

BANENG HOLDINGS BHD.
CONDENSED CONSOLIDATED BALANCE SHEET

| | As at 31 Dec 2009 (Unaudited) RM'000 | As at 31 Dec 2008 (Audited) RM'000 |
|--|---|---|
| Non Current Assets | | |
| Property, plant & equipment | 72,253 | 79,828 |
| Other investments | 3,200 | 3,200 |
| Investment in associate | - | 14,747 |
| Long term receivable | 7,978 | 7,978 |
| | <u>83,431</u> | <u>105,753</u> |
| Current Assets | | |
| Inventories | 55,696 | 83,073 |
| Trade receivables | 21,982 | 41,556 |
| Amount due from associate | 19,262 | 14,492 |
| Other receivables, deposits and prepayments | 16,009 | 22,954 |
| Cash and bank balances | 3,607 | 1,982 |
| | <u>116,556</u> | <u>164,057</u> |
| | <u>199,987</u> | <u>269,810</u> |
| Equity | | |
| Equity attributable to equity holders of the parent | | |
| Share capital | 60,000 | 60,000 |
| Reserves | (21,856) | 46,118 |
| | <u>38,144</u> | <u>106,118</u> |
| Minority interests | 1,908 | 8,320 |
| Total equity | <u>40,052</u> | <u>114,438</u> |
| Non-current Liabilities | | |
| Long term borrowings | 682 | 33,085 |
| Long Term Payables | 5,959 | 1,572 |
| Deferred taxation | 3,429 | 3,429 |
| Non-Current Liabilities | <u>10,070</u> | <u>38,086</u> |
| Current Liabilities | | |
| Short term borrowings | 126,337 | 84,632 |
| Trade payables | 13,173 | 22,071 |
| Other payables | 10,355 | 10,583 |
| | <u>149,865</u> | <u>117,286</u> |
| Total liabilities | <u>159,935</u> | <u>155,372</u> |
| Total equity and liabilities | <u>199,987</u> | <u>269,810</u> |
| Net assts per share (RM) attributable to | | |
| Equity holders of the parent | 0.64 | 1.77 |
| Minority interests | 0.03 | 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 Dec 2009 (Unaudited) RM'000 | Current Quarter Ended 31 Dec 2008 (Unaudited) RM'000 | 12 Months Cumulative To Date 31 Dec 2009 (Unaudited) RM'000 | 12 Months Cumulative To Date 31 Dec 2008 (Audited) RM'000 |
|-------------------------------------|---|---|--|--|
| REVENUE | 42,126 | 71,736 | 218,002 | 311,266 |
| COST OF SALES | (60,023) | (66,773) | (228,084) | (305,222) |
| GROSS (LOSSES)/ PROFITS | (17,897) | 4,963 | (10,082) | 6,044 |
| OTHER OPERATING INCOME | 94 | 1,311 | 315 | 680 |
| GENERAL AND ADMINISTRATIVE EXPENSES | (16,060) | (28,457) | (39,843) | (38,868) |
| LOSSES FROM OPERATIONS | (33,863) | (22,183) | (49,610) | (32,144) |
| FINANCE EXPENSE | (1,774) | (3,827) | (7,972) | (6,010) |
| SHARE OF RESULT OF ASSOCIATES | (2,867) | (2,702) | (14,747) | (8,777) |
| LOSSES BEFORE TAXATION | (38,504) | (28,712) | (72,329) | (46,931) |
| TAXATION | - | (470) | - | 1,608 |
| LOSSES FOR THE PERIOD | (38,504) | (29,182) | (72,329) | (45,323) |
| ATTRIBUTABLE TO: | | | | |
| EQUITY HOLDERS OF THE PARENT | (37,630) | (22,882) | (65,651) | (34,279) |
| MINORITY INTERESTS | (874) | (6,300) | (6,678) | (11,044) |
| LOSSES FOR THE PERIOD | (38,504) | (29,182) | (72,329) | (45,323) |
| EARNING PER SHARE | | | | |
| Basic earnings per share (sen) | (62.72) | (38.14) | (109.42) | (57.13) |
| Dilutive earnings per share (sen) | N/A | N/A | N/A | N/A |

(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 DEC 2009**

| | Non Distributable | | | | | | Distributable | | Total | Minority Interest | Total |
|---------------------------------|--------------------------|----------------------|---------------------------------|-------------------------|---------------|--------------------------|----------------------|---------------|---------------|--------------------------|--------------|
| | Share capital | Share Premium | Foreign Exchange Reserve | Retained Profits | Total | Minority Interest | Total | | | | |
| GROUP | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| At 1 January 2009 | 60,000 | 16,090 | 5,103 | 24,925 | 106,118 | 8,320 | 114,438 | | | | |
| Profit for the period | - | - | - | (65,651) | (65,651) | (6,678) | (72,329) | | | | |
| Currency translation difference | - | - | (2,323) | - | (2,323) | 266 | (2,057) | | | | |
| At 31 Dec 2009 | 60,000 | 16,090 | 2,780 | (40,726) | 38,144 | 1,908 | 40,052 | | | | |
| 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) | (12,948) | (46,068) | | | | |
| Currency translation difference | - | - | 2,482 | - | 2,482 | 1,086 | 3,568 | | | | |
| 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

| | 12 Months Cumulative To Date 31 Dec 2009 (Unaudited) RM'000 | 12 Months Cumulative To Date 31 Dec 2008 (Audited) RM'000 |
|---|--|--|
| Cashflows from Operating Activities | | |
| Loss before taxation | (72,329) | (46,931) |
| Adjustments for: | | |
| Depreciation | 6,026 | 7,434 |
| Impairment loss on property, plant and equipment | 2,440 | 3 |
| Provision for doubtful debts | 6,597 | 6,170 |
| Provision for obsolescences/slow moving stocks | 17,672 | - |
| Interest expense | 7,972 | 5,627 |
| Contingent Liabilities | 8,162 | - |
| Loss on disposals | - | 4,295 |
| Share of result of associate | 14,747 | 8,777 |
| Operating loss before working capital changes | (8,713) | (14,625) |
| Decrease in inventories | 9,705 | 15,820 |
| Decrease in receivables | 15,152 | 23,873 |
| Decrease in payables | (4,398) | (14,877) |
| Cash generated from operations | 11,746 | 10,191 |
| Interest paid | (1,760) | (6,010) |
| Income tax paid | (341) | (192) |
| Net cash generated from operating activities | 9,645 | 3,989 |
| Cashflows From Investing Activities | | |
| Purchase of property, plant and equipment | (891) | (12,159) |
| Proceeds from disposal of property, plant and equipment | - | 2,609 |
| Interest received | - | 383 |
| Net cash used in investing activities | (891) | (9,167) |
| Cashflows From Financing Activities | | |
| Repayment of loans | - | (9,151) |
| Repayment of hire purchase liabilities | (320) | (924) |
| Drawdown of short term borrowings | 1,493 | 8,486 |
| Dividend paid | - | - |
| Net cash generated from/(used in) financing activities | 1,173 | (1,589) |
| Net increase/(decrease) in cash and cash equivalents | 9,927 | (6,767) |
| Effects of exchange rate changes | (8,269) | 3,179 |
| Cash and cash equivalent brought forward | 1,702 | 5,277 |
| | 3,360 | 1,689 |
| Cash and cash equivalents comprise: | | |
| Cash and bank balances | 3,607 | 1,982 |
| Bank overdraft | (247) | (293) |
| | 3,360 | 1,689 |

(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 2008. 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 2008.

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 2008.

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 under review.

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 2009</u> |
| | RM'000 |
| Revenue | |
| Malaysia | 157,564 |
| Brunei | 4,890 |
| Singapore | 204,574 |
| Consol Elimination | (149,026) |
| | <hr/> 218,002 <hr/> |
| Loss before taxation | |
| Malaysia | (45,689) |
| Brunei | (22,261) |
| Singapore | (4,379) |
| | <hr/> (72,329) <hr/> |

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 2008.

10. Subsequent Event

There were 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 no material change in the composition of the Group during the current financial 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 RM137.55million.

Pursuant to the earlier announcements made on Bursa link, the Company had received several Writ of Summons from various bankers for the corporate guarantee extended to the financial institutions. As such, the Company have crystallizes RM8.2mil of its liabilities as at the date of this report.

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 REQUIRMENTS**1. Review of performance**

During the financial quarter under review, the Group recorded a lower turnover at RM42.1million as compared to RM71.7million in the corresponding quarter in the preceding year.

The decrease in the turnover was due to the management's prudent stance by rejecting orders with higher credit risks, higher working capital commitments and lower returns in view of the unprecedented global recession. In addition, the debt restructuring exercise initiated by the Group as announced earlier, has affected sales negatively due to limited working capital availability.

The Group had registered a higher loss before taxation, stating at RM38.5million as compared to RM28.7million in the corresponding quarter in the preceding year and for the financial year to-date, the Group have recorded a cumulative losses of RM72.3million as compared to RM46.9million in the preceding year. This is mainly due to the Management's decision to temporary scale down businesses.

The cumulative losses are mainly attributable to the non-operational losses as follows:-

- a) losses incurred by an associate company amounting to RM14.7million
- b) losses incurred by a subsidiary in Brunei amounting to RM22.6million
- c) losses in a foreign exchange contract amounting to approximately RM5.5million
- d) higher financial charges levied during the standstill period amounting to RM2million
- e) provision of stocks written off amounting to approximately RM15million
- f) crystallization of corporate guarantees given to several financial institutions for the credit facilities granted to an associates and a former subsidiary amounting to approximately RM8.2million

2. Comparison with Preceding Quarter's Results

| | Current Qtr Ended 31 Dec 2009 (RM'000) | Current Qtr Ended 30 Sept 2009 (RM'000) |
|-----------------|--|---|
| Revenue | 42,126 | 69,101 |
| Loss Before Tax | (38,504) | (11,231) |

Turnover had dipped during the current quarter as compared to the preceding quarter. The drop is in tandem to the Management's decision to scale down business in view of the unprecedented global recession and limited working capital availability.

The Group had further registered a higher pre-tax loss of RM38.5million in the current quarter as compared to the pre-tax loss of RM11.2million in the preceding quarter due to:-

- a) crystallization of corporate guarantees given to several financial institutions for the credit facilities granted to an associates and a former subsidiary amounting to approximately RM8.2million
- b) in conjunction with the exit plan from Brunei, the Group had impaired assets and written off stocks amounting to approximately RM2.5million and RM15million respectively

3. Prospects

The Group foresee a challenging year ahead but remain optimistic for the coming financial year in view of the continued support from existing customers and completion of the debt restructuring exercise.

4. Variances from profit forecast and profit guarantee

Variances are not applicable as the Group has not provided any profit forecast or made any profit guarantee in any public document.

5. Tax expense

No taxes is provided for due to the Group is suffering from continuing losses

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 at the date of this quarterly report.

9. Group Borrowings and Debt Securities

Group Borrowings as at 31 December 2009 were:-

| | Short Term RM'000 | Long Term RM'000 | Total RM'000 |
|--|----------------------------------|---------------------------------|-------------------------|
| Secured - in local currencies | | | |
| - Bank Overdrafts | 247 | - | 247 |
| - Trust receipts | 60 | - | 60 |
| - Bankers acceptance | 42,610 | - | 42,610 |
| - Export Credit Re-financing | 14,014 | - | 14,014 |
| - Hire purchases | 535 | - | 535 |
| - Collatorised Loan Obligation – unsecured | 32,000 | - | 32,000 |
| Secured - in foreign currencies | | | |
| - Trust receipts (in United State dollars) | 36,623 | - | 36,623 |
| - Hire purchases (in Singapore/Brunei dollars) | 248 | 682 | 930 |
| Total | 126,337 | 682 | 127,019 |

The Group had submitted a proposed Debt Restructuring Scheme to the Corporate Debt Restructuring Committee (CDRC) for the purpose of restructuring of its debts at the Group level.

Further announcement shall be made once the Company has received the relevant approval from CDRC.

10. Off Balance Sheet Financial Instruments

As at the reporting date, the Group does not have any off Balance Sheet financial instruments.

11. Changes in material litigation

Save as disclosed in the last Annual Report as at 31st December 2008 and as announced to Bursa, there are no other 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 2009 | Preceding Corresponding Quarter 31 Dec 2008 | Current Year to date 31 Dec 2009 | Preceding corresponding Year to date 31 Dec 2008 |
|---|--------------------------------------|---|--|--|
| Loss attributable to ordinary equity holders of the parent (RM'000) | (37,630) | (22,882) | (65,651) | (34,279) |
| Weighted average number of ordinary shares ('000) | 60,000 | 60,000 | 60,000 | 60,000 |
| Basic earnings per share (sen) | (62.72) | (38.14) | (109.42) | (57.13) |

There are 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 2008 did not contain any qualification.