

(Company No : 210470-M)

KINSTEEL BHD.

(Incorporated in Malaysia)

*Quarterly report on consolidated results for the first quarter ended 31 December 2008.
The figures have not been audited.*

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2008**

	2008 Current Quarter 31.12.2008 RM'000	2007 Comparative Quarter 31.12.2007 RM'000	2008 12 months Cumulative 31.12.2008 RM'000	2007 12 months Cumulative 31.12.2007 RM'000
Revenue	380,973	599,705	2,461,420	2,129,886
Operating expenses	(700,349)	(530,176)	(2,347,103)	(1,863,384)
Other operating income	11,558	24,718	40,205	39,773
Finance cost	(39,620)	(34,941)	(116,321)	(85,242)
(Loss)/Profit before taxation	<u>(347,438)</u>	<u>59,306</u>	<u>38,201</u>	<u>221,033</u>
Taxation	8,101	(1,400)	16,742	(2,127)
(Loss)/Profit for the period/year	<u><u>(339,337)</u></u>	<u><u>57,906</u></u>	<u><u>54,943</u></u>	<u><u>218,906</u></u>
Attributable to:				
Equity holders of the parent	(185,553)	33,113	37,373	130,453
Minority Interests	<u>(153,784)</u>	<u>24,793</u>	<u>17,570</u>	<u>88,453</u>
(Loss)/Profit for the period/year	<u><u>(339,337)</u></u>	<u><u>57,906</u></u>	<u><u>54,943</u></u>	<u><u>218,906</u></u>
(Loss)/Earning per share attributable to equity holders of the parent:				
- Basic (sen)	(20.02)	4.20	4.03	14.80
- Diluted (sen)	(17.67)	3.68	3.56	12.90

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2008**

	31.12.2008 RM'000	31.12.2007 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	2,307,784	2,313,284
Prepaid lease payments	40,107	41,064
Other investment	4,000	4,000
Deferred tax assets	110,000	110,000
	<u>2,461,891</u>	<u>2,468,348</u>
Current assets		
Inventories	1,106,634	569,805
Receivables	256,336	238,555
Tax recoverable	122	124
Deposits with licensed banks	184,135	109,076
Cash and bank balances	15,526	76,127
	<u>1,562,753</u>	<u>993,687</u>
TOTAL ASSETS	<u><u>4,024,644</u></u>	<u><u>3,462,035</u></u>
EQUITY AND LIABILITIES		
Share capital	185,400	180,320
Treasury shares	(4,153)	-
Reserves	620,595	598,952
Equity attributable to equity holders of the parent	801,842	779,272
Minority interest	953,582	699,494
Total equity	<u>1,755,424</u>	<u>1,478,766</u>
Non-current liabilities		
Borrowings	551,808	672,596
Deferred taxation	2,173	19,024
	<u>553,981</u>	<u>691,620</u>
Current liabilities		
Trade and other payables	685,118	473,549
Overdrafts and short term borrowings	1,030,433	816,692
Provision for taxation	(312)	1,408
	<u>1,715,239</u>	<u>1,291,649</u>
Total liabilities	<u>2,269,220</u>	<u>1,983,269</u>
TOTAL EQUITY AND LIABILITIES	<u><u>4,024,644</u></u>	<u><u>3,462,035</u></u>
Net assets per share attributable to ordinary equity holders of the parent (RM)		
	0.86	0.88

The Condensed Consolidated Balance Sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

Note: The comparative figures are extracted from the audited financial statements for the year ended 31 December 2007.

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 DECEMBER 2008**

	Attributable to Equity Holders of the Company >						Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Retained Profits RM'000	Total RM'000	Minority Interest RM'000	
Balance at 1.1.2008	180,320	-	30,493	568,459	779,272	699,494	1,478,766
<u>Movements</u> <u>during the year</u>							
Exercise of warrants	5,080	-	-	-	5,080	-	5,080
Retained profit for the year	-	-	-	37,373	37,373	17,570	54,943
Dividends paid	-	-	-	(15,730)	(15,730)	-	(15,730)
Disposal of subsidiary	-	-	-	-	-	236,518	236,518
Treasury Shares	-	(4,153)	-	-	(4,153)	-	(4,153)
Balance at 31.12.2008	<u>185,400</u>	<u>(4,153)</u>	<u>30,493</u>	<u>590,102</u>	<u>801,842</u>	<u>953,582</u>	<u>1,755,424</u>
Balance at 1.1.2007	170,000	-	30,493	451,504	651,997	611,041	1,263,038
<u>Movements</u> <u>during the year</u>							
Exercise of warrants	10,320	-	-	-	10,320	-	10,320
Retained profit for the year	-	-	-	130,453	130,453	88,453	218,906
Dividends paid	-	-	-	(13,498)	(13,498)	-	(13,498)
Balance at 31.12.2007	<u>180,320</u>	<u>-</u>	<u>30,493</u>	<u>568,459</u>	<u>779,272</u>	<u>699,494</u>	<u>1,478,766</u>

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

	Year ended 31.12.2008 RM'000	Year ended 31.12.2007 RM'000
Profit before tax	38,201	221,033
Adjustments for non -cash flow :		
Depreciation	107,276	101,424
Non-cash items	69,958	(959)
Operating profit before working capital changes	215,435	321,498
Changes in working capital	(385,424)	(314,013)
	(169,989)	7,485
Interest paid	(87,941)	(76,126)
Interest received	19,060	3,136
Tax paid	(1,826)	(1,232)
Net cash flows used in operating activities	(240,696)	(66,737)
Investing activities		
Purchase of property, plant and equipment	(86,922)	(48,568)
Prepayment of land lease	-	(156)
Subscription of subordinated bonds	-	(4,000)
	(86,922)	(52,724)
Financing activities		
Proceeds from exercise of warrants	5,080	10,320
Proceeds from disposal of subsidiary	96,356	-
Proceeds from listing of subsidiary	161,317	-
Term loan (repayment)/receipt	2,991	(5,055)
Short term borrowings	153,249	272,474
Repayment of government loan	(50,793)	-
Hire purchase/lease liabilities repayment	(661)	(9,568)
Dividends paid	(15,735)	(13,498)
	351,804	254,673
Net change in cash and cash equivalents	24,186	135,212
Effects of foreign exchange rate changes	-	(3,828)
Cash and cash equivalents at beginning of the year	159,873	28,489
Cash and cash equivalents at end of the year	184,059	159,873

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.