

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



**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER AND PERIOD ENDED 30 SEPTEMBER 2015**

# KINSTEEL BHD (210470-M)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER AND PERIOD ENDED 30 SEPTEMBER 2015

	Individual Quarter (Q1)		Cumulative Quarter (3 Mths)	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year to Date	Preceding Year Corresponding Period
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	RM'000	RM'000	RM'000	RM'000
Revenue	54,503	77,075	54,503	77,075
Operating expenditure	(69,816)	(90,122)	(69,816)	(90,122)
Other income	3,957	1,980	3,957	1,980
Impairment on plant and machinery	-	(5,304)	-	(5,304)
Finance costs	(12,888)	(4,384)	(12,888)	(4,384)
Profit / (Loss) before taxation	(24,244)	(20,755)	(24,244)	(20,755)
Taxation	(13)	(14)	(13)	(14)
Profit / (Loss) after taxation	(24,257)	(20,769)	(24,257)	(20,769)
<b>Discontinued Operations</b>				
<b>Loss After Taxation from discontinued operations</b>				
- Discontinued Operations	-	(44,935)	-	(44,935)
	(24,257)	(65,704)	(24,257)	(65,704)
<b>Other Comprehensive Income/(expenses)</b>				
Surplus on valuation of property, plant and machinery	-	243,218	-	243,218
Less: deferred tax	-	(60,806)	-	(60,806)
	(24,257)	116,708	(24,257)	116,708
<b>Profit/(Loss) after taxation</b>				
Equity holders of the parent	(18,504)	(32,563)	(18,504)	(32,563)
Non-controlling interest	(5,753)	(33,141)	(5,753)	(33,141)
	(24,257)	(65,704)	(24,257)	(65,704)
<b>Total comprehensive income/(expenses) attributable to:</b>				
Equity holders of the parent	(18,504)	53,055	(18,504)	53,055
Non-controlling interest	(5,753)	63,653	(5,753)	63,653
	(24,257)	116,708	(24,257)	116,708
Profit / (Loss) per share (Note 25)				
- Basic EPS (sen)-Continuing Operation	(1.78)	(1.51)	(1.78)	(1.51)
- Basic EPS (sen)-Discontinued Operation	-	(1.61)	-	(1.61)

The above condensed consolidated statement of profit or loss should be read in conjunction with the audited financial statements for the financial year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.

**KINSTEEL BHD (210470-M)**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2015**

	As at End of Current Quarter 30.09.2015	As at Preceding Financial Year End 30.06.2015
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,085,158	1,092,062
Investment in RCULS	51,840	63,000
	<u>1,136,998</u>	<u>1,155,062</u>
<b>Current assets</b>		
Inventories	142,005	158,964
Receivables	187,842	176,978
Tax recoverable	1,027	930
Cash and bank balances	1,520	3,402
	<u>332,394</u>	<u>340,274</u>
<b>TOTAL ASSETS</b>	<u><u>1,469,392</u></u>	<u><u>1,495,336</u></u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	209,872	209,872
Share premium	30,493	30,493
Treasury shares	(4,153)	(4,153)
Accumulated Losses	(257,816)	(239,313)
Reserves	143,844	143,844
<b>Equity attributable to owners of the parent</b>	122,240	140,743
<b>Non-controlling interest</b>	295,276	301,029
<b>Total equity</b>	<u>417,516</u>	<u>441,772</u>
<b>Non-current liabilities</b>		
Deferred taxation	66,281	66,242
Loan and borrowings (Note 21)	12	590
	<u>66,293</u>	<u>66,832</u>
<b>Current liabilities</b>		
Trade and other payables	184,474	190,998
Overdrafts and short term borrowings (Note 21)	801,109	795,734
	<u>985,583</u>	<u>986,732</u>
<b>Total liabilities</b>	<u>1,051,876</u>	<u>1,053,564</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>1,469,392</u></u>	<u><u>1,495,336</u></u>
<b>Net (liabilities)/assets per share attributable to equity holders of the parent (sen)</b>	<u>40.08</u>	<u>42.41</u>

*The above condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2015 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 30 SEPTEMBER 2015

	Attributable to Equity Holders of the Company								
						Distributable			
	Non-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
Balance at 1.07.2015	209,872	(4,153)	30,493	143,844	-	(239,313)	140,743	301,029	441,772
Loss after taxation for the financial period	-	-	-	-	-	(18,504)	(18,504)	(5,753)	(24,257)
<hr/>									
Balance at 30.09.2015	209,872	(4,153)	30,493	143,844	0	(257,816)	122,240	295,276	417,516
<hr/>									
Balance at 01.07.2014	209,872	(4,153)	30,493	120,786	261	(246,114)	111,145	(177,903)	(66,758)
Loss after taxation for the financial period	-	-	-	-	-	(15,784)	(15,784)	(4,985)	(20,769)
Comprehensive income/(expenses) for the financial period									
-Revaluation of property	-	-	-	85,618	-	-	85,618	96,794	182,412
Total comprehensive income/(expenses) for the financial period	-	-	-	85,618	-	(15,784)	69,834	91,809	161,643
<hr/>									
Balance at 30.09.2014	209,872	(4,153)	30,493	206,404	261	(261,898)	180,979	(86,094)	94,885

*The above condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2015 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 PERIOD ENDED  
30 SEPTEMBER 2015**

	<b>3 months ended 30.09.2015 RM'000</b>	<b>3 months ended 30.09.2014 RM'000</b>
<b>Cash Flows From/(For) Operating Activities</b>		
Profit / (Loss) before taxation	(24,244)	(20,769)
Adjustments for non-cash flow :		
Allowance for impairment losses on property, plant and equipment	-	5,304
Depreciation of property, plant and equipment	6,906	6,838
Loss on disposal of investment in security	1,860	-
Interest income	(6,523)	(6,565)
Interest expense	11,711	8,127
Operating (loss)/profit before working capital changes	(10,290)	(7,065)
Decrease/(increase) in inventories	16,960	6,963
Decrease/(increase) in receivables	(96)	(17,717)
(Decrease)/increase in payables	(16,777)	20,499
Changes in working capital	(10,203)	2,680
Interest paid	(11,711)	(5,420)
Interest received	-	6,449
Income tax paid	(72)	(108)
Net cash from/(for) operating activities	<u>(21,986)</u>	<u>3,601</u>
<b>Cash Flows For Investing Activities</b>		
Purchase of property, plant and equipment	-	(19)
Interest received	6,523	-
Proceeds from disposal of share	9,300	-
Proceeds from disposal of property, plant and equipment	-	116
<b>Net cash for investing activities</b>	<u>15,823</u>	<u>97</u>
<b>Cash Flows From Financing Activities</b>		
Net (repayment) / Drawdown of bankers' acceptance	1,193	(1,500)
Proceeds/(Repayment) of loans	-	(2,748)
Repayment of hire purchase obligations	(15)	(15)
<b>Net cash from financing activities</b>	<u>1,178</u>	<u>(4,263)</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(4,985)</b>	<b>(565)</b>
Effects of foreign exchange rate changes	-	-
Cash and cash equivalents at beginning of period	<u>(97,636)</u>	<u>(81,951)</u>
<b>Cash and cash equivalents at end of period</b>	<u><b>(102,621)</b></u>	<u><b>(82,516)</b></u>

# KINSTEEL BHD (210470-M)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 SEPTEMBER 2015 (CONT'D)

	<b>3 months ended 30.09.2015 RM'000</b>	<b>3 months ended 30.09.2014 RM'000</b>
Composition of cash and cash equivalents		
Fixed deposits with financial institution	-	8,800
Cash and bank balances	1,520	1,322
Bank overdrafts	(104,141)	(92,638)
<b>Cash and cash equivalents at end of period</b>	<b><u>(102,621)</u></b>	<b><u>(82,516)</u></b>

*The above condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.*

# **KINSTEEL BHD (210470-M)**

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## **NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

### **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 year ended 30 June 2015. 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 year ended 30 June 2015.

The financial statements have been prepared on the assumption the Group and the Company are going concerns. The Group and the Company incurred net losses during the financial year ended 30 June 2015 of RM93 million and RM148 million respectively and, as of that date, the Group and the Company had net current liabilities of RM646 million and RM430 million respectively.

The Group is currently working on the restructuring scheme and engaged with both financial lenders and major creditors in the exercise. A scheme adviser has been appointed. On 26 September 2013, Corporate Debt Restructuring Committee (“CDRC”) has approved the application for assistance to mediate between the Group and its lenders and the Group is required to submit a proposed restructuring scheme within 60 days and the proposed restructuring scheme must comply with CDRC’s restructuring principles for the Group to continue to remain under the informal standstill arrangement with the lenders.

On 30 April 2014, the Group’s scheme advisor has presented a proposed restructuring scheme and the proposed restructuring scheme was reviewed subsequently by an independent financial advisor. The existing loans of the Group and of the Company will be restructured in accordance with the proposed restructuring scheme.

In June and July 2014, the Group and the Company have received approval from all the banks on the proposed restructuring scheme presented which was subjected to the terms and conditions. On 26 February 2015, the Group and the Company have signed a debt restructuring agreement (“DRA”) with all the banks on the restructuring scheme presented.

On 30 July 2015, the Group’s scheme advisor has presented a proposed DRA variations. The proposed DRA variations provide a better repayment scheme to the Group and the Company as compared to the DRA signed on 26 February 2015. On 21 August 2015, the Group and the Company received a letter from the lead bank which summarised the matters and events to be performed. Upon successful performance of the events, the bankers will table the proposed DRA variations to their management committee/EXCO/board as the case may be for decision.

On 28 October 2015, the Group and the Company received a reminder letter from the lead bank on the non-performance of the three major outstanding matters and events. The bankers have extended the deadline to 6 November 2015 for the Group to complete the outstanding matters. The Directors are of the opinion that they are able to meet the deadline extended by the bankers.

The basis for the preparation of the financial statements of the Group and of the Company is therefore dependent upon the successful implementation of the proposed restructuring scheme, profitable operations of the Group and of the Company to generate sufficient cash in the future to fulfill their obligations as and when they fall due and financial support from the lenders and shareholders.

# KINSTEEL BHD (210470-M)

(Incorporated in Malaysia)

## 1. Basis of reporting preparation (Cont'd)

The Directors are of the opinion that the Group and the Company will be able to operate profitably in the foreseeable future, and obtain continuing financial support from the lenders and shareholders and therefore continue as a going concern and accordingly, realise their assets and discharge their liabilities in the normal course of business.

In view of the foregoing, the Directors consider that it is appropriate to prepare the financial statements of the Group and of the Company on a going concern basis, and accordingly, the financial statements do not include any adjustments relating to the amount and classification of assets and liabilities that may be necessary should the going concern basis for the preparation of the financial statements of the Group and of the Company be not appropriate.

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 30 June 2015 except for the adoption of the following new Amendments to FRSS and Interpretations for the current financial year ending 30 June 2016 :-

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 119 Employee Benefits – <i>Define Benefit Plans : Employee Contributions</i>	1 January 2015
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 January 2015
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 January 2015

The adoption of the above standards, amendments and interpretations do not have significant impact on the financial statements of the Group.

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:-

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 11 Joint Arrangements – <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to MFRS 101 Presentation of Financial Statements – <i>Disclosure Initiative</i>	1 January 2016
Amendments to MFRS 127 Consolidated and Separate Financial Statements – <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures – <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 January 2016
Amendments to MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets – <i>Clarification of Acceptance Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to MFRS 116 Property, Plant and Equipment and MFRS 141: Agriculture: <i>Bearer Plants</i>	1 January 2016
Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures – <i>Investment Entities : Applying the Consolidation Exception</i>	1 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016



# **KINSTEEL BHD (210470-M)**

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## **1. Basis of Preparation (Cont'd)**

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

### **(i) MFRS 15 Revenue from Contracts with Customers**

MFRS 15 Revenue from Contracts with Customers was issued in September 2014 and established a new five-step model which will apply to recognition of revenue arising from contracts with customers. Under this Standard, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principle of this Standard is to provide a more structured approach to measuring and recognising revenue.

This Standard is applicable to all entities and will supersede all current revenue recognition requirements under MFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted.

### **(ii) MFRS 9 Financial Instruments**

In November 2014, the MASB issued the final version of MFRS 9 Financial Instruments, replacing MFRS 139. This Standard made changes to the requirements for classification and measurement, impairment, and hedge accounting of financial instruments. The adoption of this Standard will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

MFRS 9 Financial Instruments also requires impairment assessments to be based on an expected loss model, replacing the MFRS 139 incurred loss model. Finally, MFRS 9 Financial Instruments aligns hedge accounting more closely with risk management, establishes a more principle-based approach to hedge accounting and addresses inconsistencies and weaknesses in the previous model.

This Standard will come into effect on or after 1 January 2018 with early adoption permitted. Retrospective application is required, but comparative information is not compulsory.

## **2. Auditors' report**

The Auditors had qualified their audit opinion on its report for the Audited Financial Statements of the Company for the Financial Year Ended 30 June 2015 and pursuant to Paragraph 9.19(37) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors of Kinsteel had announced that on 11 November 2015.

Except for the effects of the matter described in the Basis for Qualified Opinion in the Auditors' report, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 June 2015 and of the financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

## **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 second quarter and third quarter festive seasons.

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## **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.

## **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**

There was no valuation of the property, plant and equipment in the current quarter under review.

## **10. Capital commitments**

There were no material capital commitments approved and contracted for as at 30<sup>th</sup> September 2015.

## **11. Subsequent event**

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

## **12. Changes in the Composition of the Group**

There is no material changes in the composition of the Group during the financial period ended 30 Sept 2015.

## **13. Contingent Liabilities and Contingent Assets**

There were no contingent liabilities or contingent assets, which upon becoming enforceable, may have a material effect on the net assets, profits or financial position of the Group except the followings:-

A claim has been filed in the Court by an insurance company against the Company together with its subsidiary, Perfect Channel Sdn. Bhd. ("PCSB") and its associate, Perwaja Steel Sdn. Bhd. ("PSSB") for the outstanding amount of RM2,722,767 together with interest of 8% per annum from 30 September 2014 until the date of full and final settlement. The appearance and defence has been filed and next case management will be fixed on 13 January 2016.

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## 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 lower revenue of RM54.503 million against the preceding quarter of RM77.075 million and a higher loss before tax of RM24.244 million against RM20.755 million in preceding quarter.

The Group posted an unfavorable results for the current quarter against preceding quarter, mainly due to lower production volume and drop in steel price during the period under review.

### 15. Material changes in the current quarter results compared to the results of the immediate preceding quarter

	Q1 2016 (RM mil)	Q4 2015 (RM mil)
Revenue	54.50	61.39
Loss before tax	(24.24)	(30.27)

The Group's revenue for the current quarter decreased by 11% or RM6.9 million as compared to immediate preceding quarter mainly due to decrease in average selling price of its steel products by 10% in the current quarter.

The Group's loss before taxation in the immediate preceding quarter amounted to RM30.27 million as compared to current quarter loss before tax of RM24.24 million were mainly due to the allowance for impairment losses on property, plant and equipment and written down of inventories in the immediate preceding quarter.

### 16. Prospects for the financial period ending 30 June 2016

The Group is undertaking a debt restructuring exercise to address its liquidity issue. The Group's prospect is highly dependent on the following successful events:

- i) approval of the restructuring scheme by the scheme creditors;
- ii) negotiation with secured lenders and Government of Malaysia; and
- iii) implementation of the restructuring scheme.

In view of the above, the prospects will continue to be challenging.

### 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.

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## 19. Loss Before Taxation

Included in the loss before taxation are the following items:

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	3 months ended
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment losses on property, plant and equipment	-	5,304	-	5,304
Depreciation of property, plant and equipment	6,906	6,838	6,906	6,838
Interest expense	11,711	8,127	11,711	8,127
Rental of premises	-	346	-	346
Interest income	(6,523)	(6,565)	(6,523)	(6,565)

## 20. Status of Corporate Proposal

### Corporate Debt Restructuring Committee (CDRC)

The Company and its subsidiary, Perfect Channel Sdn Bhd 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, Amlslamic 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 Debts Restructuring”).

As part of the Proposed Debts 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”).

Further details of the Proposed Corporate Restructuring Exercise will be announced in due course upon finalization.

The Group is currently undergoing perfection of relevant security documentations and fulfillment of “Conditions Precedent” as stated in the said DRA.

### Perfect Channel Sdn Bhd

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 Sdn Bhd (“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 Sdn Bhd on 11<sup>th</sup> and 12<sup>th</sup> March 2015 and further study is currently on going.

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## 21. Group borrowings and debt securities

The Group's borrowings as at 30 September 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	-	167,146	167,146
Bank Overdraft	-	104,141	104,141
Hire purchase payables	-	16	16
	<u>529,806</u>	<u>271,303</u>	<u>801,109</u>
<u>Long term borrowing:-</u>			
Hire Purchase payables	-	12	12
Total	<u>-</u>	<u>12</u>	<u>12</u>
	<u>529,806</u>	<u>271,315</u>	<u>801,121</u>

## 22. Derivative Financial Instruments

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

## 23. Material Litigation

On 18 September 2015, our Company together with its major shareholders were served with a Writ of Summons and Statement of Claim dated 4 September 2015 fined by Lonpac Insurance Berhad ("Lonpac"). Lonpac is claiming for its outstanding insurance premium for insurance coverage period between 15 January 2014 to 25 May 2014, due under an insurance policy which had been terminated on 26 May 2014. The amount claimed for includes:

- (i) the outstanding insurance premium amounting to RM2,722,767.04;
- (ii) agreed interest calculated at the rate of 8% per annum on the sum of RM2,722,767.04 from 30 September 2014 to the date of full payment;
- (iii) costs of the action; and
- (iv) such further and/or other relief as the High Court deems fit.

The case had been fixed for case management on 13 January 2016. The maximum expected losses from the Writ of Summons and Statement of Claim, if any, arising from the litigation is as stated above. The directors are seeking to negotiate and settle the case amicably without pursuing further legal action.

Except for the above claim, as at 25 Nov 2015, neither our Company nor any of our subsidiaries is engaged in any additional material litigation and arbitration either as plaintiff or defendant, save and except those that have been disclosed previously, which has a material effect on the financial position of our Company or our subsidiaries and our Directors are not aware of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Company or our subsidiaries.

## 24. Proposed Dividend

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

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## 25. Loss Per Share (“LPS”)

The basic LPS is calculated based on the Group's net loss 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:

	<b>Current quarter 3 months ended 30.09.2015 RM'000</b>	<b>Cumulative period 3 months ended 30.09.2015 RM'000</b>
Net loss attributable to ordinary shareholders of the owners of the Company	(18,504)	(18,504)
Weighted average number of ordinary shares in issue	1,041,604	1,041,604
Basic LPS (sen)	(1.78)	(1.78)

Fully diluted loss per share for the current quarter and financial period have not been presented as the effect is anti-dilutive effect arising from the assumed conversion of the RCULS and ICULS.

## 26. Realised and Unrealised Losses Disclosure

The accumulated profits as at 30 September 2015 and 30 June 2015 is analysed as follows:

	<b>As at 30.09.2015 RM'000</b>	<b>As at 30.06.2015 RM'000</b>
Total accumulated losses :		
- Realised	(566,965)	(542,142)
- Unrealised	(66,242)	(66,809)
	<hr/>	<hr/>
	(633,207)	(608,951)
Total share of loss of associate:		
- realised	(8,750)	(8,750)
- unrealised	-	-
	<hr/>	<hr/>
	(641,957)	(617,701)
Less: Consolidation adjustments	384,141	378,388
Total Accumulated Losses	<hr/>	<hr/>
	(257,816)	(239,313)

## 27. Comparatives

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