

(Company No : 210470-M)

**KINSTEEL BHD.**

(Incorporated in Malaysia)

*Quarterly report on consolidated results for the first quarter ended 31 March 2011.*

*The figures have not been audited.*

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER AND YEAR ENDED 31 MARCH 2011**

	2011 Current Quarter 31.03.2011 RM'000	2010 Comparative Quarter 31.03.2010 RM'000	2011 3 months Cumulative 31.03.2011 RM'000	2010 3 months Cumulative 31.03.2010 RM'000
Revenue	555,597	540,401	555,597	540,401
Operating expenses	(544,006)	(481,057)	(544,006)	(481,057)
Other operating income	1,423	4,348	1,423	4,348
Finance costs	(33,117)	(26,861)	(33,117)	(26,861)
(Loss)/profit before taxation	(20,103)	36,831	(20,103)	36,831
Taxation	(2,270)	(125)	(2,270)	(125)
(Loss)/profit for the period	(22,373)	36,706	(22,373)	36,706
Other comprehensive income, net of tax Available-for-sale (AFS) investment's fair value movements	66	62	66	62
Total comprehensive (loss)/income	(22,307)	36,768	(22,307)	36,768
(Loss)/profit attributable to:				
Equity holders of the parent	(3,564)	22,552	(3,564)	22,552
Minority Interests	(18,809)	14,154	(18,809)	14,154
	(22,373)	36,706	(22,373)	36,706
Total comprehensive (loss)/income attributable to:				
Equity holders of the parent	(3,539)	22,575	(3,539)	22,575
Minority Interests	(18,768)	14,193	(18,768)	14,193
	(22,307)	36,768	(22,307)	36,768
(Loss)/earnings per share attributable to equity holders of the parent:				
- Basic (sen)	(0.37)	2.40	(0.37)	2.40
- Diluted (sen)	N.A.	2.21	N.A.	2.21

*The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.*

(Company No : 210470-M)

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2011**

	As at 31.03.2011 RM'000	As at 31.12.2010 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	2,289,807	2,293,267
Intangible assets	1,293	1,293
Other investment	3,800	3,733
Deferred tax assets	182,383	181,922
	<u>2,477,283</u>	<u>2,480,215</u>
<b>Current assets</b>		
Inventories	1,205,970	1,302,946
Receivables	345,896	320,493
Tax recoverable	821	775
Deposits with licensed banks	68,861	48,300
Cash and bank balances	11,975	15,885
	<u>1,633,523</u>	<u>1,688,399</u>
<b>TOTAL ASSETS</b>	<u><u>4,110,806</u></u>	<u><u>4,168,614</u></u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	193,527	191,257
Treasury shares	(4,153)	(4,153)
Reserves	578,682	582,221
<b>Equity attributable to equity holders of the parent</b>	768,056	769,325
<b>Minority interest</b>	853,251	872,019
<b>Total equity</b>	<u>1,621,307</u>	<u>1,641,344</u>
<b>Non-current liabilities</b>		
Borrowings	417,638	368,154
Deferred taxation	4,747	2,506
	<u>422,385</u>	<u>370,660</u>
<b>Current liabilities</b>		
Trade and other payables	638,505	690,975
Overdrafts and short term borrowings	1,428,149	1,465,388
Provision for taxation	460	247
	<u>2,067,114</u>	<u>2,156,610</u>
<b>Total liabilities</b>	<u>2,489,499</u>	<u>2,527,270</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>4,110,806</u></u>	<u><u>4,168,614</u></u>
<b>Net assets per share attributable to ordinary equity holders of the parent (RM)</b>	<b>0.79</b>	<b>0.80</b>

*The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2010 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 2010.*

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 31 MARCH 2011**

	← 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 01.01.2011	191,257	(4,153)	30,493	(99)	551,827	769,325	872,019	1,641,344
Exercise of warrant	2,270	-	-	-	-	2,270	-	2,270
Comprehensive loss for the period	-	-	-	-	(3,564)	(3,564)	(18,809)	(22,373)
Other comprehensive income for the period	-	-	-	25	-	25	41	66
<b>Balance at 31.03.2011</b>	<b>193,527</b>	<b>(4,153)</b>	<b>30,493</b>	<b>(74)</b>	<b>548,263</b>	<b>768,056</b>	<b>853,251</b>	<b>1,621,307</b>
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	1,806	-	-	-	-	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
<b>Balance at 31.03.2010</b>	<b>190,099</b>	<b>(4,153)</b>	<b>30,493</b>	<b>(169)</b>	<b>619,212</b>	<b>835,482</b>	<b>950,730</b>	<b>1,786,212</b>

*The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010 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 2011**

	Current period ended 31.03.2011 RM'000	Preceding year corresponding period ended 31.03.2010 RM'000
(Loss)/profit before tax	(20,103)	36,831
<b>Adjustments for non -cash flow :</b>		
Depreciation	29,265	28,227
Non-cash items	32,665	23,985
<b>Operating profit before working capital changes</b>	<u>41,827</u>	<u>89,043</u>
<b>Changes in working capital</b>	<u>35,709</u>	<u>41,044</u>
	77,536	130,087
Interest paid	(28,291)	(24,097)
Interest received	332	2,278
Tax paid	(99)	(44)
<b>Net cash flows from operating activities</b>	<u>49,478</u>	<u>108,224</u>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(34,795)	(7,259)
Proceeds from disposal of property, plant and equipment	65	-
<b>Net cash flows for investing activities</b>	<u>(34,730)</u>	<u>(7,259)</u>
<b>Financing activities</b>		
Proceeds from exercise of warrants	2,270	1,806
Short term borrowings	15,614	(36,544)
Loan repayments	(4,353)	(35,804)
Repayment of government loan	(600)	(300)
Hire purchase/lease liabilities repayment	(1,396)	(1,302)
<b>Net cash flows from/(for) financing activities</b>	<u>11,535</u>	<u>(72,144)</u>
<b>Net change in cash and cash equivalents</b>	26,283	28,821
<b>Cash and cash equivalents at beginning of period</b>	<u>39,025</u>	<u>8,102</u>
<b>Cash and cash equivalents at end of period</b>	<u>65,308</u>	<u>36,923</u>

*The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.*