

(Company No : 210470-M)

KINSTEEL BHD.

(Incorporated in Malaysia)

*Quarterly report on consolidated results for the fourth quarter ended 31 December 2010.
The figures have not been audited.*

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2010**

	2010 Current Quarter 31.12.2010 RM'000	2009 Comparative Quarter 31.12.2009 RM'000	2010 12 months Cumulative 31.12.2010 RM'000	2009 12 months Cumulative 31.12.2009 RM'000
Revenue	358,335	454,034	1,633,499	1,991,181
Operating expenses	(425,527)	(440,799)	(1,624,685)	(2,036,026)
Other operating income	8,245	72,811	24,750	79,829
Finance costs	(31,362)	(3,046)	(123,566)	(102,372)
(Loss)/profit before taxation	<u>(90,309)</u>	<u>83,000</u>	<u>(90,002)</u>	<u>(67,388)</u>
Taxation	(3,893)	7,796	(4,228)	51,865
(Loss)/profit for the period/year	<u>(94,202)</u>	<u>90,796</u>	<u>(94,230)</u>	<u>(15,523)</u>
Other comprehensive income, net of tax				
Available-for-sale (AFS) investment's fair value movements	<u>62</u>	<u>-</u>	<u>248</u>	<u>-</u>
Total comprehensive (loss)/income	<u><u>(94,140)</u></u>	<u><u>90,796</u></u>	<u><u>(93,982)</u></u>	<u><u>(15,523)</u></u>
(Loss)/profit attributable to:				
Equity holders of the parent	(44,467)	41,796	(33,095)	18,942
Minority Interests	<u>(49,735)</u>	<u>49,000</u>	<u>(61,135)</u>	<u>(34,465)</u>
	<u><u>(94,202)</u></u>	<u><u>90,796</u></u>	<u><u>(94,230)</u></u>	<u><u>(15,523)</u></u>
Total comprehensive (loss)/income attributable to:				
Equity holders of the parent	(44,444)	41,796	(33,003)	18,942
Minority Interests	<u>(49,696)</u>	<u>49,000</u>	<u>(60,979)</u>	<u>(34,465)</u>
	<u><u>(94,140)</u></u>	<u><u>90,796</u></u>	<u><u>(93,982)</u></u>	<u><u>(15,523)</u></u>
(Loss)/earnings per share attributable to equity holders of the parent:				
- Basic (sen)	(4.70)	4.48	(3.51)	2.04
- Diluted (sen)	N.A.	4.10	N.A.	1.88

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 DECEMBER 2010**

	As at 31.12.2010 RM'000	As at 31.12.2009 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	2,293,267	2,350,568
Intangible assets	1,293	1,293
Other investment	3,734	4,000
Deferred tax assets	181,923	183,271
	<u>2,480,217</u>	<u>2,539,132</u>
Current assets		
Inventories	1,309,945	1,014,608
Receivables	325,053	302,074
Tax recoverable	773	768
Deposits with licensed banks	56,892	18,218
Cash and bank balances	7,292	15,652
	<u>1,699,955</u>	<u>1,351,320</u>
TOTAL ASSETS	<u><u>4,180,172</u></u>	<u><u>3,890,452</u></u>
EQUITY AND LIABILITIES		
Share capital	191,257	188,293
Treasury shares	(4,153)	(4,153)
Reserves	584,530	618,319
Equity attributable to equity holders of the parent	771,634	802,459
Minority interest	875,558	922,036
Total equity	<u>1,647,192</u>	<u>1,724,495</u>
Non-current liabilities		
Borrowings	368,154	491,334
Deferred taxation	2,506	7
	<u>370,660</u>	<u>491,341</u>
Current liabilities		
Trade and other payables	696,711	531,863
Overdrafts and short term borrowings	1,465,388	1,142,660
Provision for taxation	221	93
	<u>2,162,320</u>	<u>1,674,616</u>
Total liabilities	<u>2,532,980</u>	<u>2,165,957</u>
TOTAL EQUITY AND LIABILITIES	<u><u>4,180,172</u></u>	<u><u>3,890,452</u></u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.81	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 YEAR ENDED 31 DECEMBER 2010**

	← Attributable to Equity Holders of the Company →					Total RM'000	Minority Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Fair Value Reserve RM'000	Distributable Retained Earnings 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	2,964	-	-	-	-	2,964	-	2,964
Comprehensive loss for the year	-	-	-	-	(33,095)	(33,095)	(61,135)	(94,230)
Other comprehensive income for the year	-	-	-	92	-	92	156	248
Dividends paid	-	-	-	-	(9,428)	(9,428)	-	(9,428)
Balance at 31.12.2010	191,257	(4,153)	30,493	(100)	554,137	771,634	875,558	1,647,192
Balance at 01.01.2009	185,400	(4,153)	30,493	-	584,753	796,493	956,501	1,752,994
Exercise of warrant	2,893	-	-	-	-	2,893	-	2,893
Comprehensive income/(loss) for the year	-	-	-	-	18,942	18,942	(34,465)	(15,523)
Dividends paid	-	-	-	-	(15,869)	(15,869)	-	(15,869)
Balance at 31.12.2009	188,293	(4,153)	30,493	-	587,826	802,459	922,036	1,724,495

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 YEAR ENDED 31 DECEMBER 2010**

	Year ended 31.12.2010 RM'000	Year ended 31.12.2009 RM'000
Loss before tax	(90,002)	(67,388)
Adjustments for non -cash flow :		
Depreciation	116,203	111,935
Non-cash items	106,009	(1,872)
Operating profit before working capital changes	132,210	42,675
Changes in working capital	20,885	61,065
	153,095	103,740
Interest paid	(113,328)	(102,372)
Interest received	1,807	14,331
Tax refund	27	-
Tax paid	(704)	(389)
Net cash flows from operating activities	40,897	15,310
Investing activities		
Purchase of property, plant and equipment	(66,656)	(109,156)
Proceeds from disposal of property, plant and equipment	119	292
Acquisition of a business	-	(2,000)
Net cash flows for investing activities	(66,537)	(110,864)
Financing activities		
Deposits pledged for bank borrowings withdrawn	-	1,600
Proceeds from exercise of warrants	2,964	2,893
Short term borrowings	235,108	97,714
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	(119,503)	(80,024)
Repayment of government loan	(800)	(832)
Hire purchase/lease liabilities repayment	(5,663)	(6,538)
Dividends paid	(9,428)	(15,869)
Net cash flows from/(for) financing activities	67,678	(66,056)
Net change in cash and cash equivalents	42,038	(161,610)
Effects of foreign exchange rate changes	(1,616)	23
Cash and cash equivalents at beginning of the year	8,102	169,689
Cash and cash equivalents at end of the year	48,524	8,102

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.