

(Company No : 210470-M)

KINSTEEL BHD.

(Incorporated in Malaysia)

Quarterly report on consolidated results for the first quarter ended 31 March 2010.

The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2010**

	2010 Current Quarter 31.03.2010 RM'000	2009 Comparative Quarter 31.03.2009 RM'000	2010 3 months Cumulative 31.03.2010 RM'000	2009 3 months Cumulative 31.03.2009 RM'000
Revenue	540,401	440,348	540,401	440,348
Operating expenses	(481,057)	(498,541)	(481,057)	(498,541)
Other operating income	4,348	1,424	4,348	1,424
Finance costs	(26,861)	(36,520)	(26,861)	(36,520)
Profit/(loss) before taxation	<u>36,831</u>	<u>(93,289)</u>	<u>36,831</u>	<u>(93,289)</u>
Taxation	(125)	16,925	(125)	16,925
Profit/(loss) for the period	<u>36,706</u>	<u>(76,364)</u>	<u>36,706</u>	<u>(76,364)</u>
Other comprehensive income, net of tax Available-for-sale (AFS) investment's fair value movements	62	-	62	-
Total comprehensive income/(loss)	<u>36,768</u>	<u>(76,364)</u>	<u>36,768</u>	<u>(76,364)</u>
Profit/(loss) attributable to:				
Equity holders of the parent	22,552	(34,761)	22,552	(34,761)
Minority Interests	14,154	(41,603)	14,154	(41,603)
	<u>36,706</u>	<u>(76,364)</u>	<u>36,706</u>	<u>(76,364)</u>
Total comprehensive income/(loss) attributable to:				
Equity holders of the parent	22,575	(34,761)	22,575	(34,761)
Minority Interests	14,193	(41,603)	14,193	(41,603)
	<u>36,768</u>	<u>(76,364)</u>	<u>36,768</u>	<u>(76,364)</u>
Earnings/(loss) per share attributable to equity holders of the parent:				
- Basic (sen)	2.40	(3.78)	2.40	(3.78)
- Diluted (sen)	2.21	N.A	2.21	N.A

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2010**

	As at 31.03.2010 RM'000	As at 31.12.2009 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	2,330,879	2,350,568
Intangible assets	1,293	1,293
Other investment	3,547	4,000
Deferred tax assets	183,271	183,271
	<u>2,518,990</u>	<u>2,539,132</u>
Current assets		
Inventories	992,465	1,014,608
Receivables	364,806	302,074
Tax recoverable	672	768
Deposits with licensed banks	36,956	18,218
Cash and bank balances	11,325	15,652
	<u>1,406,224</u>	<u>1,351,320</u>
TOTAL ASSETS	<u><u>3,925,214</u></u>	<u><u>3,890,452</u></u>
EQUITY AND LIABILITIES		
Share capital	190,099	188,293
Treasury shares	(4,153)	(4,153)
Reserves	649,536	618,319
Equity attributable to equity holders of the parent	835,482	802,459
Minority interest	950,730	922,036
Total equity	<u>1,786,212</u>	<u>1,724,495</u>
Non-current liabilities		
Borrowings	450,186	491,334
Deferred taxation	7	7
	<u>450,193</u>	<u>491,341</u>
Current liabilities		
Trade and other payables	567,741	531,863
Overdrafts and short term borrowings	1,120,976	1,142,660
Provision for taxation	92	93
	<u>1,688,809</u>	<u>1,674,616</u>
Total liabilities	<u>2,139,002</u>	<u>2,165,957</u>
TOTAL EQUITY AND LIABILITIES	<u><u>3,925,214</u></u>	<u><u>3,890,452</u></u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.88	0.85

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2009 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 2009.*

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2010**

	← Attributable to Equity Holders of the Company →						Minority Interests RM'000	Total Equity RM'000
	← Non-distributable →			Distributable				
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Fair Value Reserve RM'000	Retained Earnings RM'000	Total RM'000		
Balance at 1.1.2010	188,293	(4,153)	30,493	-	587,826	802,459	922,036	1,724,495
Effect arising from adoption of FRS 139	-	-	-	(192)	8,834	8,642	14,501	23,143
Balance at 1.1.2010, as restated	188,293	(4,153)	30,493	(192)	596,660	811,101	936,537	1,747,638
Exercise of warrant	1,806	-	-	-	-	1,806	-	1,806
Comprehensive income for the period	-	-	-	-	22,552	22,552	14,154	36,706
Other comprehensive income for the period	-	-	-	23	-	23	39	62
Balance at 31.3.2010	<u>190,099</u>	<u>(4,153)</u>	<u>30,493</u>	<u>(169)</u>	<u>619,212</u>	<u>835,482</u>	<u>950,730</u>	<u>1,786,212</u>
Balance at 1.1.2009	185,400	(4,153)	30,493	-	584,753	796,493	956,501	1,752,994
Comprehensive loss for the period	-	-	-	-	(34,761)	(34,761)	(41,603)	(76,364)
Balance at 31.3.2009	<u>185,400</u>	<u>(4,153)</u>	<u>30,493</u>	<u>-</u>	<u>549,992</u>	<u>761,732</u>	<u>914,898</u>	<u>1,676,630</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2010**

	Current period ended 31.03.2010 RM'000	Preceding year corresponding period ended 31.03.2009 RM'000
Profit/(loss) before tax	36,831	(93,289)
Adjustments for non -cash flow :		
Depreciation	28,227	27,498
Non-cash items	23,985	23,851
Operating profit/(loss) before working capital changes	89,043	(41,940)
Changes in working capital	41,044	(27,058)
Interest paid	130,087	(68,998)
Interest received	(24,097)	(24,520)
Tax paid	2,278	627
Net cash flows from/(for) operating activities	(44)	(81)
Investing activities	108,224	(92,972)
Purchase of property, plant and equipment	(7,259)	(11,675)
Purchase of intangible assets	-	(1,293)
Net cash flows for investing activities	(7,259)	(12,968)
Financing activities		
Proceeds from exercise of warrants	1,806	-
Loan repayments	(35,804)	(6,454)
Short term borrowings	(36,544)	6,404
Repayment of government loan	(300)	(100)
Hire purchase/lease liabilities repayment	(1,302)	(1,940)
Net cash flows for financing activities	(72,144)	(2,090)
Net change in cash and cash equivalents	28,821	(108,030)
Cash and cash equivalents at beginning of the period	8,102	169,689
Cash and cash equivalents at end of the period	36,923	61,659

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.