

BANENG HOLDINGS BHD.**CONDENSED CONSOLIDATED BALANCE SHEET**

| | As at 31 Mar 2009 (Unaudited) RM'000 | As at 31 Dec 2008 (Audited) RM'000 |
|--|---|---|
| Non Current Assets | | |
| Property, plant & equipment | 78,277 | 79,828 |
| Other investments | 3,200 | 3,200 |
| Investment in associate | 11,343 | 14,747 |
| Long term receivable | 8,688 | 7,978 |
| | <u>101,508</u> | <u>105,753</u> |
| Current Assets | | |
| Inventories | 88,382 | 83,073 |
| Trade receivables | 54,768 | 56,048 |
| Cash and bank balances | 1,575 | 1,982 |
| Other receivables, deposits and prepayments | 23,240 | 22,954 |
| | <u>167,965</u> | <u>164,057</u> |
| | <u>269,473</u> | <u>269,810</u> |
| Equity | | |
| Equity attributable to equity holders of the parent | | |
| Share capital | 60,000 | 60,000 |
| Reserves | 33,621 | 46,118 |
| | <u>93,621</u> | <u>106,118</u> |
| Minority interests | 7,446 | 8,320 |
| Total equity | <u>101,067</u> | <u>114,438</u> |
| Non-current Liabilities | | |
| Long term borrowings | 32,682 | 33,085 |
| Long Term Payables | 5,948 | 1,572 |
| Deferred taxation | 3,429 | 3,429 |
| Non-Current Liabilities | <u>42,059</u> | <u>38,086</u> |
| Current Liabilities | | |
| Short term borrowings | 87,908 | 84,632 |
| Trade payables | 22,617 | 22,071 |
| Other payables | 15,822 | 10,583 |
| | <u>126,347</u> | <u>117,286</u> |
| Total liabilities | <u>168,406</u> | <u>155,372</u> |
| Total equity and liabilities | <u>269,473</u> | <u>269,810</u> |
| Net assts per share (RM) attributable to | | |
| Equity holders of the parent | 1.56 | 1.77 |
| Minority interests | 0.12 | 0.14 |

(The Condensed Consolidated Balance Sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements)

BANENG HOLDINGS BHD.
CONDENSED CONSOLIDATED INCOME STATEMENT

| | Current Quarter Ended 31 Mar 2009 (Unaudited) RM'000 | Current Quarter Ended 31 Mar 2008 (Unaudited) RM'000 | 3 Months Cumulative To Date 31 Mar 2009 (Unaudited) RM'000 | 3 Months Cumulative To Date 31 Mar 2008 (Unaudited) RM'000 |
|------------------------------------|---|---|---|---|
| REVENUE | 36,559 | 45,647 | 36,559 | 45,647 |
| COST OF SALES | (36,088) | (36,984) | (36,088) | (36,984) |
| GROSS PROFIT | 471 | 8,663 | 471 | 8,663 |
| OTHER OPERATING INCOME | 123 | 310 | 123 | 310 |
| GENERAL AND ADMINISTRATIVE EXPENSE | (8,437) | (5,193) | (6,337) | (5,193) |
| PROFITS FROM OPERATIONS | (7,843) | 3,780 | (7,843) | 3,780 |
| FINANCE EXPENSE | (1,680) | (1,740) | (1,680) | (1,740) |
| SHARE OF RESULT OF ASSOCIATES | (3,404) | (1,627) | (3,404) | (1,627) |
| PROFIT BEFORE TAXATION | (12,927) | 413 | (12,927) | 413 |
| TAXATION | - | (392) | - | (392) |
| PROFIT FOR THE PERIOD | <u>(12,927)</u> | <u>21</u> | <u>(12,927)</u> | <u>21</u> |
| ATTRIBUTABLE TO: | | | | |
| EQUITY HOLDERS OF THE PARENT | (12,067) | 638 | (12,067) | 638 |
| MINORITY INTERESTS | (860) | (617) | (860) | (617) |
| PROFIT FOR THE PERIOD | <u>(12,927)</u> | <u>21</u> | <u>(12,927)</u> | <u>21</u> |
| EARNING PER SHARE | | | | |
| Basic earnings per share (sen) | <u>(20.11)</u> | <u>1.06</u> | <u>(20.11)</u> | <u>1.06</u> |
| Dilutive earnings per share (sen) | <u>(20.11)</u> | <u>1.06</u> | <u>(20.11)</u> | <u>1.06</u> |

(The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements)

**BANENG HOLDINGS BHD.
CONDENSED CONSOLIDATED STATEMENT OF EQUITY
FOR THE PERIOD ENDED 31 MAR 2009**

| GROUP | Non Distributable Distributable | | | | | | Total RM'000 |
|-------------------------------|--|-------------------------------------|--|--|-------------------------|---|-------------------------|
| | Share capital RM'000 | Share Premium RM'000 | Foreign Exchange Reserve RM'000 | Retained Profits RM'000 | Total RM'000 | Minority Interest RM'000 | |
| At 1 January 2009 | 60,000 | 16,090 | 5,103 | 24,925 | 106,118 | 8,320 | 114,438 |
| Profit for the period | - | - | - | (12,067) | (12,067) | (860) | (12,927) |
| Currency translation differen | - | - | (430) | - | (430) | (14) | (444) |
| At 31 Mar 2009 | 60,000 | 16,090 | 4,673 | 12,858 | 93,621 | 7,446 | 101,067 |
| At 1 January 2008 | 60,000 | 16,090 | 2,621 | 58,045 | 136,756 | 20,182 | 156,938 |
| Profit for the period | - | - | - | (33,120) | (33,120) | (11,862) | (44,982) |
| Currency translation differen | - | - | 2,482 | - | 2,482 | - | 2,482 |
| At 31 Dec 2008 | 60,000 | 16,090 | 5,103 | 24,925 | 106,118 | 8,320 | 114,438 |

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements)

BANENG HOLDINGS BHD.
CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

| | 3 Months Cumulative To Date 31 Mar 2009 (Unaudited) RM'000 | 3 Months Cumulative To Date 31 Mar 2008 (Unaudited) RM'000 |
|---|---|---|
| Cashflows from Operating Activities | | |
| (Loss)/Profit before taxation | (12,927) | 413 |
| Adjustments for: | | |
| Depreciation | 1,565 | 1,770 |
| Impairment loss on property, plant and equipment | - | - |
| Doubtful debts | 1,500 | - |
| Interest expense | 1,680 | 1,740 |
| Interest income | - | - |
| Share of result of associate | 3,404 | 1,627 |
| Operating profit/(loss) before working capital changes | (4,778) | 5,550 |
| Increase in inventories | (5,309) | (4,210) |
| (Increase)/Decrease in receivables | (506) | (2,255) |
| Increase/(Decrease) in payables | 10,493 | (14,635) |
| Cash generated from operations | (100) | (15,550) |
| Interest paid | (300) | (1,740) |
| Income tax paid | (332) | (185) |
| Net cash (used in)/generated from operating activities | (732) | (17,475) |
| Cashflows From Investing Activities | | |
| Purchase of property, plant and equipment | (14) | (2,851) |
| Interest received | - | - |
| Net cash (used in) investing activities | (14) | (2,851) |
| Cashflows From Financing Activities | | |
| Drawdown/(Repayment) of term loans | - | (5,583) |
| Drawdown/(Repayment) of hire purchase liabilities | (130) | (178) |
| (Repayment)/ Drawdown of short term borrowings | 2,996 | 21,499 |
| Net cash generated from/(used in) financing activities | 2,866 | 15,738 |
| Net increase/(decrease) in cash and cash equivalents | 2,120 | (4,588) |
| Effects of exchange rate changes | (2,534) | 3,867 |
| Cash and cash equivalent brought forward | 1,689 | 5,277 |
| | 1,275 | 4,556 |
| Cash and cash equivalents comprise: | | |
| Cash and bank balances | 1,575 | 4,914 |
| Bank overdraft | (300) | (358) |
| | 1,275 | 4,556 |

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements)

A. Explanatory Notes to the Interim Financial Report Pursuant To FRS 134

1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with FRS 134: Interim Financial Reporting and Paragraph 9.22 of the Bursa Malaysia Securities Exchange Listing Requirements.

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2007. These explanatory notes attached to the interim financial report 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 31 December 2007.

2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2007 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for the financial period beginning 1 January 2008:

| | |
|------------------------|---|
| FRS 107 | Cash Flow Statement |
| FRS 111 | Construction Contracts |
| FRS 112 | Income Taxes |
| FRS 118 | Revenue |
| FRS 120 | Accounting for Government Grant and Disclosure of Government Assistance |
| FRS 134 | Interim Financial Reporting |
| FRS 137 | Provisions, Contingent Liabilities and Contingent Assets |
| Amendments to FRS 121: | The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation |
| IC Interpretation 1: | Changes in Existing Decommissioning, Restoration and Similar Liabilities |
| IC Interpretation 2: | Members' Shares in Co-operative Entities and Similar Instruments |
| IC Interpretation 5: | Rights to Interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds |
| IC Interpretation 6: | Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment |
| IC Interpretation 7: | Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies |
| IC Interpretation 8: | Scope of FRS 2 |

Except for FRS 112, the above FRS, amendments to FRS and Interpretations are expected to have no significant financial impact on the Group.

3. Seasonal or cyclical Factors

The Group performance is not affected by any major seasonal or cyclical fluctuations.

4. Unusual items affecting the assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income and cash flows for the current quarter and financial year to date.

5. Material changes in estimates

There are no material changes in estimates for the current quarter and financial period to date

6. Material Debt and Equity Securities

There are no issuances, cancellations, repurchases, resale and repayments of debts and equity securities for the current quarter and financial period to date.

7. Dividends paid

There are no dividends paid for the current quarter.

8. Segmental Information

Analysis by geographical location:

| | Current year to date <u>31 Dec 2008</u> RM'000 |
|-------------------------------|--|
| Revenue | |
| Malaysia | 211,074 |
| Brunei | 6,013 |
| Singapore | 252,803 |
| Lesotho | - |
| Consol Elimination | <u>(187,739)</u> |
| | <u>282,151</u> |
| Profit before taxation | |
| Malaysia | (10,307) |
| Brunei | (28,768) |
| Singapore | 300 |
| Lesotho | <u>(906)</u> |
| | <u>(40,176)</u> |

9. Valuations of Property, Plant and Equipment

There was no revaluation of property, plant and equipment as reported in the annual financial statement for the year ended 31 December 2007.

10. Subsequent Event

There is no material events subsequent to the end of the period reported that have not been reflected in this quarterly report.

11. Changes in composition of the Group

There was a disposal of Seri Pertamas Garment Manufacturer Sdn. Bhd., a subsidiary of the Group during the current quarter.

12. Contingent liabilities and contingent assets

As at the date of this report, the contingent liabilities were made-up of corporate guarantees issued by the Company to financial institutions for credit facilities granted to subsidiaries and associate amounting to RM98.3million.

13. Capital Commitments

There were no capital commitments as at the end of the current financial quarter.

B. EXPLANATORY NOTES PURSUANT TO THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

1. Review of performance

During the year ended 31st December 2008, the Group recorded a loss before taxation of RM 41 million. The loss is significantly due to losses incurred by our associate and also our operation in Brunei caused by lower revenue and high production, resulting from global economic recession.

In view of the continued losses and as part of our continuous consolidation of production bases, the Group has also suffered losses relating the disposal of a loss making subsidiary in Brunei.

2. Comparison with Preceding Quarter's Results

The pretax loss of RM 29 million was recorded in the current quarter as compared to the pretax loss of RM 9.4 million in the preceding quarter. This is significantly due to factors as mentioned above.

3. Prospects

In view of the continued global market uncertainty, the Group foresee a challenging period ahead and will continue its effort to reduce its operating cost through consolidation of production bases and review of internal processes.

4. Variances from profit forecast and profit guarantee

Not applicable

5. Tax expense

| | Current Quarter 31 Dec 2008 RM'000 | Current Year to date 31 Dec 2008 RM'000 |
|---|---|--|
| Income Tax Expense | | |
| - Current period | (391) | (680) |
| Deferred Tax Expense | | |
| - Origination and reversal of temporary difference | (79) | (139) |
| | <u>(470)</u> | <u>(819)</u> |
| Effective tax rate | N/A | N/A |

6. Profits/(losses) on Sale of Unquoted Investments and/or Properties

There was no sale of unquoted investments and/or properties for the current financial quarter and financial period to date.

7. Quoted Securities Other than Securities in Existing Subsidiaries and Associated Company

There were no purchases or sales of quoted securities for the current financial quarter and financial period to date.

8. Status of Corporate Proposals

There were no corporate proposals announced but not completed at the date of this quarterly report.

9. Group Borrowings and Debt Securities

Group Borrowings as at 31 Dec
2008 were:-

| | Short Term RM'000 | Long Term RM'000 | Total RM'000 |
|--|-------------------------|------------------------|-----------------|
| Secured - in local currencies | | | |
| - Bank Overdrafts | 293 | - | 293 |
| - Trust receipts | 60 | - | 60 |
| - Bankers acceptance | 51,048 | - | 51,048 |
| - Export credit refinance | 4,078 | - | 4,078 |
| - Term loans | 180 | - | 180 |
| - Hire purchases | 498 | - | 498 |
| - Collatorised Loan Obligation – unsecured | - | 32,000 | 32,000 |
| Secured - in foreign currencies | | | |
| - Trust receipts (in Singapore/Brunei dollars) | 18,523 | - | 19,205 |
| - Hire purchases (in Singapore/Brunei dollars) | 532 | 682 | 1,214 |
| - Term loan (in Brunei dollars) | 1,267 | 7,193 | 8,460 |
| Total | 76,479 | 39,875 | 117,036 |

10. Off Balance Sheet Financial Instruments

As at the date of this report, the Group has entered into the following outstanding foreign currency contracts to hedge against confirmed export proceeds in foreign currencies:-

| Type | Currency | Contract Amount '000 | Amount in RM '000 |
|--------------------------------|----------|----------------------------|-------------------------|
| Foreign Exchange Sell Contract | USD | 9,357 | 30,938 |

The Group does not foresee any significant credit and market risks as the rates are fixed at the time when the contracts are entered into. There is no cash requirement for the above hedging instruments.

11. Changes in material litigation

There are no pending material litigations as at the date of this quarterly report.

12. Dividends

The Company does not propose any interim dividend in respect of the current financial quarter.

13. Earnings per share

| | Current Quarter 31 Dec 2008 | Preceding Corresponding Quarter 31 Dec 2007 | Current Year to date 31 Dec 2008 | Preceding corresponding Year to date 31 Dec 2007 |
|---|--------------------------------------|---|--|--|
| Profit attributable to ordinary equity holders of the parent (RM'000) | (22,882) | (3,822) | (31,326) | (559) |
| Weighted average number of ordinary shares ('000) | 60,000 | 60,000 | 60,000 | 60,000 |
| Basic earnings per share (sen) | (48.64) | (6.37) | (68.33) | (0.93) |

There is no diluted earnings per share as the Company does not have any dilutive potential ordinary shares.

14. Disclosure of Audit Report Qualification and Status of Matters Raised

The audit report of the Group's annual financial statements for the financial year ended 31 December 2007 did not contain any qualification.