

(Company No : 210470-M)

KINSTEEL BHD.

(Incorporated in Malaysia)

Quarterly report on consolidated results for the third quarter ended 30 September 2010.

The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2010**

	2010 Current Quarter 30.09.2010 RM'000	2009 Comparative Quarter 30.09.2009 RM'000	2010 9 months Cumulative 30.09.2010 RM'000	2009 9 months Cumulative 30.09.2009 RM'000
Revenue	360,072	457,684	1,275,164	1,537,147
Operating expenses	(381,929)	(419,063)	(1,199,158)	(1,595,227)
Other operating income	5,712	5,005	16,505	7,018
Finance costs	(33,148)	(26,688)	(92,204)	(99,326)
(Loss)/profit before taxation	<u>(49,293)</u>	<u>16,938</u>	<u>307</u>	<u>(150,388)</u>
Taxation	(125)	14,100	(335)	44,069
(Loss)/profit for the period	<u>(49,418)</u>	<u>31,038</u>	<u>(28)</u>	<u>(106,319)</u>
Other comprehensive income, net of tax Available-for-sale (AFS) investment's fair value movements	<u>62</u>	<u>-</u>	<u>186</u>	<u>-</u>
Total comprehensive (loss)/income	<u>(49,356)</u>	<u>31,038</u>	<u>158</u>	<u>(106,319)</u>
(Loss)/profit attributable to:				
Equity holders of the parent	(19,357)	19,785	11,372	(22,854)
Minority Interests	<u>(30,061)</u>	<u>11,253</u>	<u>(11,400)</u>	<u>(83,465)</u>
	<u>(49,418)</u>	<u>31,038</u>	<u>(28)</u>	<u>(106,319)</u>
Total comprehensive (loss)/income attributable to:				
Equity holders of the parent	(19,334)	19,785	11,441	(22,854)
Minority Interests	<u>(30,022)</u>	<u>11,253</u>	<u>(11,283)</u>	<u>(83,465)</u>
	<u>(49,356)</u>	<u>31,038</u>	<u>158</u>	<u>(106,319)</u>
(Loss)/earnings per share attributable to equity holders of the parent:				
- Basic (sen)	(2.05)	2.12	1.21	(2.47)
- Diluted (sen)	N.A.	1.94	1.11	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.

(Company No : 210470-M)

KINSTEEL BHD.

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2010**

	As at 30.09.2010 RM'000	As at 31.12.2009 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	2,278,529	2,350,568
Intangible assets	1,293	1,293
Other investment	3,672	4,000
Deferred tax assets	183,271	183,271
	<u>2,466,765</u>	<u>2,539,132</u>
Current assets		
Inventories	1,303,599	1,014,608
Receivables	299,449	302,074
Tax recoverable	538	768
Deposits with licensed banks	20,819	18,218
Cash and bank balances	8,855	15,652
	<u>1,633,260</u>	<u>1,351,320</u>
TOTAL ASSETS	<u><u>4,100,025</u></u>	<u><u>3,890,452</u></u>
EQUITY AND LIABILITIES		
Share capital	190,124	188,293
Treasury shares	(4,153)	(4,153)
Reserves	628,974	618,319
Equity attributable to equity holders of the parent	814,945	802,459
Minority interest	925,254	922,036
Total equity	<u>1,740,199</u>	<u>1,724,495</u>
Non-current liabilities		
Borrowings	389,136	491,334
Deferred taxation	7	7
	<u>389,143</u>	<u>491,341</u>
Current liabilities		
Trade and other payables	547,376	531,863
Overdrafts and short term borrowings	1,423,304	1,142,660
Provision for taxation	3	93
	<u>1,970,683</u>	<u>1,674,616</u>
Total liabilities	<u>2,359,826</u>	<u>2,165,957</u>
TOTAL EQUITY AND LIABILITIES	<u><u>4,100,025</u></u>	<u><u>3,890,452</u></u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.86	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.*

(Company No : 210470-M)

KINSTEEL BHD.

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 01.01.2010	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	1,831	-	-	-	-	1,831	-	1,831
Comprehensive income/(loss) for the period	-	-	-	-	11,372	11,372	(11,400)	(28)
Other comprehensive income for the period	-	-	-	69	-	69	117	186
Dividends paid	-	-	-	-	(9,428)	(9,428)	-	(9,428)
Balance at 30.09.2010	<u>190,124</u>	<u>(4,153)</u>	<u>30,493</u>	<u>(123)</u>	<u>598,604</u>	<u>814,945</u>	<u>925,254</u>	<u>1,740,199</u>
Balance at 01.01.2009	185,400	(4,153)	30,493	-	584,753	796,493	956,501	1,752,994
Exercise of warrant	2,847	-	-	-	-	2,847	-	2,847
Comprehensive 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>-</u>	<u>546,030</u>	<u>760,617</u>	<u>873,036</u>	<u>1,633,653</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.

(Company No : 210470-M)

KINSTEEL BHD.

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010**

	Current period ended 30.09.2010 RM'000	Preceding year corresponding period ended 30.09.2009 RM'000
Profit/(loss) before tax	307	(150,388)
Adjustments for non -cash flow :		
Depreciation	84,866	83,447
Non-cash items	78,060	69,366
Operating profit before working capital changes	163,233	2,425
Changes in working capital	(188,425)	145,285
	(25,192)	147,710
Interest paid	(84,601)	(74,895)
Interest received	1,364	5,334
Tax refund	27	-
Tax paid	(227)	(283)
Net cash flows (for)/from operating activities	(108,629)	77,866
Investing activities		
Purchase of property, plant and equipment	(20,726)	(90,688)
Proceeds from disposal of property, plant and equipment	119	-
Purchase of intangible assets	-	(1,293)
Net cash flows for investing activities	(20,607)	(91,981)
Financing activities		
Proceeds from exercise of warrants	1,831	2,847
Short term borrowings	237,542	72,254
Receipts/(Repayment) of Murabahah Commercial Papers/ Medium Terms Notes	25,000	(5,000)
Repayment of Murabahah Medium Term Notes	(60,000)	(60,000)
Loan repayments	(53,872)	(89,757)
Repayment of government loan	(900)	(700)
Hire purchase/lease liabilities repayment	(4,283)	(4,481)
Dividends paid	(9,428)	(15,869)
Net cash flows from/(for) financing activities	135,890	(100,706)
Net change in cash and cash equivalents	6,654	(114,821)
Cash and cash equivalents at beginning of the period	8,102	169,689
Cash and cash equivalents at end of the period	14,756	54,868

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.