

BANENG HOLDINGS BHD.
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Current Year Quarter Ended 30 Sept 2011 (Unaudited) RM'000	Current Year Quarter Ended 30 Sept 2010 (Unaudited) RM'000	9 Months Cumulative To Date 30 Sept 2011 (Unaudited) RM'000	9 Months Cumulative To Date 30 Sept 2010 (Unaudited) RM'000
REVENUE	33,681	38,184	81,430	90,422
COST OF SALES	(31,792)	(35,302)	(75,135)	(79,771)
GROSS PROFIT	1,889	2,882	6,295	10,651
OTHER OPERATING INCOME	(264)	273	(17)	479
GENERAL AND ADMINISTRATIVE EXPENSES	(4,707)	(29,550)	(9,619)	(38,435)
LOSS FROM OPERATIONS	(3,082)	(26,395)	(3,341)	(27,305)
FINANCE EXPENSE	(2,438)	(383)	(5,952)	(1,568)
LOSS BEFORE TAXATION	(5,520)	(26,778)	(9,293)	(28,873)
TAXATION	-	-	314	2
LOSS FOR THE PERIOD	(5,520)	(26,778)	(8,979)	(28,871)
OTHER COMPREHENSIVE INCOME	(929)	-	(929)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(6,449)	(26,778)	(9,908)	(28,871)
ATTRIBUTABLE TO:				
OWNERS OF THE PARENT	(5,520)	(26,110)	(8,979)	(27,993)
NON-CONTROLLING INTEREST	-	(668)	-	(878)
	(5,520)	(26,778)	(8,979)	(28,871)
EARNING PER SHARE				
Basic earnings per share (sen)	(9.20)	(44.63)	(14.97)	(48.12)
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 2010 and the accompanying explanatory notes attached to the interim financial statements)

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

	As at 30 Sept 2011 (Unaudited) RM'000	As at 31 Dec 2010 (Audited) RM'000
Non Current Assets		
Property, plant & equipment	60,656	64,666
	<u>60,656</u>	<u>64,666</u>
Current Assets		
Inventories	34,865	45,963
Trade receivables	9,209	11,930
Investment securities	3,686	3,686
Other receivables	4,653	5,778
Income tax receivables	507	531
Cash and bank balances	2,463	1,514
	<u>55,383</u>	<u>69,402</u>
	<u>116,039</u>	<u>134,068</u>
Equity		
Equity attributable to equity holders of the parent		
Share capital	60,000	60,000
Reserves	(118,567)	(108,659)
	<u>(58,567)</u>	<u>(48,659)</u>
Non-Controlling Interests	-	-
Total equity	<u>(58,567)</u>	<u>(48,659)</u>
Non-current Liabilities		
Loans and borrowings	41	664
	<u>41</u>	<u>664</u>
Current Liabilities		
Loans and borrowings	121,002	124,432
Trade payables	12,137	17,542
Other payables	41,426	40,089
	<u>174,565</u>	<u>182,063</u>
Total liabilities	<u>174,606</u>	<u>182,727</u>
Total equity and liabilities	<u>116,039</u>	<u>134,068</u>
Net assets per share (RM) attributable to		
Equity holders of the parent	(0.98)	(0.81)
Non-Controlling Interests	-	-

(The Condensed Consolidated Balance Sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2010 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 30 SEPT 2011**

	← Attributable 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	30 Sept 2011 Retained Profits/ (Acc Losses) RM'000	Total RM'000		
GROUP							
At 1 January 2011	60,000	16,090	(3,566)	(121,183)	(48,659)	-	(48,659)
Total comprehensive loss for the period	-	-	-	(8,979)	(8,979)	-	(8,979)
Currency translation differences	-	-	(929)	-	(929)	-	(929)
At 30 Sept 2011	60,000	16,090	(4,495)	(130,162)	(58,567)	-	(58,567)
At 1 January 2010	60,000	16,090	2,649	(46,114)	32,625	3,883	36,508
Total comprehensive loss for the period	-	-	-	(27,993)	(27,993)	(878)	(28,871)
Currency translation differences	-	-	(5,010)	-	(5,010)	(65)	(5,075)
At 30 Sept 2010	60,000	16,090	(2,361)	(74,107)	(378)	2,940	2,562

BANENG HOLDINGS BHD.
CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	9 Months Cumulative To Date 30 Sept 2011 (Unaudited) RM'000	9 Months Cumulative To Date 30 Sept 2010 (Unaudited) RM'000
Cashflows from Operating Activities		
Loss before taxation	(9,293)	(28,873)
Adjustments for:		
Depreciation	2,827	3,310
Provision for doubtful debts / Bad debt written off	1,366	27,576
Interest expense	5,952	1,568
Share of result of associate	-	-
Operating profit before working capital changes	852	3,514
Decrease / (Increase) in inventories	11,098	(2,133)
Decrease/ (Increase) in receivables	2,480	(10,175)
(Increase) / Decrease in payables	(8,568)	9,942
Cash generated from operations	5,862	1,148
Interest paid	(1,452)	(1,568)
Income tax refunded	338	6
Net cash generated from / (used in) operating activities	4,748	(414)
Cashflows From Investing Activities		
Proceeds from disposal / (purchase) of PPE	999	(154)
Net cash generated from / (used in) investing activities	999	(154)
Cashflows From Financing Activities		
Drawdown of term loan	-	15,064
Repayment on term loans	(5,816)	(3,347)
Nett repayment and drawdown of hire purchase liabilities	(3)	(289)
Drawdown/(repayment) of short term borrowings	1,692	(8,490)
Dividend paid	-	-
Net cash (used in) / generated from financing activities	(4,127)	2,938
Net decrease in cash and cash equivalents	1,906	2,370
Effects of exchange rate changes	(929)	(4,633)
Cash and cash equivalent brought forward	1,234	3,297
	2,211	1,034
Cash and cash equivalents comprise:		
Cash and bank balances	2,463	1,287
Bank overdraft	(252)	(253)
	2,211	1,034

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010 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 2010. 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 2010.

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 2010 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 2011.

FRSs, Amendments to FRSs and Interpretations

FRS 1 (revised)	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (revised)
FRS 127	Consolidated and Separate Financial Statements (revised)
Amendments to FRS 1	Limited Exemptions from Comparative FRS 7 “Disclosures for First Time Adopters”
Amendments to FRS 2	Share-based Payments
Amendments to FRS 5	Non-Current Assets Held for Sales & Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 138	Intangible Assets
IC Interpretation 4	Determining whether an Arrangement contains a Lease
IC Interpretation 12	Service Concession Arrangement
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-Cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

Amendments to FRSs contained in the documents entitled “Improvements to FRSs (2010)”.

The adoption of the above new and revised FRSs, and IC interpretations 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

Estimates are not applicable as the Group has not provided any estimate 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>30 Sept 2011</u>
	RM'000
Revenue	
Malaysia	35,163
Brunei	--
Singapore	76,947
Consol Elimination	(30,680)
	<hr/>
	81,430
	<hr/>
Loss before taxation	
Malaysia	(9,713)
Brunei	(201)
Singapore	621
	<hr/>
	(9,293)
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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 2010.

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 saved as disclosed in Note B8 of the Explanatory Notes.

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 RM143.83million.

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 slightly lower turnover amounting to RM33.7million as opposed to RM38.2million in the corresponding quarter in the preceding year.

The Group recorded total turnover for the nine (9) months ending 30 Sept 2011 of RM81.4million as compared to RM90.4million in the preceding year mainly due to the weak consumer market in United States and the Group's direction to limit operating exposures amid the completion of the Proposed Debt Restructuring Scheme.

The gross profit margin for current quarter ended 30 Sept 2011 had also dropped to an average of 5.6% as compared to 7.5% in the comparable quarter in the preceding year. This is mainly attributable to the higher costs of raw materials and the weakening of United States Dollar currency.

The Group had recorded a significantly lower General and Administrative expenses during the quarter under review as compared to the preceding year ending 30 September 2010 mainly due to the once off amount written off amounting to Rm25million for certain receivables in the prior year pursuant to the Debt Restructuring Agreement dated 16 July 2010 and the Group's continuous efforts in cost cutting and consolidations measurements.

Hence, despite lower sales, the Group's year to-date performance improved as compared to prior year.

The Management expects the financial position of the Group to be strengthened upon the expected completion of the Proposed Debt Restructuring Scheme. Further status of the scheme will be announced in due course.

2. Comparison with Preceding Quarter's Results

	Current Qtr Ended 30 Sept 2011 (RM'000)	Current Qtr Ended 30 June 2011 (RM'000)
Revenue	33,681	19,791
Loss Before Tax	(5,520)	(790)

The Group recorded a higher loss before tax during the current quarter under review mainly due to provisioning of doubtful debts for certain receivables and provisioning of finance interest in favour of financial institutions during the proposed debt restructuring implementation period, which will be reverse upon the completion of the Proposed Debt Restructuring Scheme.

3. Prospects

The demand for apparel remains strong in the market.

However, taking into consideration the volatility of the raw material prices and retail industry especially in the United States and Europe, the Group has been cautious in committing its orders.

Nevertheless, with the continuous supports from the existing customers and the lenders, the Group is optimistic the performance for the Group 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

	Current Quarter 30 Sept 2011 RM'000	Current Year to date 30 Sept 2011 RM'000
Income Tax Expense		
- Current period	-	314
	-	314
Effective tax rate	N/A	N/A

No tax is provided due to the Group is suffering from continuing losses, and during the last quarter under review, the Group had received tax refund from Inland Revenue Board amounting to RM314,000.

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 are no other corporate proposals announced at the date of this quarterly report except for the followings:-

On 30th April 2009, the Group had announced an event of default 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.

On 16th July 2010, under the auspices of “CDRC”, the Group had entered into a conditional debt restructuring agreement (“DRA”) with its lenders to restructure and reschedule the borrowings (including accrued interest on the borrowings)

On 20th September 2010, the Group had announced Proposed Acquisition and Proposed Capital Reconstruction.

On 26th November 2010, the Group had announced Proposed Financial Assistance to an associate company, Baneng Industries Sdn Bhd.

On 29th November 2010, the Group had announced application pertaining to the Proposed Restructuring Scheme had been submitted to Securities Commission.

On 28th February 2011, the Group had announced to seek for an extension of time from the Lenders to satisfy the conditions precedent as stipulated in the Debt Restructuring Agreement.

On 17th March 2011, the Group have written to the Securities Commission (“SC”) to retract the application pursuant to the Proposed Restructuring Scheme made to the SC on 29 November 2010 as the Group is considering revising its proposed scheme.

On 3rd June 2011, under the auspices of “CDRC”, the Group had entered into a revised conditional debt restructuring agreement (“DRA”) with its lenders to restructure and reschedule the borrowings (including accrued interest on the borrowings)

On 30th June 2011, the Group had announced application pertaining to the Proposed Restructuring Scheme had been submitted to Bursa.

On 11th August 2011, the Group have written to Bursa to retract the application pursuant to the Proposed Restructuring Scheme made on 30th June 2011 as the Group is considering revising its proposed scheme.

Details on the Proposals were announced on the “Bursa Securities” website and further details of the proposed scheme will be announced in due course.

9. Group Borrowings and Debt SecuritiesGroup Borrowings as at 30th Sept 2011 were:-

	Short Term RM'000	Long Term RM'000	Total RM'000
Secured - in local currencies			
- Bank Overdrafts	252	--	252
- Trust receipts	60	--	60
- Bankers acceptance	42,668	--	42,668
- Export Credit Re-financing	14,016	--	14,016
- Hire purchases	193	41	234
- Collateralized Loan Obligation – unsecured	32,000	--	32,000
Secured - in foreign currencies			
- Trust receipts (in United State dollars)	15,144	--	15,144
- Term Loan (in United State dollars)	4,564	--	4,564
- Hire purchases (in Singapore/Brunei dollars)	888	-	888
Total	121,002	41	121,043

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.

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 31st December 2010 and as of today, 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 30 Sept 2011	Preceding Corresponding Quarter 30 Sept 2010	Current Year to date 30 Sept 2011	Preceding corresponding Year to date 30 Sept 2010
Loss attributable to ordinary equity holders of the parent (RM'000)	(5,520)	(26,110)	(8,979)	(27,993)
Weighted average number of ordinary shares ('000)	60,000	60,000	60,000	60,000
Basic earnings per share (sen)	(9.20)	(44.63)	(14.97)	(48.12)

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

14. Disclosure of Audit Report Qualification

The audit report of the Group's annual financial statements for the financial year ended 31 December 2010 did not contain any qualification.

15. Disclosure of Realised and Unrealized Profit/(Loss)

Detail of which as follows: -

	As at 31.09.2011 RM'000	As at 31.12.2010 RM'000
Total accumulated losses of the Group		
- Realized	(131,360)	(136,509)
- Unrealized	(9,219)	(4,719)
	<u>(140,579)</u>	<u>(141,228)</u>
Less: Consolidated adjustments	(10,417)	(20,045)
Total accumulated losses as per Condensed Consolidated Statement of Changes in Equity	<u>(130,162)</u>	<u>(121,183)</u>