



SATANG

SATANG HOLDINGS BERHAD (Company No : 633265 K)

(Formerly known as Satang Holdings Berhad)

Quarterly Unaudited Results Of The Group For The Financial Year Ended 30<sup>th</sup> June 2008

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**Part A : Explanatory Notes In Compliance With The Financial Reporting Standard (“FRS”) 134 : Interim Financial Reporting (formerly known as the Malaysian Accounting Standard Board (“MASB”) Standard 26).**

**A1. Significant Accounting Policies**

The interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standard (“FRS”) 134 (previously known as MASB 26) issued by the Malaysian Accounting Standards Board (“MASB”) and Chapter 9 Part K of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The following notes explain the events and transactions that are significant to an understanding of the changes in the financial position and performance of Satang Holdings Berhad (SHB) and its subsidiary companies (hereinafter referred to as the “Group”) during the financial quarter under review.

**A2. Audit Report**

The auditors have qualified the following statement in the audited accounts:

- 1 The Board of Directors resolved not to recognise revenue of approximately RM39 million in SJSB for the financial year ended 30 September 2007.
- 2 The Company had further verified Revenue of RM3.8 million resulting in the revision of Revenue not to recognise to RM35.44 million.

In view of the significance of the matters described in the paragraphs above, the auditors are unable to form an opinion as to whether the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of:

- (i) the state of affairs of the Group and of the Company as at 30 September 2007 and of the results and cash flows of the Group and of the Company for the year then ended; and
- (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements.

The above statement has triggered Paragraph 2.1 of the Amended Practice Note No. 17/2005 (“PN17”) and Paragraph 8.14C of the Listing Requirements of Bursa Malaysia Securities Bhd and is therefore the Group has been classified as PN17.



**A3. Seasonal or cyclical factors**

The principal business operations of the Group are not materially affected by seasonal or cyclical factors during the financial quarter under review.

**A4. Items of unusual nature and amount**

There is no item affecting the assets, liabilities, equity, net income or cash flows of the Group that is unusual because of its nature, size or incidence,

**A5. Material changes in estimates**

There is no material change in estimates of amounts reported that will have a material effect in the financial quarter under review.

**A6. Issuance or Repayment of Debt or Equity Securities**

There is no issuance or repayment of debt or equity securities, share buybacks, share cancellations, shares held as treasury shares or resale of treasury shares in the financial quarter under review.

**A7. Dividend Paid**

No dividend was paid for the current quarter and for the financial year.

**A8. Segmental Analysis**

No segmental analysis is presented as the Group is primarily engaged in a single industry segment relating to the maintenance, repair and overhaul services carried out in Malaysia.

**A9. Valuation of property, plant and equipment**

There was no valuation of property and equipment for the financial quarter under review.

**A10. Significant Events During The Financial Quarter**

There were no significant events during the financial quarter under review.



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#### **A11. Significant Events Subsequent To The Financial Quarter**

Except as described below, there were no significant events subsequent the financial quarter under review.

- (a) Satang Jaya Sdn Bhd (“SJSB”) has received a letter of award from MINDEF dated 3 April 2008 awarding SJSB a contract with MINDEF worth RM5,576,535.94 in the supply and delivery of Personal Locator Beacon System to the Royal Malaysian Airforce (RMAF) for the duration of 24 months.
- (b) On 4<sup>th</sup> June 2008, the Company has announce that its wholly-owned subsidiary, Satang Jaya Sdn Bhd (“SJSB”) has received a letter of award from the Department of Civil Aviation Malaysia dated 3 June 2008 awarding SJSB a contract with MINDEF worth RM2,194,000.00 for services and/or maintenance and supply of spare parts for Safety and Survival Equipments to the Department of Civil Aviation Malaysia for the duration of 3 years commencing 16 June 2008 until 15 June 2011.
- (c) On 4<sup>th</sup> June 2008, the Company has announce that its wholly-owned subsidiary, Satang Jaya Sdn Bhd (“SJSB”) has received a letter of award from the Ministry of Defence Malaysia dated 20 June 2008 awarding SJSB a contract with MINDEF worth RM1,367,000.00 for the supply, delivery, affixation, testing services and/or maintenance and provision of Explosive Ordnance Disposal/Improvised Explosive Device Disposal Remotely Operated Vehicle (EOD/IEDD) for the duration of 1 year.
- (d) Satang Jaya Sdn Bhd (“SJSB”) The Board of Directors of the Company is pleased to announce that its wholly-owned subsidiary, Satang Jaya Sdn Bhd (“SJSB”) has received a letter of award from the Ministry of Defence Malaysia dated 20 June 2008 awarding SJSB a contract with MINDEF for the supply of non-proprietary spare parts, components and any related equipments for the Royal Malaysian Air Force Aircraft for the duration of 3 years commencing 20 June 2008.

Announcement Details :

Note: The said contract was awarded by MINDEF along with 28 other contractors with a total combined ceiling limit of RM350 million instead of the contract value as announced on 26 June 2008.



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---

**Quarterly Unaudited Results Of The Group For The Financial Year Ended 30<sup>th</sup> June 2008**

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**A12. Changes in the Composition of the Group**

There have been no significant changes in the composition of the Group in the financial quarter under review.

**A13. Contingent Liabilities or Assets**

Except as disclosed below, there were no material contingent liabilities or assets during the financial quarter under review,

	<b>Current Quarter</b>	<b>Current Year To Date</b>
	<b>30-Jun-08 RM '000</b>	<b>30-Jun-08 RM '000</b>
Corporate guarantees given to licensed financial institution for credit facilities granted to Satang Jaya Sdn Bhd ("SJSB") and Satang Dagangan Sdn Bhd ("SDSB")	97,100	97,100
Corporate guarantees given to licensed financial institution for credit facilities granted to Satang Holding Bhd ("SHB")	28,000	28,000

**A14. Commitments**

There were no material commitments during the financial quarter under review.

**A15. Significant related party transactions**

The transactions with related parties are of expenditure in nature, which are required for the Group's day-to-day operations. The Directors and the major Shareholders of the Group have provided undertakings that all the business transactions between the Group, the Directors and major Shareholders and persons connected to them and the key management of the SHB, shall be based on the arms length basis and on commercial terms and shall not be disadvantageous to the Group.

The value of transaction incurred by the Group and its related parties is as follows:-



SATANG

SATANG HOLDINGS BERHAD (Company No : 633265 K)

(Formerly known as Satang Holdings Berhad)

Quarterly Unaudited Results Of The Group For The Financial Year Ended 30<sup>th</sup> June 2008

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30-Jun-08 RM '000	30-Jun-07 RM '000	30-Jun-08 RM '000	30-Jun-07 RM '000
Income	-	-	-	-
Expenditure	5	84	250	290

**Part B : Explanatory Notes Pursuant to Appendix 9B Of The Listing Requirements Of The Bursa Malaysia Securities Berhad.****B1. Review of Performance**

The Group has recorded Loss After Tax of RM 9.489 million for the financial year ended 30<sup>th</sup> June 2008 due to minimal profit margin on sales trading for the current year to date and higher of overhead costs.

**B2. Review of Current Quarter Profitability Against Preceding Quarter**

The Group revenue for the current quarter ended 30<sup>th</sup> June 2008 was RM 7.907 million compared to RM11.229 million reported in the preceding quarter showing a decreased of 30%.

**B3. Commentary on Prospects for the Next Financial Year**

As mentioned earlier, the Group has triggered the PN17 criteria and is therefore classified under this criteria.

However, the PN17 status has had no material impact on the Group's business and operations with the continuing support from the Ministry Of Defence ("MINDEF"). As to-date we still receiving the new contract awarded by Department of Civil Aviation Malaysia (DCA) and MINDEF as mentioned under A11.



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Quarterly Unaudited Results Of The Group For The Financial Year Ended 30<sup>th</sup> June 2008**B4. Variance of Actual and Profit Forecast**

The Group has not provided any quarterly profit forecast for the current financial year and therefore no variance information is available for presentation.

**B5. Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Quarter 30-Jun-08 RM '000	Preceding Year Corresponding Quarter 30-Jun-07 RM '000	Current Year To Date 30-Jun-08 RM '000	Preceding Year Corresponding Period 30-Jun-07 RM '000
Current taxation	(302)	504	379	1,689
Under / (Over) Provision of taxation in prior years	(1,706)	-	(1,706)	269
<b>Total</b>	<b>(2,008)</b>	<b>504</b>	<b>(1,327)</b>	<b>1,958</b>

**B6. Purchase / Disposal of Unquoted Investments and / or Properties**

On the current quarter, a subsidiary, Satang Jaya Sdn Bhd, had officially disposed off a piece of leasehold land known as Lot PT 40227 Jalan Utarid U5/12, Seksyen U5, 40150 Shah Alam, Selangor to Bukit Rambai Holding Sdn. Bhd. (122719-k) for a purchase consideration of RM 1.701 million. The land was valued at RM 1.790 million last year.

The disposal resulted in a loss of RM 0.120 million. The loss on disposal has transferred directly to retained earnings as stated in FRS 116, Para 41.

**B7. Purchase / Disposal of Quoted Securities**

The Group does not hold any quoted security nor was there any purchase or disposal of quoted security in the financial quarter under review.



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Quarterly Unaudited Results Of The Group For The Financial Year Ended 30<sup>th</sup> June 2008**B8. Corporate Proposals****B8.1 Status of Corporate Proposal**

There were no corporate proposals as at the date of this announcement.

**B8. Group Borrowings and Debt Securities**

Group borrowings, all of which are Ringgit Malaysia (RM) denominated, as at 31<sup>st</sup> March 2008 were as follows,

**B.8.1 Short Term Borrowings**Secured

	<b>30-Jun-08 RM '000</b>	<b>30-Jun-07 RM '000</b>
Hire Purchase Payable	381	269
Bills Payable	18,891	538
Murabahah Revolving Fund (MRF)	-	20,000
Term loan	129	-
Overdraft	14,742	4,677
<b>Total</b>	<b>34,143</b>	<b>20,807</b>

**B.8.2 Long Term Borrowings**Secured

	<b>30-June-08 RM '000</b>	<b>30-June-07 RM '000</b>
Hire Purchase Payable	1,274	1,623
Term Loan	3,819	4,000
<b>Total</b>	<b>5,093</b>	<b>5,623</b>



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There is no financial instrument with off balance sheet risk as at the date of this quarterly financial report.

**B10. Material Litigation**

The Group is not engaged in any material litigation either as plaintiff or defendant and the directors do not have any knowledge of any proceedings pending or threatened against the Group as at the date of this quarterly financial report.

**B11. Dividends**

The Board has not recommended any dividend for the quarter under review.

**B12. Earnings Per Share**

The basic earnings per share for the quarter and year to - date are computed as follows,

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30-Jun-08 RM'000	30-Jun-07 RM'000	30-Jun-08 RM'000	30-Jun-07 RM'000
Net profit for the quarter ( RM'000 )	(7,137)	240	(9,440)	4,248
Weighted average number of ordinary shares ('000) in issue	80,000	80,000	80,000	80,000
Basic earnings per share (sen)	(8.92)	0.30	(11.80)	5.31

*\*The Group has no potential ordinary shares in issue, therefore diluted earnings per share has not been presented.*

**BY ORDER OF THE BOARD**

**DATO' JAMALUDDIN BIN HASSAN, Col (Honorary) RMAF**  
President / Executive Chairman

Date : 27 June 2008