

(Company No : 210470-M)

KINSTEEL BHD.

(Incorporated in Malaysia)

Quarterly report on consolidated results for the first quarter ended 31 March 2009.

The figures have not been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2009**

	2009 Current Quarter 31.03.2009 RM'000	2008 Comparative Quarter 31.03.2008 RM'000	2009 3 months Cumulative 31.03.2009 RM'000	2008 3 months Cumulative 31.03.2008 RM'000
Revenue	440,348	583,490	440,348	583,490
Operating expenses	(498,541)	(463,118)	(498,541)	(463,118)
Other operating income	1,424	7,382	1,424	7,382
Finance costs	(36,520)	(27,860)	(36,520)	(27,860)
(Loss)/Profit before taxation	<u>(93,289)</u>	<u>99,894</u>	<u>(93,289)</u>	<u>99,894</u>
Taxation	16,925	1,343	16,925	1,343
(Loss)/Profit for the period	<u><u>(76,364)</u></u>	<u><u>101,237</u></u>	<u><u>(76,364)</u></u>	<u><u>101,237</u></u>
Attributable to:				
Equity holders of the parent	(34,761)	61,616	(34,761)	61,616
Minority Interests	<u>(41,603)</u>	<u>39,621</u>	<u>(41,603)</u>	<u>39,621</u>
	<u><u>(76,364)</u></u>	<u><u>101,237</u></u>	<u><u>(76,364)</u></u>	<u><u>101,237</u></u>
(Loss)/Earnings per share attributable to equity holders of the parent:				
- Basic (sen)	(3.78)	6.99	(3.78)	6.99
- Diluted (sen)	N.A	6.11	N.A	6.11

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2009**

	31.03.2009 RM'000	31.12.2008 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	2,284,415	2,307,941
Prepaid lease payments	39,887	40,107
Intangible assets	1,293	-
Other investment	4,000	4,000
Deferred tax assets	155,000	138,000
	<u>2,484,595</u>	<u>2,490,048</u>
Current assets		
Inventories	1,016,432	1,075,989
Receivables	294,046	227,651
Tax recoverable	504	434
Deposits with licensed banks	52,795	190,739
Cash and bank balances	23,467	8,451
	<u>1,387,244</u>	<u>1,503,264</u>
TOTAL ASSETS	<u><u>3,871,839</u></u>	<u><u>3,993,312</u></u>
EQUITY AND LIABILITIES		
Share capital	185,400	185,400
Treasury shares	(4,153)	(4,153)
Reserves	580,485	615,246
Equity attributable to equity holders of the parent	761,732	796,493
Minority interest	914,898	956,501
Total equity	<u>1,676,630</u>	<u>1,752,994</u>
Non-current liabilities		
Borrowings	595,588	613,364
Deferred taxation	6,747	6,747
	<u>602,335</u>	<u>620,111</u>
Current liabilities		
Trade and other payables	576,071	617,458
Overdrafts and short term borrowings	1,016,803	1,002,748
Provision for taxation	-	1
	<u>1,592,874</u>	<u>1,620,207</u>
Total liabilities	<u>2,195,209</u>	<u>2,240,318</u>
TOTAL EQUITY AND LIABILITIES	<u><u>3,871,839</u></u>	<u><u>3,993,312</u></u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.82	0.86

The Condensed Consolidated Balance Sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2008 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 2008.

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2009**

	← Attributable to Equity Holders of the Company →						
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Retained Profits RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
Balance at 1.1.2009	185,400	(4,153)	30,493	584,753	796,493	956,501	1,752,994
<u>Movements</u> <u>during the period</u>							
Loss for the period	-	-	-	(34,761)	(34,761)	(41,603)	(76,364)
Balance at 31.03.2009	<u>185,400</u>	<u>(4,153)</u>	<u>30,493</u>	<u>549,992</u>	<u>761,732</u>	<u>914,898</u>	<u>1,676,630</u>
Balance at 1.1.2008	180,320	-	30,493	568,459	779,272	699,494	1,478,766
<u>Movements</u> <u>during the period</u>							
Exercise of warrants	1,427	-	-	-	1,427	-	1,427
Retained profit for the period	-	-	-	61,616	61,616	39,621	101,237
Balance at 31.03.2008	<u>181,747</u>	<u>-</u>	<u>30,493</u>	<u>630,075</u>	<u>842,315</u>	<u>739,115</u>	<u>1,581,430</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 2008 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED 31 MARCH 2009**

	Current period ended 31.03.2009 RM'000	Preceding year corresponding period ended 31.03.2008 RM'000
(Loss)/Profit before tax	(93,289)	99,894
Adjustments for non -cash flow :		
Depreciation	27,498	25,967
Non-cash items	23,851	42,430
Operating (loss)/profit before working capital changes	(41,940)	168,291
Changes in working capital	(27,058)	(123,864)
	(68,998)	44,427
Interest paid	(24,520)	(23,794)
Interest received	627	846
Tax paid	(81)	(161)
Net cash flows (for)/from operating activities	(92,972)	21,318
Investing activities		
Purchase of property, plant and equipment	(11,675)	(19,097)
Purchase of intangible assets	(1,293)	-
	(12,968)	(19,097)
Financing activities		
Proceeds from exercise of warrants	-	1,427
Term loan repayments	(6,454)	(3,159)
Short term borrowings	6,404	(11,563)
Repayment of government loan	(100)	-
Hire purchase/lease liabilities repayment	(1,940)	(1,096)
	(2,090)	(14,391)
Net change in cash and cash equivalents	(108,030)	(12,170)
Cash and cash equivalents at beginning of the period	169,689	159,873
Cash and cash equivalents at end of the period	61,659	147,703

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.