

**INSTEEL BHD.**

(Incorporated in Malaysia)

*Quarterly report on consolidated results for the fourth quarter and year ended 31 December 2009.  
The figures have not been audited.*

**CONDENSED CONSOLIDATED INCOME STATEMENTS  
FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2009**

	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>Current</b>	<b>Comparative</b>	<b>12 months</b>	<b>12 months</b>
	<b>Quarter</b>	<b>Quarter</b>	<b>Cumulative</b>	<b>Cumulative</b>
	<b>31.12.2009</b>	<b>31.12.2008</b>	<b>31.12.2009</b>	<b>31.12.2008</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	<b>390,931</b>	377,410	<b>1,928,078</b>	2,457,857
Operating expenses	<b>(352,653)</b>	(745,751)	<b>(1,947,880)</b>	(2,392,505)
Other operating income	<b>41,066</b>	8,875	<b>48,084</b>	37,523
Finance costs	<b>(27,046)</b>	(15,872)	<b>(126,372)</b>	(92,573)
Profit/(Loss) before taxation	<b>52,298</b>	(375,338)	<b>(98,090)</b>	10,302
Taxation	<b>(1,307)</b>	31,596	<b>42,762</b>	40,237
Profit/(Loss) for the period/year	<b>50,991</b>	(343,742)	<b>(55,328)</b>	50,539
Attributable to:				
Equity holders of the parent	<b>41,118</b>	(202,824)	<b>18,264</b>	32,029
Minority Interests	<b>9,873</b>	(140,918)	<b>(73,592)</b>	18,510
	<b>50,991</b>	(343,742)	<b>(55,328)</b>	50,539
Earnings/(Loss) per share attributable to equity holders of the parent:				
- Basic (sen)	<b>4.40</b>	(21.88)	<b>1.97</b>	3.46
- Diluted (sen)	<b>4.03</b>	(19.32)	<b>1.81</b>	3.05

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.**

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

	31.12.2009 RM'000	31.12.2008 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	2,306,360	2,307,941
Prepaid lease payments	39,149	40,107
Intangible assets	1,293	-
Other investment	4,000	4,000
Deferred tax assets	182,383	138,000
	<u>2,533,185</u>	<u>2,490,048</u>
<b>Current assets</b>		
Inventories	1,010,696	1,075,989
Receivables	268,576	227,651
Tax recoverable	758	434
Deposits with licensed banks	20,851	176,953
Cash and bank balances	12,174	22,237
	<u>1,313,055</u>	<u>1,503,264</u>
<b>TOTAL ASSETS</b>	<u><u>3,846,240</u></u>	<u><u>3,993,312</u></u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	188,293	185,400
Treasury shares	(4,153)	(4,153)
Reserves	617,641	615,246
Equity attributable to equity holders of the parent	801,781	796,493
Minority interest	882,909	956,501
<b>Total equity</b>	<u>1,684,690</u>	<u>1,752,994</u>
<b>Non-current liabilities</b>		
Borrowings	491,333	613,364
Deferred taxation	8,318	6,747
	<u>499,651</u>	<u>620,111</u>
<b>Current liabilities</b>		
Trade and other payables	520,084	617,458
Overdrafts and short term borrowings	1,141,815	1,002,748
Provision for taxation	-	1
	<u>1,661,899</u>	<u>1,620,207</u>
<b>Total liabilities</b>	<u>2,161,550</u>	<u>2,240,318</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>3,846,240</u></u>	<u><u>3,993,312</u></u>
<b>Net assets per share attributable to ordinary equity holders of the parent (RM)</b>	<b>0.85</b>	<b>0.86</b>

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)

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR 31 DECEMBER 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
<b><u>Movements</u></b>							
<b><u>during the year</u></b>							
Exercise of warrants	2,893	-	-	-	2,893	-	2,893
Profit/(Loss) for the year	-	-	-	18,264	18,264	(73,592)	(55,328)
Dividends paid	-	-	-	(15,869)	(15,869)	-	(15,869)
<b>Balance at 31.12.2009</b>	<b>188,293</b>	<b>(4,153)</b>	<b>30,493</b>	<b>587,148</b>	<b>801,781</b>	<b>882,909</b>	<b>1,684,690</b>
Balance at 1.1.2008	180,320	-	30,493	568,459	779,272	699,494	1,478,766
<b><u>Movements</u></b>							
<b><u>during the year</u></b>							
Exercise of warrants	5,080	-	-	-	5,080	-	5,080
Retained profit for the year	-	-	-	32,029	32,029	18,510	50,539
Dividends paid	-	-	-	(15,735)	(15,735)	-	(15,735)
Disposal of subsidiary	-	-	-	-	-	238,497	238,497
Treasury shares	-	(4,138)	-	-	(4,138)	-	(4,138)
Transaction costs	-	(15)	-	-	(15)	-	(15)
<b>Balance at 31.12.2008</b>	<b>185,400</b>	<b>(4,153)</b>	<b>30,493</b>	<b>584,753</b>	<b>796,493</b>	<b>956,501</b>	<b>1,752,994</b>

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)

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2009**

	Year ended 31.12.2009 RM'000	Year ended 31.12.2008 RM'000
(Loss)/Profit before tax	(98,090)	10,302
<b>Adjustments for non -cash flow :</b>		
<b>Depreciation</b>	111,935	107,276
<b>Non-cash items</b>	56,182	493,842
<b>Operating profit before working capital changes</b>	<u>70,027</u>	<u>611,420</u>
<b>Changes in working capital</b>	<u>30,585</u>	<u>(780,328)</u>
	100,612	(168,908)
Interest paid	(87,837)	(92,573)
Interest received	2,038	6,631
Tax paid	(374)	(1,758)
<b>Net cash flows from/(for) operating activities</b>	<u>14,439</u>	<u>(256,608)</u>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(109,264)	(85,304)
Purchase of intangible assets	(1,293)	-
Proceeds from disposal of property, plant and equipment	92	-
Proceeds from disposal of shares	-	96,355
<b>Net cash flows (for)/from investing activities</b>	<u>(110,465)</u>	<u>11,051</u>
<b>Financing activities</b>		
Deposits pledge withdrawn for bank borrowings	13,100	5,815
Proceeds from exercise of warrants	2,893	5,080
Proceeds from issuance of shares	-	173,511
Short term borrowings	36,508	150,434
(Repayments of)/Proceeds from Murabahah Commercial Papers/ Medium Terms Notes	(5,000)	15,000
Repayments of Murabahah Medium Term Notes	(60,000)	-
Repayments of loans	(18,776)	(28,014)
Repayment of government loan	(832)	(29,723)
Hire purchase/lease liabilities repayment	(6,087)	(6,531)
Purchase of treasury shares	-	(4,153)
Listing expenses	-	(12,008)
Dividends paid	(15,869)	(15,735)
<b>Net cash flows (for)/from financing activities</b>	<u>(54,063)</u>	<u>253,676</u>
<b>Net change in cash and cash equivalents</b>	(150,089)	8,119
<b>Effects of foreign exchange rate changes</b>	-	1,697
<b>Cash and cash equivalents at beginning of the year</b>	<u>169,689</u>	<u>159,873</u>
<b>Cash and cash equivalents at end of the year</b>	<u>19,600</u>	<u>169,689</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.