

(Company No : 210470-M)

KINSTEEL BHD.

(Incorporated in Malaysia)

*Quarterly report on consolidated results for the third quarter and nine months ended 30 September 2009.
The figures have not been audited.*

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2009**

	2009	2008	2009	2008
	Current	Comparative	9 months	9 months
	Quarter	Quarter	Cumulative	Cumulative
	30.09.2009	30.09.2008	30.09.2009	30.09.2008
	RM'000	RM'000	RM'000	RM'000
Revenue	457,684	844,914	1,537,147	2,080,447
Operating expenses	(419,063)	(751,647)	(1,595,227)	(1,658,601)
Other operating income	5,005	20,136	7,018	28,648
Finance costs	(26,688)	(10,659)	(99,326)	(64,854)
Profit/(Loss) before taxation	16,938	102,744	(150,388)	385,640
Taxation	14,100	7,417	44,069	8,641
Profit/(Loss) for the period	31,038	110,161	(106,319)	394,281
Attributable to:				
Equity holders of the parent	19,785	57,986	(22,854)	234,853
Minority Interests	11,253	52,175	(83,465)	159,428
	31,038	110,161	(106,319)	394,281
Earnings/(Loss) per share attributable to equity holders of the parent:				
- Basic (sen)	2.12	6.26	(2.47)	25.34
- Diluted (sen)	1.94	5.49	N.A.	22.25

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 30 SEPTEMBER 2009**

	30.09.2009 RM'000	31.12.2008 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	2,308,128	2,307,941
Prepaid lease payments	39,448	40,107
Intangible assets	1,293	-
Other investment	4,000	4,000
Deferred tax assets	179,100	138,000
	<u>2,531,969</u>	<u>2,490,048</u>
Current assets		
Inventories	835,807	1,075,989
Receivables	270,074	227,651
Tax recoverable	687	434
Deposits with licensed banks	54,254	190,739
Cash and bank balances	13,120	8,451
	<u>1,173,942</u>	<u>1,503,264</u>
	<u>3,705,911</u>	<u>3,993,312</u>
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Share capital	188,247	185,400
Treasury shares	(4,153)	(4,153)
Reserves	576,523	615,246
Equity attributable to equity holders of the parent	760,617	796,493
Minority interest	873,036	956,501
Total equity	<u>1,633,653</u>	<u>1,752,994</u>
Non-current liabilities		
Borrowings	494,740	613,364
Deferred taxation	3,636	6,747
	<u>498,376</u>	<u>620,111</u>
Current liabilities		
Trade and other payables	458,227	617,458
Overdrafts and short term borrowings	1,115,544	1,002,748
Provision for taxation	111	1
	<u>1,573,882</u>	<u>1,620,207</u>
Total liabilities	<u>2,072,258</u>	<u>2,240,318</u>
	<u>3,705,911</u>	<u>3,993,312</u>
TOTAL EQUITY AND LIABILITIES		
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.

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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	2,847	-	-	-	2,847	-	2,847
Loss for the period	-	-	-	(22,854)	(22,854)	(83,465)	(106,319)
Dividends paid	-	-	-	(15,869)	(15,869)	-	(15,869)
Balance at 30.09.2009	<u>188,247</u>	<u>(4,153)</u>	<u>30,493</u>	<u>546,030</u>	<u>760,617</u>	<u>873,036</u>	<u>1,633,653</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	5,077	-	-	-	5,077	-	5,077
Retained profit for the period	-	-	-	234,853	234,853	159,428	394,281
Dividends paid	-	-	-	(15,734)	(15,734)	-	(15,734)
Disposal of subsidiary	-	-	-	-	-	236,335	236,335
Treasury shares	-	(1,330)	-	-	(1,330)	-	(1,330)
Balance at 30.09.2008	<u>185,397</u>	<u>(1,330)</u>	<u>30,493</u>	<u>787,578</u>	<u>1,002,138</u>	<u>1,095,257</u>	<u>2,097,395</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 NINE MONTHS ENDED 30 SEPTEMBER 2009**

	Current period ended 30.09.2009 RM'000	Preceding year corresponding period ended 30.09.2008 RM'000
(Loss)/Profit before tax	(150,388)	385,640
Adjustments for non -cash flow :		
Depreciation	83,447	80,686
Non-cash items	69,366	175,945
Operating profit before working capital changes	<u>2,425</u>	<u>642,271</u>
Changes in working capital	<u>145,285</u>	<u>(686,695)</u>
	147,710	(44,424)
Interest paid	(74,895)	(63,703)
Interest received	5,334	18,305
Tax paid	(283)	(1,690)
Net cash flows from/(for) operating activities	<u>77,866</u>	<u>(91,512)</u>
Investing activities		
Purchase of property, plant and equipment	(90,688)	(59,478)
Purchase of intangible assets	(1,293)	-
Net cash flows for investing activities	<u>(91,981)</u>	<u>(59,478)</u>
Financing activities		
Proceeds from exercise of warrants	2,847	5,077
Proceeds from disposal of subsidiary	-	96,356
Proceeds from listing of subsidiary	-	161,317
Short term borrowings	72,254	116,813
Repayments of Murabahah Commercial Papers/ Medium Terms Notes	(5,000)	-
Repayments of Murabahah Medium Term Notes	(60,000)	-
Repayments of loans	(89,757)	(5,898)
Repayment of government loan	(700)	(50,793)
Hire purchase/lease liabilities repayment	(4,481)	(4,170)
Dividends paid	(15,869)	(15,735)
Net cash flows (for)/from financing activities	<u>(100,706)</u>	<u>302,967</u>
Net change in cash and cash equivalents	(114,821)	151,977
Cash and cash equivalents at beginning of the period	<u>169,689</u>	<u>159,873</u>
Cash and cash equivalents at end of the period	<u>54,868</u>	<u>311,850</u>

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.