

(Company No : 210470-M)

KINSTEEL BHD.

(Incorporated in Malaysia)

*Quarterly report on consolidated results for the second quarter ended 30 June 2010.
The figures have not been audited.*

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2010**

	2010 Current Quarter 30.06.2010 RM'000	2009 Comparative Quarter 30.06.2009 RM'000	2010 6 months Cumulative 30.06.2010 RM'000	2009 6 months Cumulative 30.06.2009 RM'000
Revenue	374,691	639,115	915,092	1,079,463
Operating expenses	(336,172)	(677,623)	(817,229)	(1,176,164)
Other operating income	6,445	589	10,793	2,013
Finance costs	(32,195)	(36,118)	(59,056)	(72,638)
Profit/(loss) before taxation	<u>12,769</u>	<u>(74,037)</u>	<u>49,600</u>	<u>(167,326)</u>
Taxation	(85)	13,044	(210)	29,969
Profit/(loss) for the period	<u>12,684</u>	<u>(60,993)</u>	<u>49,390</u>	<u>(137,357)</u>
Other comprehensive income, net of tax Available-for-sale (AFS) investment's fair value movements	<u>62</u>	<u>-</u>	<u>124</u>	<u>-</u>
Total comprehensive income/(loss)	<u>12,746</u>	<u>(60,993)</u>	<u>49,514</u>	<u>(137,357)</u>
Profit/(loss) attributable to:				
Equity holders of the parent	8,177	(7,878)	30,729	(42,639)
Minority Interests	<u>4,507</u>	<u>(53,115)</u>	<u>18,661</u>	<u>(94,718)</u>
	<u>12,684</u>	<u>(60,993)</u>	<u>49,390</u>	<u>(137,357)</u>
Total comprehensive income/(loss) attributable to:				
Equity holders of the parent	8,200	(7,878)	30,775	(42,639)
Minority Interests	<u>4,546</u>	<u>(53,115)</u>	<u>18,739</u>	<u>(94,718)</u>
	<u>12,746</u>	<u>(60,993)</u>	<u>49,514</u>	<u>(137,357)</u>
Earnings/(loss) per share attributable to equity holders of the parent:				
- Basic (sen)	0.87	(0.86)	3.26	(4.64)
- Diluted (sen)	0.80	N.A	3.01	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 30 JUNE 2010**

	As at 30.06.2010 RM'000	As at 31.12.2009 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	2,302,520	2,350,568
Intangible assets	1,293	1,293
Other investment	3,609	4,000
Deferred tax assets	183,271	183,271
	<u>2,490,693</u>	<u>2,539,132</u>
Current assets		
Inventories	1,223,586	1,014,608
Receivables	279,997	302,074
Tax recoverable	573	768
Deposits with licensed banks	91,230	18,218
Cash and bank balances	4,689	15,652
	<u>1,600,075</u>	<u>1,351,320</u>
TOTAL ASSETS	<u><u>4,090,768</u></u>	<u><u>3,890,452</u></u>
EQUITY AND LIABILITIES		
Share capital	190,117	188,293
Treasury shares	(4,153)	(4,153)
Reserves	657,736	618,319
Equity attributable to equity holders of the parent	843,700	802,459
Minority interest	955,276	922,036
Total equity	<u>1,798,976</u>	<u>1,724,495</u>
Non-current liabilities		
Borrowings	451,714	491,334
Deferred taxation	7	7
	<u>451,721</u>	<u>491,341</u>
Current liabilities		
Trade and other payables	501,820	531,863
Overdrafts and short term borrowings	1,338,159	1,142,660
Provision for taxation	92	93
	<u>1,840,071</u>	<u>1,674,616</u>
Total liabilities	<u>2,291,792</u>	<u>2,165,957</u>
TOTAL EQUITY AND LIABILITIES	<u><u>4,090,768</u></u>	<u><u>3,890,452</u></u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.89	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 30 JUNE 2010**

	← Attributable to Equity Holders of the Company →					Total RM'000	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			
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	1,824	-	-	-	-	1,824	-	1,824
Comprehensive income for the period	-	-	-	-	30,729	30,729	18,661	49,390
Other comprehensive income for the period	-	-	-	46	-	46	78	124
Balance at 30.6.2010	<u>190,117</u>	<u>(4,153)</u>	<u>30,493</u>	<u>(146)</u>	<u>627,389</u>	<u>843,700</u>	<u>955,276</u>	<u>1,798,976</u>
Balance at 1.1.2009	185,400	(4,153)	30,493	-	584,753	796,493	956,501	1,752,994
Exercise of warrant	44	-	-	-	-	44	-	44
Comprehensive loss for the period	-	-	-	-	(42,639)	(42,639)	(94,718)	(137,357)
Balance at 30.6.2009	<u>185,444</u>	<u>(4,153)</u>	<u>30,493</u>	<u>-</u>	<u>542,114</u>	<u>753,898</u>	<u>861,783</u>	<u>1,615,681</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 30 JUNE 2010**

	Current period ended 30.06.2010 RM'000	Preceding year corresponding period ended 30.06.2009 RM'000
Profit/(loss) before tax	49,600	(167,326)
Adjustments for non -cash flow :		
Depreciation	56,332	55,414
Non-cash items	50,483	53,960
Operating profit/(loss) before working capital changes	156,415	(57,952)
Changes in working capital	(135,452)	131,992
	20,963	74,040
Interest paid	(54,039)	(48,313)
Interest received	533	980
Tax refund	27	-
Tax paid	(65)	(183)
Net cash flows (for)/from operating activities	(32,581)	26,524
Investing activities		
Purchase of property, plant and equipment	(16,523)	(66,703)
Proceeds from disposal of property, plant and equipment	119	-
Purchase of intangible assets	-	(1,293)
Net cash flows for investing activities	(16,404)	(67,996)
Financing activities		
Proceeds from exercise of warrants	1,824	44
Loan repayments	(54,631)	(52,491)
Short term borrowings	179,413	25,199
Repayment of government loan	(600)	(400)
Hire purchase/lease liabilities repayment	(2,682)	(3,143)
Net cash flows from/(for) financing activities	123,324	(30,791)
Net change in cash and cash equivalents	74,339	(72,263)
Cash and cash equivalents at beginning of the period	8,102	169,689
Cash and cash equivalents at end of the period	82,441	97,426

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.