

## AISB goes into property business

### PROPERTY

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PETALING JAYA: Steel maker [Amalgamated Industrial Steel Bhd](#)  (AISB) proposes to diversify into property development.

In a filing with Bursa Malaysia, AISB said it intended to venture into property development to expand its earning base and enhance the group's overall long-term growth prospects.

"The contribution of the property development business will be another source of revenue stream and may contribute to stable earnings growth for the group in the future.

"It would also provide another source of revenue and income to AISB and reduce its sole dependency on the existing core business of manufacture and sale of mild steel pipes and trading of construction-related materials," it said, adding that it would still continue with its core business.

It said the proposed development project entailed the construction of 34 three-storey semi-detached and single-storey terrace factories in its Jalan Pelaya property in Shah Alam.

With an estimated gross development value (GDV) of RM161mil, the proposed development is scheduled to commence in June and slated for completion in two years.

According to Raine and Horne International Zaki and Partners Sdn Bhd, the market value of the Jalan Pelaya property as at Dec 24, 2014, is RM61mil.

AISB said it had not been profitable over the past three financial years, including the period ended Sept 30, 2014, due to high raw material prices like hot-rolled coils as well as increasing labour and electricity costs.

In the second quarter of 2013, the group had made efforts to streamline its operations and consolidate its internal resources into one centralised manufacturing plant in Jalan Utas, from its manufacturing location in Jalan Pelaya.

The group said the consolidation of the manufacturing facility was to reduce escalating input costs, prevent duplicating functional expenses, save interplant transport costs, and ensure better control and

coordination of operations.

**TAGS / KEYWORDS:**

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