

**BANENG HOLDINGS BHD.**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Current Year Quarter Ended 31 Mar 2010 (Unaudited) RM'000	Preceding Year Quarter Ended 31 Mar 2009 (Unaudited) RM'000	3 Months Cumulative To Date 31 Mar 2010 (Unaudited) RM'000	3 Months Cumulative To Date 31 Mar 2009 (Unaudited) RM'000
REVENUE	21,719	36,559	21,719	36,559
COST OF SALES	(18,355)	(38,188)	(18,355)	(38,188)
<b>GROSS PROFIT/ (LOSS)</b>	<b>3,364</b>	<b>(1,629)</b>	<b>3,364</b>	<b>(1,629)</b>
OTHER OPERATING INCOME	164	123	164	123
GENERAL AND ADMINISTRATIVE EXPENSES	(5,601)	(6,337)	(5,601)	(6,337)
<b>LOSS FROM OPERATIONS</b>	<b>(2,073)</b>	<b>(7,843)</b>	<b>(2,073)</b>	<b>(7,843)</b>
FINANCE EXPENSE	(344)	(1,680)	(344)	(1,680)
SHARE OF RESULT OF ASSOCIATES	-	(3,404)	-	(3,404)
<b>LOSS BEFORE TAXATION</b>	<b>(2,417)</b>	<b>(12,927)</b>	<b>(2,417)</b>	<b>(12,927)</b>
TAXATION	-	-	-	-
<b>LOSS FOR THE PERIOD</b>	<b>(2,417)</b>	<b>(12,927)</b>	<b>(2,417)</b>	<b>(12,927)</b>
OTHER COMPREHENSIVE INCOME	(1,847)	(444)	(1,847)	(444)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>(4,264)</b>	<b>(13,371)</b>	<b>(4,264)</b>	<b>(13,371)</b>
<b>LOSS ATTRIBUTABLE TO:</b>				
OWNERS OF THE PARENT	(1,482)	(12,067)	(1,482)	(12,067)
NON-CONTROLLING INTEREST	(935)	(860)	(935)	(860)
	<b>(2,417)</b>	<b>(12,927)</b>	<b>(2,417)</b>	<b>(12,927)</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
OWNERS OF THE PARENT	(2,389)	(12,497)	(2,389)	(12,497)
NON-CONTROLLING INTEREST	(1,875)	(874)	(1,875)	(874)
	<b>(4,264)</b>	<b>(13,371)</b>	<b>(4,264)</b>	<b>(13,371)</b>
<b>EARNING PER SHARE</b>				
Basic earnings per share (sen)	<u>(2.47)</u>	<u>(20.11)</u>	<u>(2.47)</u>	<u>(20.11)</u>
Dilutive earnings per share (sen)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

(The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements)

**BANENG HOLDINGS BHD.****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at 31 Mar 2010 (Unaudited) RM'000	As at 31 Dec 2009 (Audited) RM'000
<b>Non Current Assets</b>		
Property, plant & equipment	72,576	73,556
Other investments	3,200	3,200
	<u>75,776</u>	<u>76,756</u>
<b>Current Assets</b>		
Inventories	48,194	55,165
Trade receivables	14,772	16,612
Amount due from associate	16,911	17,231
Other receivables, deposits and prepayments	26,724	29,618
Cash and bank balances	4,094	3,577
	<u>110,695</u>	<u>122,203</u>
	<u>186,471</u>	<u>198,959</u>
<b>Equity</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	60,000	60,000
Reserves	(29,764)	(27,375)
	<u>30,236</u>	<u>32,625</u>
Non-Controlling Interests	2,008	3,883
<b>Total equity</b>	<u>32,244</u>	<u>36,508</u>
<b>Non-current Liabilities</b>		
Long term borrowings	920	2,199
Non-Current Liabilities	<u>920</u>	<u>2,199</u>
<b>Current Liabilities</b>		
Short term borrowings	129,345	124,691
Trade payables	10,853	21,668
Other payables	13,109	13,893
	<u>153,307</u>	<u>160,252</u>
<b>Total liabilities</b>	<u>154,227</u>	<u>162,451</u>
<b>Total equity and liabilities</b>	<u>186,471</u>	<u>198,959</u>
	-	-
Net assets per share (RM) attributable to		
Equity holders of the parent	0.50	0.54
Non-Controlling Interests	0.03	0.06

(The Condensed Consolidated Balance Sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements)

**BANENG HOLDINGS BHD.  
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2010**

	← Atributable to owners of the Parent →					Non Controlling Interest RM'000	Total Equity RM'000
	Share capital RM'000	Share Premium RM'000	Exchange Reserve RM'000	Distributable Retained Profits RM'000	Total RM'000		
At 1 January 2010	60,000	16,090	2,649	(46,114)	32,625	3,883	36,508
Total comprehensive income for the pe	-	-	(907)	(1,482)	(2,389)	(1,875)	(4,264)
At 31 March 2010	60,000	16,090	1,742	(47,596)	30,236	2,008	32,244
At 1 January 2009	60,000	16,090	5,103	24,925	106,118	8,320	114,438
Total comprehensive income for the pe	-	-	(430)	(12,067)	(12,497)	(874)	(13,371)
At 31 March 2009	60,000	16,090	4,673	12,858	93,621	7,446	101,067

(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**

	<b>3 Months Cumulative To Date 31 Mar 2010 (Unaudited) RM'000</b>	<b>3 Months Cumulative To Date 31 Mar 2009 (Unaudited) RM'000</b>
<b>Cashflows from Operating Activities</b>		
Loss before taxation	(2,417)	(12,927)
<b>Adjustments for:</b>		
Depreciation	980	1,565
Provision for doubtful debts	2,928	-
Interest expense	344	1,680
Share of result of associate	-	3,404
<b>Operating profit/(loss) before working capital changes</b>	<b>1,835</b>	<b>(6,278)</b>
Decrease/(Increase) in inventories	6,971	(3,809)
Decrease/ (Increase) in receivables	2,126	(815)
(Decrease)/ Increase in payables	(12,808)	10,493
<b>Cash used in operations</b>	<b>(1,876)</b>	<b>(409)</b>
Interest paid	(331)	(300)
Income tax paid	-	(332)
<b>Net cash used in operating activities</b>	<b>(2,207)</b>	<b>(1,041)</b>
<b>Cashflows From Investing Activities</b>		
Proceeds from disposal of property, plant and equipment	-	(14)
Interest received	-	-
<b>Net cash used in investing activities</b>	<b>-</b>	<b>(14)</b>
<b>Cashflows From Financing Activities</b>		
Repayment of hire purchase liabilities	(130)	(130)
Drawdown of short term borrowings	4,747	2,996
Dividend paid	-	-
<b>Net cash generated from financing activities</b>	<b>4,617</b>	<b>2,866</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,410</b>	<b>1,811</b>
<b>Effects of exchange rate changes</b>	<b>(1,860)</b>	<b>(2,225)</b>
<b>Cash and cash equivalent brought forward</b>	<b>3,297</b>	<b>1,689</b>
	<b>3,847</b>	<b>1,275</b>
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	4,094	1,575
Bank overdraft	(247)	(300)
	<b>3,847</b>	<b>1,275</b>

**(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2009 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 Main Market Listing Requirements of Bursa Malaysia Securities Bhd (“Bursa Securities”).

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2009. 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 2009.

**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 2009 except for the adoption of the following new Financial Reporting Standards (“FRSs”), Amendments to FRSs and Interpretations by the Group with effect from 1 January 2010.

**FRSs, Amendments to FRSs and Interpretations**

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentations of Financial Statements (Revised 2009)
FRS 123	Borrowing Costs (Revised)
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 8	Operating Segments
Amendments to FRS 107	Statements of Cash Flows
Amendments to FRS 110	Events after Reporting Period
Amendments to FRS 116	Property, Plant and Equipments
Amendments to FRS 118	Revenue
Amendments to FRS 119	Employee Benefits
Amendments to FRS 123	Borrowing Costs
Amendments to FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 128	Investments in Associates
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 136	Impairment of Assets
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions

The adoption of the new and revised FRSs, Amendments to FRSs and IC interpretation that are applicable to the Group effective from 1 January 2010 has no material effect to the Group's consolidated financial statement during the year or to the prior financial year.

**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:

	<b>Current year to date</b>
	<b><u>31 March 2010</u></b>
	<b>RM'000</b>
<b>Revenue</b>	
Malaysia	18,631
Brunei	--
Singapore	27,704
Consol Elimination	(24,616)
	<hr/>
	21,719
	<hr/>
<b>Loss before taxation</b>	
Malaysia	162
Brunei	(3,118)
Singapore	539
	<hr/>
	(2,417)
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**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 2009.

**10. Subsequent Event**

There was 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, a former subsidiary and an associate amounting to RM137.55million.

The borrowers had defaulted in the repayment obligations to the financial institutions and the Group had submitted a proposed Debt Restructuring Scheme ("Scheme") to Corporate Debt Restructuring Committee ("CDRC") to regularise the Group's financial position.

The Group has been given time up to 7<sup>th</sup> June 2010 to finalise the Scheme.

**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. Export sales had dropped by 40% to RM21.7million as compared to RM36.5million in the corresponding quarter in the preceding year.

The decrease is mainly due to management's prudent stance in temporarily downsizing its capacities and had been stringent in taking orders in view of the market volatility after considering the internal and external risk factors.

Notwithstanding the 40% dip in the sales, the Group had managed to contain operating losses. The Group had managed to achieve a gross profit margin of 15.5% during the current quarter as compared to a gross loss margin of 4.5% in the corresponding quarter in the preceding year.

The Group recorded a lower pre-tax loss for the current quarter ended 31 March 2010 of RM2.4mil as compared to RM12.9mil in the preceding year corresponding quarter. The improvement is mainly attributable to:-

- a) management's continuous efforts in cost cutting measures and by downsizing loss making operations
- b) completion of the forward hedging contracts
- c) suspension of the financial interest with effect from Year 2010 onwards as per mutual understanding with the lenders

**2. Comparison with Preceding Quarter's Results**

	Current Qtr Ended 31 Mar 2010 (RM'000)	Current Qtr Ended 31 Dec 2009 (RM'000)
Revenue	21,719	42,126
Loss Before Tax	(2,417)	(38,504)

Turnover had dip during the current quarter under review as compared to the preceding quarter. The drop is in tandem to the Management's decision to scale down businesses in view of the limited working capital availability and the low seasonal shipments.

However, the pre-tax loss for the current period had decreased significantly from preceding quarter due to the following exceptional losses and provisions which have been recognised in the prior quarter.

- a) losses incurred by an associate company amounting to RM2.9 million
- b) losses incurred by a subsidiary in Brunei amounting to RM3.0 million
- c) losses in a foreign exchange contract amounting to approximately RM5.5 million
- d) higher financial charges levied amounting to RM1.8 million
- e) crystallization of corporate guarantees given to several financial institutions for the credit facilities granted to an associate and a former subsidiary amounting to approximately RM8.2million
- f) impairment of assets and stocks written off in conjunction to the interlocutory injunction served by the financial institution



**3. Prospects**

The outlook for the demand for apparel remained optimistic for the current financial year. However, the Group remained cautious over the volatility of the raw material prices.

Nevertheless, with the continuous supports from the existing customers and the lenders, the Group is optimistic the performance for the coming financial year will improve.

**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 March 2010 were:-

	<b>Short Term RM'000</b>	<b>Long Term RM'000</b>	<b>Total RM'000</b>
<b>Secured - in local currencies</b>			
- Bank Overdrafts	247	-	247
- Trust receipts	60	-	60
- Bankers acceptance	42,608	-	42,608
- Export Credit Re-financing	14,014	-	14,014
- Hire purchases	193	221	414
- Collateralized Loan Obligation – unsecured	32,000	-	32,000
<b>Secured - in foreign currencies</b>			
- Trust receipts (in United State dollars)	40,057	-	40,057
- Hire purchases (in Singapore/Brunei dollars)	166	699	865
<b>Total</b>	<b>129,345</b>	<b>920</b>	<b>130,265</b>

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 Audited Financial Statement as at 31<sup>st</sup> December 2009, there are no changes in the material litigation as at the date of this interim 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 Mar 2010	Preceding Corresponding Quarter 31 Mar 2009	Current Year to date 31 Mar 2010	Preceding corresponding Year to date 31 Mar 2009
Loss attributable to ordinary equity holders of the parent (RM'000)	(1,482)	(12,067)	(1,482)	(12,067)
Weighted average number of ordinary shares ('000)	60,000	60,000	60,000	60,000
Basic earnings per share (sen)	(2.47)	(20.11)	(2.47)	(20.11)

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 2009 did not contain any qualification.