

KINSTEEL BHD (210470-M)
(Incorporated in Malaysia)



**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND PERIOD ENDED 31 MARCH 2015**

KINSTEEL BHD (210470-M)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 MARCH 2015**

	Unaudited		Unaudited	Audited
	3 months ended		9 months	18 months
	31.03.2015	31.03.2014	ended 31.03.2015	ended 30.06.2014
	RM'000	RM'000	RM'000	RM'000
Revenue	163,581	N/A	352,079	1,803,848
Operating expenditure	(174,918)	N/A	(436,509)	(2,696,851)
Other income	4,320	N/A	10,143	138,564
Gain on deconsolidation of a subsidiary company	-	N/A	166,854	-
Loss on disposal of share in Subsidiary	-	N/A	(23,639)	-
Share of loss of associate	-	N/A	(8,750)	-
Impairment of amount due from Associate	-	N/A	(44,617)	-
Impairment on plant and Machinery	-	N/A	(5,638)	(250,113)
Finance costs	(4,415)	N/A	(73,178)	(243,821)
Loss before taxation	(11,432)	-	(63,255)	(1,248,373)
Taxation	(13)	N/A	(38)	(110,838)
Profit / (Loss) after taxation	(11,445)	N/A	(63,293)	(1,359,211)
Other Comprehensive Income/(expenses)				
Surplus on valuation of property, plant and machinery	-	N/A	243,218	317,044
Less: deferred tax	-	N/A	(60,805)	(60,544)
	(11,445)	N/A	119,120	(1,102,711)
Profit/(Loss) after taxation				
Equity holders of the parent	(6,151)	N/A	23,536	(546,814)
Non-controlling interest	(5,294)	N/A	(86,829)	(812,397)
	(11,445)	N/A	(63,293)	(1,359,211)
Total comprehensive income/(expenses) attributable to:				
Equity holders of the parent	(6,151)	N/A	109,155	(426,028)
Non-controlling interest	(5,294)	N/A	9,965	(676,683)
	(11,445)	-	119,120	(1,102,711)
Profit / Loss per share (Note 25) :				
- Basic EPS (sen)	(0.59)	N/A	2.26	(52.50)

The financial year end of the Company has been changed from 31 December to 30 June to cover the 18-month period from 1 January 2013 to 30 June 2014 and thereafter, to end on 30 June each year. Accordingly, there are no comparative figures to be presented in this Condensed Consolidated Statement of Comprehensive Income.

KINSTEEL BHD (210470-M)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015**

	Unaudited	Audited
	As at	As at
	31.03.2015	30.06.2014
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,090,220	2,343,433
Investment in security	31,500	-
	<u>1,121,720</u>	<u>2,343,433</u>
Current assets		
Inventories	134,831	311,161
Receivables	186,880	94,374
Tax recoverable	981	768
Cash and bank balances	3,269	16,829
	<u>325,961</u>	<u>423,132</u>
TOTAL ASSETS	<u><u>1,447,681</u></u>	<u><u>2,766,565</u></u>
EQUITY AND LIABILITIES		
Share capital	209,872	209,872
Redeemable Convertible Unsecured Loan Stocks (RCULS)	261	261
Share premium	30,493	30,493
Treasury shares	(4,153)	(4,153)
Accumulated Losses	(222,577)	(246,114)
Reserves	143,844	120,786
Equity attributable to owners of the parent	157,740	111,145
Non-controlling interest	321,180	(177,903)
Total equity	<u>478,920</u>	<u>(66,758)</u>
Non-current liabilities		
Payables	-	311,242
Deferred taxation	67,668	62,946
Loan and borrowings (Note 21)	34	111,039
	<u>67,702</u>	<u>485,227</u>
Current liabilities		
Trade and other payables	97,157	511,343
Overdrafts and short term borrowings (Note 21)	803,902	1,836,753
	<u>901,059</u>	<u>2,348,096</u>
Total liabilities	<u>968,761</u>	<u>2,833,323</u>
TOTAL EQUITY AND LIABILITIES	<u><u>1,447,681</u></u>	<u><u>2,766,565</u></u>
Net (liabilities)/assets per share attributable to equity holders of the parent (sen)	<u>15.14</u>	<u>10.67</u>

The above condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial period ended 30 June 2014 and the accompanying explanatory notes attached to the interim financial statements.

KINSTEEL BHD (210470-M)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2015

	Attributable to Equity Holders of the Company								
	Non-distributable					Distributable			
	Share Capital	Treasury Shares	Share Premium	Fair Value Reserve	RCULS	Retained Earnings/ (Accumulated losses)	Total	Non controlling Interest	Total Equity
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM,000	RM,000	RM'000
Balance at 01.07.2014	209,872	(4,153)	30,493	120,786	261	(246,114)	111,145	(177,903)	(66,758)
Comprehensive income/(expenses) for the period	-	-	-	85,618	-	23,537	109,155	9,965	119,120
Disposal of subsidiary	-	-	-	(62,560)	-	-	(62,560)	489,118	426,558
Balance at 31.03.2015	209,872	(4,153)	30,493	143,844	261	(222,577)	157,740	321,180	478,920
Balance at 01.01.2013	209,872	(4,153)	30,493	-	261	300,700	537,173	498,780	1,035,953
Loss after taxation for the financial period	-	-	-	-	-	(546,814)	(546,814)	(812,397)	(1,359,211)
Comprehensive income/(expenses) for the financial period	-	-	-	120,786	-	-	120,786	135,714	256,500
Total comprehensive income/(expenses) for the financial period	-	-	-	120,786	-	(546,814)	(462,028)	(676,683)	(1,102,711)
Balance at 30.06.2014	209,872	(4,153)	30,493	120,786	261	(246,114)	111,145	(177,903)	(66,758)

The above condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial period ended 30 June 2014 and the accompanying explanatory notes attached to the interim financial statements.

KINSTEEL BHD (210470-M)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015**

	Unaudited 9 months ended 31.03.2015 RM'000	Audited 18 months ended 30.06.2014 RM'000
Cash Flows From/(For) Operating Activities		
Loss before taxation	(63,255)	(1,248,373)
Adjustments for non-cash flow :		
Allowance for impairment losses on property, plant and equipment	5,638	250,113
Allowance for impairment losses on receivables	44,617	44,758
Allowance for impairment losses on intangible assets	-	1,293
Depreciation of property, plant and equipment	18,078	164,201
Loss on disposal of share in subsidiary	23,639	-
Share of loss of associate	8,750	-
Inventories written down	-	119,626
Imputed interest income	-	(126,390)
Fixed assets written off	-	1,067
Gain on disposal of plant and equipment	-	(15)
Gain on deconsolidation of subsidiary	(166,854)	-
Unrealized gain on foreign exchange	-	(197)
Interest income	(11,725)	(23,665)
Interest expense	22,301	243,537
Operating (loss)/profit before working capital changes	(118,811)	(574,045)
Decrease/(increase) in inventories	176,330	912,875
Decrease/(increase) in receivables	(90,767)	109,790
(Decrease)/increase in payables	49,924	(261,248)
Changes in working capital	16,676	187,372
Interest paid	(9,103)	(107,609)
Interest received	11,725	23,665
Income tax paid	(367)	(325)
Net cash from/(for) operating activities	18,931	103,103
Cash Flows For Investing Activities		
Purchase of property, plant and equipment	(692)	(153,161)
Deconsolidated subsidiary to associated	(31,500)	-
Proceeds from disposal of share	1,820	-
Proceeds from disposal of property, plant and equipment	-	37
Net cash for investing activities	(30,372)	(153,124)
Cash Flows From Financing Activities		
Deposit withdrawn for bank borrowings	-	5,255
Net repayment of bankers' acceptance	(1,500)	(102,792)
Drawdown of loans	1,286	91,577

KINSTEEL BHD (210470-M)

(Incorporated in Malaysia)

Repayment of hire purchase obligations	(30)	(9,120)
Repayment to related companies	-	(216)
Repayment of Murabahah Medium Term Notes	-	(10,000)
Repayment to related parties	-	(31,865)
Net cash from financing activities	<u>(244)</u>	<u>(54,925)</u>
Net decrease in cash and cash equivalents	(11,685)	(104,946)
Effects of foreign exchange rate changes	-	353
Cash and cash equivalents at beginning of period	<u>(84,990)</u>	<u>19,603</u>
	<u>(96,675)</u>	<u>(84,990)</u>

	Unaudited 9 months ended 31.03.2015 RM'000	Audited 18 months ended 30.06.2014 RM'000
Composition of cash and cash equivalents		
Fixed deposits with financial institution	-	5,195
Cash and bank balances	3,269	1,285
Deposits in DSRA / FSRA account	-	10,964
Bank overdrafts	<u>(99,944)</u>	<u>(102,434)</u>
Cash and cash equivalents at end of period	<u>(96,675)</u>	<u>(84,990)</u>

The above condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial period ended 30 June 2014 and the accompanying explanatory notes attached to the interim financial statements.

KINSTEEL BHD (210470-M)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2014

PART A – EXPLANATORY NOTES PURSUANT TO FRS 134

1. Basis of reporting preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirement of Financial Reporting Standards 134 (FRS134): “Interim Financial Reporting” and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statement should be read in conjunction with the audited financial statements for the financial period ended 30 June 2014. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial period ended 30 June 2014.

The financial statements of the Group does not include any adjustments and classifications relating to the recorded assets and liabilities that may be necessary if the Group is unable to continue as going concern.

The appropriateness of preparing the financial statements of the Group on a going concern basis is dependent upon the successful and timely formulation and implementation of a regularization plan, the successful negotiation and settlement of the Group’s bank borrowings and the continuing financial support from shareholders, creditors and lenders.

Should the going concern basis of preparing the financial statements to be no longer appropriate, adjustments would have be made to reduce the value of all assets to their estimated realizable values, and to provide further estimated liabilities that may arise, and to reclassify all non-current assets and non-current liabilities as current assets and current liabilities respectively.

The significant accounting policies adopted are in consistent with those of the audited financial statements for the financial period ended 30 June 2014 except for the adoption of the following new Amendments to FRSs and Interpretations for the current financial year ending 30 June 2015:-

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets	1 January 2014

The adoption of the above standards, amendments and interpretation will have no material impact on the financial statements of the Group.

The following MFRSs, Amendments to MFRSs were issued but not yet effective and have not been applied by the Group:-

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 (2009) Financial Instruments MFRS 9 (2010) Financial Instruments MFRS 9 Financial Instruments (Hedge Accounting and Amendments to MFRS 7, MFRS 9 and MFRS 139) Amendments to MFRS 9 and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures	To be announced by MASB
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2017

KINSTEEL BHD (210470-M)

(Incorporated in Malaysia)

Amendments to MFRS 11 : Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016

The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group operations except as follows:-

- (i) MFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Subsequently, this MFRS 9 was amended in year 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition (known as MFRS 9 (2010)). Generally, MFRS 9 replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 divides all financial assets into 2 categories those measured at amortised cost and those measured at fair value, based on the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. For financial liabilities, the standard retains most of the MFRS 139 requirement. An entity choosing to measure a financial liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss. There will be no material financial impact on the financial statements of the Group upon its initial application.
- (ii) MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognize revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customers. In addition, extensive disclosures are required by MFRS 15. Based on the preliminary assessment, there will be no material financial impact on the financial statements of the Group upon its initial application.

2. Auditors' report

The auditor expressed that the audit evidence obtained is sufficient and appropriate to provide a basis for auditor's qualified audit opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 June 2014 and of the financial performance and cash flows for the financial period then ended in accordance with appropriate accounting standards.

3. Seasonal or cyclical factors

The business operation of the Group is generally affected by the demand in construction sector, commodities market condition and correlated to the global economy, as well as the fourth quarter and first quarter festive seasons.

4. Items of unusual nature and amount

There were no unusual items affecting assets, liabilities, equity, net income or cash flow of the Group during the current quarter and financial period.

KINSTEEL BHD (210470-M)

(Incorporated in Malaysia)

5. Material changes in estimates

There were no changes in the estimates of amount relating to the prior financial period that have a material effect in the current quarter under review.

6. Debt and equity securities

There have been no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter and financial year.

7. Dividends paid

No dividend was paid during the financial year.

8. Segmental information

Segmental information is not provided as the Group's primary business segment is principally engaged in the manufacturing and trading of steel related products and its operation is principally located in Malaysia.

9. Valuation of property, plant and equipment

The Group has adopted revaluation model for its property comprising land, buildings during the previous financial period ended 30 June 2014. The Group also adopted revaluation model for plant and machinery during the first quarter as at 30 September 2014.

Property, included land and building, plant and machinery are reported at valuation, which is based on valuations performed by independent professional valuers.

Property, plant and machinery are stated at revalued amount less accumulated depreciation and impairment losses, if any.

Freehold land is stated at valuation less impairment losses recognized after the date of the revaluation. Freehold land is not depreciated.

Freehold and leasehold land, buildings, plant and machinery are revalued periodically, at least once in every 5 years. Surplus arising from the revaluation are recognized in other comprehensive income and accumulated in equity under the revaluation reserve. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surplus, are recognized in profit or loss.

10. Capital commitments

There were no material capital commitments approved and contracted for as at 31st March 2015.

11. Subsequent event

There were no material subsequent events that have not been reflected at the date of issue of this announcement.

KINSTEEL BHD (210470-M)

(Incorporated in Malaysia)

12. Changes in the Composition of the Group

On 31 December 2014, Kinsteel has announced that the Company has reduced its shareholdings in a subsidiary company, Perwaja Holdings Berhad (“PHB”) from 209,100,000 to 175,000,000 ordinary shares; representing 31.25% of the total issued and paid-up share capital of PHB by disposal of 34,100,000 ordinary shares in the market from 19 December 2014 to 30 December 2014 for a total cash consideration of RM1,819,687.60 only.

In line with the reduction of Kinsteel’ shareholding in PHB, eight (8) members of the Board of PHB (who are also Directors / Alternate Director of Kinsteel as at 30 December 2014) have resigned from their respective position in PHB with effect from 31 December 2014.

Both events of reduced shareholdings in PHB and the resignations of the PHB Directors were announced on 31 December 2014. Following the reduction of shareholding and change of board member, Kinsteel ceased to have management control of PHB with effect from 31 December 2014. Hence, PHB will cease to be a subsidiary and shall remain as an associate company of Kinsteel with effect from 31 December 2014.

Investment in associate are measured in the Company’ statement of financial position at cost less any impairment losses. The cost of the investment includes transaction costs.

The Group’ share of post-acquisition profit less losses of associated company is included in the consolidated income statement and the Group’s interest in the associated company is stated at cost plus the Group’ share of post-acquisition retained profits or accumulated losses and reserves.

13. Contingent Liabilities and Contingent Assets

There were no material subsequent events that have not been reflected at the date of issue of this announcement.

KINSTEEL BHD (210470-M)

(Incorporated in Malaysia)

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

14. Review of performance of the Company and its principal subsidiaries

For the current quarter under review, the Group reported a revenue of RM163.581 million and a pre-tax loss of RM11.432 million. The financial year end of the Company has been changed from 31 December to 30 June to cover the 18-month period from 1 January 2013 to 30 June 2014 and thereafter, to end on 30 June each year. Accordingly, there are no corresponding quarters for the preceding year.

The Group revenue has reported increase of RM53.929 million for the current quarter, as compared to the preceding quarter, mainly due to increased production and selling activities. The losses in the current quarter were mainly due to higher operating cost against lower selling price of steel products.

15. Material changes in profit before tax for the current quarter results compared to the results of the preceding quarter

For the quarter under review, the Group recorded a pre-tax loss of RM11.432 million mainly due to higher operating cost against lower selling price of steel products.

The Group recorded a pre-tax profit of RM67.22 million in second quarter ended 31 December 2014 due to Gain on Deconsolidation of a subsidiary company, PHB of RM166.854 million.

16. Prospects for the financial period ending 30 June 2015

The uncertainty and slowdown of global and local economic scenario has significant challenge to the business especially on property and construction sector which serves the primarily demand for steel products. The influx of imported steel products has depressed selling price of local manufactured steel products. We expect the steel market to improve in the following financial year if the relevant authorities impose various measures to curb the imports of steel products.

17. Variance between Actual Profit and Forecast Profit

The Group did not issue any profit forecast in a public document during the current financial period.

18. Taxation

The Group's effective tax rate for the current quarter and financial period is higher than the prevailing statutory tax rate of 25%, mainly due to non-recognition of deferred tax assets arising from tax losses in the current quarter and financial period.

KINSTEEL BHD (210470-M)

(Incorporated in Malaysia)

19. Loss Before Taxation

Included in the loss before taxation are the following items:

	Current quarter		Cumulative quarter	
	3 months ended		9 months ended	18 months ended
	31.03.2015	31.03.2014	31.03.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
Auditor's remuneration	-	N/A	-	506
Gain on deconsolidation of subsidiary	-	N/A	(166,854)	-
Loss on disposal of share in subsidiary	-	N/A	23,639	-
Share of loss of associate	-	N/A	8,750	-
Allowance for impairment losses on receivables	-	N/A	44,617	44,758
Allowance for impairment losses on intangible assets	-	N/A	-	1,293
Allowance for impairment losses on property, plant and equipment	-	N/A	5,638	250,113
Depreciation of property, plant and equipment	6,007	N/A	18,078	164,201
Interest expense	7,105	N/A	22,301	243,537
Inventory written down	-	N/A	-	119,626
Rental of equipment	-	N/A	-	1,683
Rental of motor vehicles	-	N/A	-	115
Rental of premises	-	N/A	-	2,003
Rental of leases	-	N/A	-	1,982
Imputed interest income	-	N/A	-	(126,390)
Interest income	(4,079)	N/A	(11,725)	(23,665)

The financial year end of the Company has been changed from 31 December to 30 June to cover the 18-month period from 1 January 2013 to 30 June 2014 and thereafter, to end on 30 June each year. Accordingly, there are no comparative figures for the corresponding quarter.

20 Status of Corporate Proposal

Corporate Debt Restructuring Committee (CDRC)

The Company and its subsidiary, Perfect Channel SdnBhd had on 26 February 2015 entered into a Debt Restructuring Agreement (“**DRA**”) with RHB Bank Berhad, OCBC Bank (Malaysia) Berhad, Bank Muamalat Malaysia Berhad, Standard Chartered Bank Malaysia Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Hong Leong Bank Berhad, AmIslamic Bank Berhad, AmBank (M) Berhad, and TMF Trustees Malaysia Berhad (collectively referred to as “**Creditors**”) for the proposed restructuring and settlement of debts owing to the Creditors (“**Proposed Debt Restructuring**”).

As part of the Proposed Debt Restructuring, Kinsteel also proposes to undertake a corporate restructuring exercise involving a capital reduction of the Company's issued and paid-up share capital, a fund raising exercise and proposed disposal of the shares or assets of PCSB, (“**Proposed Corporate Restructuring Exercise**”).

KINSTEEL BHD (210470-M)

(Incorporated in Malaysia)

Perfect Channel SdnBhd

On 12 February 2015, the Company announced that the Company with its subsidiary, Perfect Channel Sdn. Bhd, had entered into a Memorandum of Agreement, with Vibrant Holdings SdnBhd (“Vibrant”) and Beijing Industrial Designing and Researching Institute of China (“BIDR”) to explore the possibility of Vibrant and BIDR undertaking the contract work for the Enhancement Project via the installation of a new blast furnace and related downstream manufacturing facilities and infrastructural work.

BIDR had made a feasibility study site visit to Perfect Channel SdnBhd on 11th and 12th March 2015, and further study is currently undergoing among Vibrant, BIDR and Perfect Channel SdnBhd.

21. **Group borrowings and debt securities**

The Group’s borrowings as at **31 MARCH 2015** were as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Short term borrowings:-</u>			
Bankers’ acceptances	479,806	-	479,806
Murabahah Medium Term Loan	50,000	-	50,000
Short-term loan	-	174,136	174,136
Bank Overdraft	-	99,944	99,944
Hire purchase payables	-	16	16
	<u>529,806</u>	<u>274,096</u>	<u>803,902</u>
<u>Long term borrowing:-</u>			
Hire Purchase payables	-	34	34
Total	-	34	34
	<u>529,806</u>	<u>274,130</u>	<u>803,936</u>

22. **Derivative Financial Instruments**

There were no derivative financial instruments as at the reporting date.

23. **Material Litigation**

On 1 August 2014, The Board of Directors of the Company has announced that following a Summary Judgement obtained by Nippon Oxygen Sdn Bhd on 30 May 2014, a Notice pursuant to Section 218 of the Companies Act, 1965 was served on the Company on 31 July 2014 by Messrs Rahmat Lim & Partners, Advocates & Solicitors acting for Nippon Oxygen Sdn Bhd (“Plaintiff”) demanding therein the payment of RM9,000,000 with interest to be calculated at 5% per annum from 30 May 2014 until the date of full and final settlement with cost of RM8,000.

The case is settled on 8 Oct 2014, that NOX agreed to grant Kinsteel a moratorium period of 6 months until 31 March 2015 and the Judgement sum of RM9,000,000 together with all legal costs ordered against Kinsteel to date of RM19,000 with schedule payment are paid.

- (i) An upfront payment of RM297,186.39 to be paid within 10 days from 1 October 2014 i.e. on or before 11 October 2014; and
- (ii) The balance outstanding of RM7,900,000 by way of 6 equal monthly instalments after the end of the moratorium period of 6 months.

KINSTEEL BHD (210470-M)

(Incorporated in Malaysia)

24. Proposed Dividend

There was no dividend proposed or declared for the current quarter and the financial period.

25. Profits Per Share (“PPS”)

The basic EPS is calculated based on the Group's net profits attributable to equity holders of the Company for the period by the weighted average number of ordinary shares in issue during the current quarter and the financial period as follows:

	Current quarter 3 months ended 31.03.2015 RM'000	Cumulative period 9 months ended 31.03.2015 RM'000
Net Profit / (Loss) attributable to ordinary shareholders of the company	(6,151)	23,536
Weighted average number of ordinary shares in issue	1,041,604	1,041,604
Basic EPS (sen)	(0.59)	2.26

Fully diluted EPS for current quarter and financial period have not been presented as the effect is anti-dilutive.

26. Realised and Unrealised Losses Disclosure

The accumulated losses as at 31 MARCH 2015 and 31 DECEMBER 2014 is analysed as follows:

	As at 31.03.2015 RM'000	As at 31.12.2014 RM'000
Total accumulated losses of the Company and subsidiaries:		
- Realised losses	(222,577)	(216,426)
- Unrealised profit	-	-
Total group accumulated losses as per consolidated financial statements	(222,577)	(216,426)

27. Comparatives

Certain comparative figures have been reclassified to conform with the current period's presentation.

By order of the Board,

Dato' Henry Pheng Chin Guan
Chief Executive Officer
Date: 29 May 2015