

(Company No : 210470-M)

KINSTEEL BHD.

(Incorporated in Malaysia)

Quarterly report on consolidated results for the second quarter and six months ended 30 June 2009.

The figures have not been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2009**

	2009	2008	2009	2008
	Current	Comparative	6 months	6 months
	Quarter	Quarter	Cumulative	Cumulative
	30.06.2009	30.06.2008	30.06.2009	30.06.2008
	RM'000	RM'000	RM'000	RM'000
Revenue	639,115	652,043	1,079,463	1,235,533
Operating expenses	(677,623)	(443,836)	(1,176,164)	(906,954)
Other operating income	589	1,129	2,013	8,515
Finance costs	(36,118)	(26,335)	(72,638)	(54,195)
(Loss)/Profit before taxation	<u>(74,037)</u>	<u>183,001</u>	<u>(167,326)</u>	<u>282,899</u>
Taxation	13,044	(120)	29,969	1,223
(Loss)/Profit for the period	<u><u>(60,993)</u></u>	<u><u>182,881</u></u>	<u><u>(137,357)</u></u>	<u><u>284,122</u></u>
Attributable to:				
Equity holders of the parent	(7,878)	103,324	(42,639)	164,944
Minority Interests	<u>(53,115)</u>	<u>79,557</u>	<u>(94,718)</u>	<u>119,178</u>
	<u><u>(60,993)</u></u>	<u><u>182,881</u></u>	<u><u>(137,357)</u></u>	<u><u>284,122</u></u>
(Loss)/Earnings per share attributable to equity holders of the parent:				
- Basic (sen)	(0.86)	11.23	(4.64)	17.93
- Diluted (sen)	N.A	9.95	N.A	15.90

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

(Company No : 210470-M)

KINSTEEL BHD.

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2009**

	30.06.2009 RM'000	31.12.2008 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	2,311,971	2,307,941
Prepaid lease payments	39,668	40,107
Intangible assets	1,293	-
Other investment	4,000	4,000
Deferred tax assets	165,000	138,000
	<u>2,521,932</u>	<u>2,490,048</u>
Current assets		
Inventories	720,017	1,075,989
Receivables	342,132	227,651
Tax recoverable	588	434
Deposits with licensed banks	81,329	190,739
Cash and bank balances	26,944	8,451
	<u>1,171,010</u>	<u>1,503,264</u>
TOTAL ASSETS	<u>3,692,942</u>	<u>3,993,312</u>
EQUITY AND LIABILITIES		
Share capital	185,444	185,400
Treasury shares	(4,153)	(4,153)
Reserves	572,607	615,246
Equity attributable to equity holders of the parent	753,898	796,493
Minority interest	861,783	956,501
Total equity	<u>1,615,681</u>	<u>1,752,994</u>
Non-current liabilities		
Borrowings	593,039	613,364
Deferred taxation	3,636	6,747
	<u>596,675</u>	<u>620,111</u>
Current liabilities		
Trade and other payables	454,042	617,458
Overdrafts and short term borrowings	1,026,433	1,002,748
Provision for taxation	111	1
	<u>1,480,586</u>	<u>1,620,207</u>
Total liabilities	<u>2,077,261</u>	<u>2,240,318</u>
TOTAL EQUITY AND LIABILITIES	<u>3,692,942</u>	<u>3,993,312</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.81	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.

(Company No : 210470-M)

KINSTEEL BHD.

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 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>							
Exercise of warrants	44	-	-	-	44	-	44
Loss for the period	-	-	-	(42,639)	(42,639)	(94,718)	(137,357)
Balance at 30.06.2009	<u>185,444</u>	<u>(4,153)</u>	<u>30,493</u>	<u>542,114</u>	<u>753,898</u>	<u>861,783</u>	<u>1,615,681</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	3,681	-	-	-	3,681	-	3,681
Retained profit for the period	-	-	-	164,944	164,944	119,178	284,122
Balance at 30.06.2008	<u>184,001</u>	<u>-</u>	<u>30,493</u>	<u>733,403</u>	<u>947,897</u>	<u>818,672</u>	<u>1,766,569</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.

(Company No : 210470-M)

KINSTEEL BHD.

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2009**

	Current period ended 30.06.2009 RM'000	Preceding year corresponding period ended 30.06.2008 RM'000
(Loss)/Profit before tax	(167,326)	282,899
Adjustments for non -cash flow :		
Depreciation	55,414	53,426
Non-cash items	53,960	67,629
Operating (loss)/profit before working capital changes	(57,952)	403,954
Changes in working capital	131,992	(355,179)
	74,040	48,775
Interest paid	(48,313)	(44,108)
Interest received	980	6,854
Tax paid	(183)	(252)
Net cash flows from operating activities	26,524	11,269
Investing activities		
Purchase of property, plant and equipment	(66,703)	(49,881)
Purchase of intangible assets	(1,293)	-
Net cash flows for investing activities	(67,996)	(49,881)
Financing activities		
Proceeds from exercise of warrants	44	3,681
Short term borrowings	25,199	31,547
Repayments of loans	(52,491)	(4,647)
Repayment of government loan	(400)	(14,000)
Hire purchase/lease liabilities repayment	(3,143)	(2,785)
Net cash flows (for)/from financing activities	(30,791)	13,796
Net change in cash and cash equivalents	(72,263)	(24,816)
Cash and cash equivalents at beginning of the period	169,689	159,873
Cash and cash equivalents at end of the period	97,426	135,057

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.