “Amalgamated Industrial Steel Berhad” to “Parkwood Holdings Berhad”.

The abovementioned proposals are subject to the approvals/consents being obtained from the relevant authorities and the Company shall seek for shareholders' approval at the forthcoming EGM.

B7 Group Borrowings and Debt Securities

The Group's borrowing was as follows:

	The Group	
	2020	2019
	RM	RM
Term Loan (Secured)		
Current liabilities	535,683	627,387
Non-current liabilities	25,654,012	3,793,445
	26,189,695	4,420,832

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 2020.

B10 (Loss)/Earnings per Share

	Current Year Fourth Quarter Ended 30.09.2020 RM	Preceding Year Corresponding Quarter Ended 30.09.2019 RM	Current Year To-date Ended 30.09.2020 RM	Preceding Year Corresponding Period Ended 30.09.2019 RM
<u>Basic (loss)/earnings per share</u>				
Profit/(Loss) for the financial period attributable to owners of the Parent (RM)	(1,450,627)	(539,438)	(3,039,300)	(2,072,090)

*AISB-QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD
QUARTER ENDED 30 SEPTEMBER 2020*

B10 (Loss)/Earnings per Share (Cont'd)

	Current Year Fourth Quarter Ended 30.09.2020 RM	Preceding Year Corresponding Quarter Ended 30.09.2019 RM	Current Year To-date Ended 30.09.2020 RM	Preceding Year Corresponding Period Ended 30.09.2019 RM
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)	(1.05)	(0.39)	(2.21)	(1.51)