



**Part A : Explanatory Notes In Compliance With The Financial Reporting Standard (“FRS”) 134 : Interim Financial Reporting.**

**A1. Significant Accounting Policies**

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard (“FRS”) 134 Interim Financial Reporting and Paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 September 2008.

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.

The significant accounting policies adopted in the interim financial report are consistent with those adopted by the Group in the audited financial statements for the financial year ended 30 September 2008.

During the financial period, the Group and the Company has adopted the following applicable Financial Reporting Standards (“FRSs”) issued by the Malaysian Accounting Standards Board that are mandatory for current financial period:

FRS 8                      Operating Segments

The revised FRSs are either not applicable to the Group and to the Company or the adoptions did not result in significant changes in accounting policies of the Group and of the Company and did not have significant impact on the Group and the Company.

The Group and the Company have not adopted the following new FRSs and amendments to FRSs which have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:

		<u>Effective date for financial periods beginning on or after</u>
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments : Disclosures	1 January 2010
FRS 123	Borrowing Costs	1 January 2010
FRS 139	Financial Instruments : Recognition and Measurement	1 January 2010
Amendment to FRS 1	First-time Adoption of Financial Reporting Standards	1 January 2010
Amendment to FRS 2	Share-based Payment: Vesting Conditions and Cancellations	1 January 2010
Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2010

Quarterly Unaudited Results Of The Group For The Financial Period Ended 30 September 2009

		<u>Effective date for financial periods beginning on or after</u>
Amendment to FRS 7	Financial Instruments: Disclosures	1 January 2010
Amendment to FRS 8	Operating Segments	1 January 2010
Amendment to FRS 101	Presentation of Financial Statements	1 January 2010
Amendment to FRS 107	Statement of Cash Flows	1 January 2010
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2010
Amendment to FRS 110	Events after the Reporting Period	1 January 2010
Amendment to FRS 116	Property, Plant and Equipment	1 January 2010
Amendment to FRS 117	Leases	1 January 2010
Amendment to FRS 118	Revenue	1 January 2010
Amendment to FRS 119	Employee Benefits	1 January 2010
Amendment to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2010
Amendment to FRS 123	Borrowing Costs	1 January 2010
Amendment to FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendment to FRS 127	Consolidated and Separate Financial Statements	1 January 2010
Amendment to FRS 128	Investments in Associates	1 January 2010
Amendment to FRS 129	Financial Reporting in Hyperinflationary Economies	1 January 2010
Amendment to FRS 131	Interests in Joint Venture	1 January 2010
Amendment to FRS 132	Financial Instruments: Presentation	1 January 2010
Amendment to FRS 134	Interim Financial Statements	1 January 2010
Amendment to FRS 136	Impairment of assets	1 January 2010
Amendment to FRS 138	Intangible Assets	1 January 2010
Amendment to FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendment to FRS 140	Investment Property	1 January 2010



Quarterly Unaudited Results Of The Group For The Financial Period Ended 30 September 2009

---

(i) FRS 7 Financial Instruments: Disclosures

This new standard requires disclosures in financial statements that enable users to evaluate the significance of financial instruments for the entity's financial position and performance, and the nature and extent of risks arising from financial instruments to which an entity is exposed and how these risks are managed. This standard requires both qualitative disclosures describing management's objectives, policies and processes for managing those risks, and quantitative disclosures providing information about the extent to which an entity is exposed to risk, based on information provided internally to the entity's key management personnel.

(ii) FRS 123 Borrowing Costs

This new standard removes the option of immediately recognising as an expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. However, capitalisation of borrowing costs is not required for assets measured at fair value, and inventories that are manufactured or produced in large quantities on a repetitive basis, even if they take a substantial period of time to get ready for use or sale.

(iii) FRS 139 Financial Instruments: Recognition and Measurement

This new standard establishes the principles for the recognition, derecognition and measurement of an entity's financial instruments and for hedge accounting. The impact of applying FRS 139 on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors is not required to be disclosed by virtue of exemptions provided under paragraph 103AB of FRS 139.

FRS 4, Amendment to FRS 1, Amendment to FRS 2, Amendment to FRS 120 and Amendment to FRS 129 are not relevant to the Group's and to the Company's operations.

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 7 and FRS 139.

The initial applications of the above applicable new FRSs and Amendments to FRSs are not expected to have any material impact on the financial statements of the Group and the Company.

**A2. Audit Report**

There was no audit qualification in the audited report of the Company and its subsidiary companies preceding annual financial statements for the financial year ended 30 September 2008.

**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.



Quarterly Unaudited Results Of The Group For The Financial Period Ended 30 September 2009

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

Except as disclosed below , 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,

	<b>Current Quarter  30-Sept-09 RM '000</b>	<b>Current Year To Date  30-Sept-09 RM '000</b>
Revaluation surplus on freehold Industrial land	3,502	3,502

**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 interim dividend has been paid or declared during the current quarter and the financial period under review.

**A8. Segmental Analysis**

The segmental analysis of the Group's revenue and results for the current financial period is set out below:



**Quarterly Unaudited Results Of The Group For The Financial Period Ended 30 September 2009**

**BUSINESS SEGMENTS**

	Servicing RM	Trading RM	Construction RM	Total RM
<b>Revenue</b>				
Sales	20 985 452	40 767 356	133 759	<b>61 886 567</b>
Less : Inter-segment sales	(53 210)	(16 022 688)	-	<b>(16 075 898)</b>
	<b>20 932 242</b>	<b>24 744 668</b>	<b>133 759</b>	<b>45 810 669</b>
<b>Results</b>				
Segments results	1 703 736	1 345 261	(399 153)	<b>2 649 844</b>
Interest Income				<b>456 877</b>
Interest Expense				<b>(2 511 001)</b>
Profit before taxation				<b>595 720</b>
Taxation				<b>(260 626)</b>
Profit for the financial year				<b>335 094</b>
<b>Assets</b>				
Segments assets	36 134 236	9 267 819	612 111	<b>46 014 166</b>
Associated Companies				<b>159 601</b>
Unallocated assets				<b>6 944 948</b>
Total assets				<b>53 118 714</b>
<b>Liabilities</b>				
Segments liabilities	19 619 541	6 360 575	153 685	<b>26 133 801</b>
Unallocated liabilities				<b>5 417 366</b>
Total liabilities				<b>31 551 167</b>
<b>Other Information</b>				
Capital expenditure	109 171	27 293	-	<b>136 464</b>
Depreciation and amortisation	927 522	240 598	3 892	<b>1 172 012</b>
Impairment of plant, property & equipment	2 801 254	700 313	-	<b>3 501 567</b>
Significant non-cash expenses other than depreciation and amortisation	3 158 271	789 568	316 529	<b>4 264 367</b>

No geographical analysis has been prepared as the Group operates wholly in Malaysia.



Quarterly Unaudited Results Of The Group For The Financial Period Ended 30 September 2009

---

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

Following the adoption of *FRS 136 : Impairment of Assets* to revalue the Group's landed properties, the Group has revalued its freehold industrial land. The revaluation reserve of RM 3,502 million arising from the revaluation has been reflected in the current quarter financial statements (please refer to *Note A4* for similar disclosure).

The revaluation was carried out by Messrs. IPC Island Property Consultants Sdn. Bhd., a firm of independent professional valuers dated 15 January 2009.

To the best knowledge of the Board, the above revaluation is not subject to the approval of the Securities Commission.

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

Except as disclosed below, there were no significant events during the financial quarter under review.

- a) The trading in the securities of SATANG was suspended effective 13 July 2009 pursuant to paragraph 8.14C(4) of the Listing Requirements of Bursa Securities until further notice because the Company had failed to submit its regularisation plan to the Securities Commission and other relevant authorities for approval within the timeframe stipulated by Bursa Securities i.e. on or before 6 July 2009.
- b) Bursa Malaysia Securities Berhad ("Bursa Securities") had on 4 September 2009 via its letter granted to the Company an extension of time of three (3) months until 26 November 2009 ("the Extended Timeframe") to undertake a regularisation plan that complies with paragraph 3.1 of Practice Note 17 of the Main Market Listing Requirements ("PN17") and submit the regularisation plan to Bursa Securities for approval.

**A11. Significant Events Subsequent To the Financial Quarter**

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

- a) The Company is proposing to undertake the Proposals of the followings :
  - i) Proposed Rights Issue with Warrants will entail an issuance of up to 40,000,000 Rights Shares together with up to 60,000,000 free Warrants on a renounceable basis of one (1) Rights Share for every two (2) existing Satang Shares held together with three (3) Warrants for every two (2) Rights Shares subscribed for by the entitled shareholders of Satang whose names appear on the Record of Depositors of the Company at the close of business on an entitlement date to be determined and announced later by the Board ("Entitlement Date"). Up to a total of 60,000,000 new Satang Shares will be issued upon full exercise of the Warrants. AND
  - ii) Proposed exemption to Pascal Resources Sdn Bhd and the persons acting in concert with under practice Note 2.9.1 of the Malaysian Code on Take-Over and



**Quarterly Unaudited Results Of The Group For The Financial Period Ended 30 September 2009**

Mergers, 1998 from the obligation to undertake a mandatory offer for all the remaining Satang shares not already held by them which may arise pursuant to the proposed rights issue with warrants (“Proposed Exemption”).

- b) The Company has received an additional RM2.612 million in October and November 2009. Therefore the total amount received as cash advances from Pascal Resources Sdn Bhd for Working capital of the Company is RM5.5 million being the cash advances from Pascal Resources Sdn Bhd for working capital of the Company.
- c) The Company has submitted the Regularisation Plan to Bursa Malaysia Securities Berhad on 16 November 2009 through the principal adviser namely, OSK Investment Bank Berhad.

The regularisation plan entails the rights issue (details of which have been announced on 30 October 2009) and to regularise and strengthen the existing business of Satang. For avoidance of doubt, the regularisation plan does not involve any injection of new assets. Details of the tentative timeline for the Proposed Rights Issue with Warrants have been set out in the said announcement dated 30 October 2009.

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

There have been no significant changes in the composition of the Group during 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.

	Year to Date 30-Sept-09 RM '000	Year to Date 30-Sept-08 RM '000
Banker’s guarantees in favour of the local authorities for the purpose of development projects		
- Secured	242	244
- Unsecured	6,931	3,445

**A14. Capital 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.

There were no significant related party transactions during the financial quarter and financial period ended 30 September 2009.



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

**B1. Review of Performance**

The revenue has dropped by RM10.23 million or 18.25% from RM56.04 million to RM45.81 million as compared to the same corresponding period in last financial year.

However, the Group registered a profit before tax of RM0.33 million for the financial period against losses of RM16.70 million recorded the same period last financial year.

The improvement is due to the allowance for doubtful debts provided in the last financial year amounting to RM9.29 million. In addition, the cost cutting exercise undertaken by the Group has given a significant savings of RM7.41 million.

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

The Group revenue for the financial quarter under review has decreased slightly by RM0.15 million or 1% from RM12.61 million to RM12.46 million as compared to the corresponding preceding quarter.

The Group has recorded loss before taxation of RM2.56 million compared to profit after tax of RM1.07 million in the preceding quarter. The losses were contributed by the provision for doubtful debts made in the current quarter.

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

The Group is currently submitting the regularisation plan for the upliftment from PN17 as requested by Bursa. The Group is proposing the issuance of the rights issue with warrants to raise funds that will be utilised to fund the Group's working capital requirements.

The Group intends to expand the existing business of Satang and at the same time, diversify into other viable business activities.

**B4. Profit Forecast and Profit Guarantee**

The Group did not announce any profit forecast nor profit guarantee for the current financial period.





**B5. Taxation**

Individual Quarter		Cumulative Quarter	
Current Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
30-Sept-09 RM '000	30-Sept-08 RM '000	30-Sept-09 RM '000	30-Sept-08 RM '000

Current taxation	<b>355</b>	<b>147</b>	<b>(261)</b>	<b>1,474</b>
------------------	------------	------------	--------------	--------------

**B6. Unquoted Investments and/or Properties**

There is no disposal of unquoted investments or properties included in the property, plant and equipment during the current financial quarter under review.

**B7. 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.

**B8. Corporate Proposals**

There were no other corporate proposals announced but not completed except for :

(i) The Company announced a New Proposed Restructuring Scheme (“PRS”) on 30 October 2009 that encompasses the following :

§ Proposed Rights Issue with Warrants will entail an issuance of up to 40,000,000 Rights Shares together with up to 60,000,000 free Warrants on a renounceable basis of one (1) Rights Share for every two (2) existing Satang Shares held together with three (3) Warrants for every two (2) Rights Shares subscribed for by the entitled shareholders of Satang whose names appear on the Record of Depositors of the Company at the close of business on an entitlement date to be determined and announced later by the Board (“Entitlement Date”). Up to a total of 60,000,000 new Satang Shares will be issued upon full exercise of the Warrants.

§ Proposed exemption to Pascal Resources Sdn Bhd and the persons acting in concert with under practice Note 2.9.1 of the Malaysian Code on Take-Overs and Mergers, 1998 from the obligation to undertake a mandatory offer for all the remaining Satang shares not already held by them which may arise pursuant to the proposed rights issue with warrants (“Proposed Exemption”).



## Quarterly Unaudited Results Of The Group For The Financial Period Ended 30 September 2009

**B9. Group Borrowings and Debt Securities**

Group borrowings, all of which are Ringgit Malaysia (RM) denominated were as follows:

**B.9.1 Short Term Borrowings**

<u>Secured</u>	<b>30-Sept-09 RM '000</b>	<b>30-Sept-08 RM '000</b>
Hire Purchase Payables	319	386
Bills Payable	6,138	2,631
Term loan	1,717	1,555
*Overdraft	1,283	9,451
<b>Total</b>	<b>9,457</b>	<b>14,023</b>

\*Overdraft : The above bank overdraft facilities have been cancelled.

**B.9.2 Long Term Borrowings**

<u>Secured</u>	<b>30-Sept-09 RM '000</b>	<b>30-Sept-08 RM '000</b>
Hire Purchase Payables	540	1,175
Term Loan	3,272	3,701
<b>Total</b>	<b>3,812</b>	<b>4,876</b>

**B10. Off Balance Sheet Financial Instruments**

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

**B11. 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.

**B12. Dividends**

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



**Quarterly Unaudited Results Of The Group For The Financial Period Ended 30 September 2009**

**B13. Earnings / (loss) Per Share**

The basic earnings / (loss) 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-Sept-09 RM'000	30-Sept-08 RM'000	30-Sept-09 RM'000	30-Sept-08 RM'000
Net profit / (loss) for the quarter ( RM'000 )	<b>(2,562)</b>	<b>(7,207)</b>	<b>335</b>	<b>(16,696)</b>
Weighted average number of ordinary shares ('000) in issue	<b>80,000</b>	<b>80,000</b>	<b>80,000</b>	<b>80,000</b>
Basic earnings / (loss) per share (sen)	<b>(3.20)</b>	<b>(8.95)</b>	<b>0.42</b>	<b>(20.81)</b>

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

**BY ORDER OF THE BOARD**

**MALIM BIN MOHAMED**  
Group Managing Director

**Date : 24 November 2009**