



**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 2009.

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 2009.

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 101	Presentation of Financial Statements	1 January 2010
FRS 123	Borrowing Costs	1 January 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 2	Share-based Payment-Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 132	Financial Instruments: Presentation	1 January 2010



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		<u>Effective date for financial periods beginning on or after</u>
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14	FRS 119 - The Limit on a defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
Amendments to FRS1, First-time Adoption Financial Reporting Standards and FRS 127, Consolidated and Separate Financial Statements - Cost of an investment in a subsidiary, Jointly Controlled Entity or Associate		1 January 2010
Amendments to FRS 139, Financial Instruments: Recognition and Measurement, FRS 7, Financial Instruments: Disclosures and IC Interpretation 9, Reassessment of Embedded Derivatives		1 January 2010
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2009)"		1 January 2010
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combinations	1 July 2010
FRS 127	Consolidated & Separate Financial Statements	1 July 2010
Amendments to FRS 2	Share-based Payment	1 July 2010
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 138	Intangible Assets	1 July 2010
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 15	Agreements for Construction of Real Estate	1 July 2010
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives		1 July 2010

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		<u>Effective date for financial periods beginning on or after</u>
Amendment to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendment to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011

The initial applications of the above applicable new FRSs, revised FRSs, IC Interpretations, amendments to FRSs and IC Interpretations is not expected to have any material impact on the financial statements of the Group, except as discussed below:

The Group have assessed those standards and interpretations issued which are applicable to the Group as follows:

(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.

The Group has applied the transitional provisions in FRS 7 and FRS 139 which exempt entities from disclosing the possible impact arising from initial application of the respective standards on the financial statements of the Group.



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 2009.

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



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A8. Segmental Analysis

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

	Maintenance, Repair and Overhaul RM('000)	Construction RM('000)	Total RM('000)
Revenue			
Sales	28,445	6	28,451
Less : Inter-segment sales	(7,881)	-	(7,881)
	<u>20,564</u>	<u>6</u>	<u>20,570</u>
Results			
Segments results	1,538	(111)	1,427
Interest Income	268	-	268
Interest Expense	(872)	-	(872)
Profit before taxation	<u>934</u>	<u>(111)</u>	<u>823</u>
Taxation	-	-	-
Profit/(loss) for the financial year	<u>934</u>	<u>(111)</u>	<u>823</u>
Assets			
Segments assets	54,915	956	55,871
Associated Companies			0
Unallocated assets			<u>6,342</u>
Total assets			<u>62,213</u>
Liabilities			
Segments liabilities	18,428	1,242	19,670
Unallocated liabilities			<u>20,153</u>
Total liabilities			<u>39,823</u>
Other Information			
Capital expenditure	194	-	194
Depreciation and amortisation	549	2	551
Significant non-cash expenses other than depreciation and amortisation	<u>564</u>	<u>-</u>	<u>564</u>

No geographical analysis has been prepared as the Group operates wholly 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

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

- a) The Company has received an additional RM1.3 million in January 2010 which gives a total amount received of RM6.8 million being the cash advances from Pascal Resources Sdn Bhd for working capital of the Company.
- b) The Company has proposed share capital reduction by i) Cancellation of RM0.25 of the par value of every existing ordinary share of RM0.50 each in Satang Holdings Berhad to be off-set against the accumulated losses of Satang, ii) Amendments to Memorandum and Articles of Association of Satang to facilitate the changes in par value resulting from proposed capital reduction iii) Renounceable rights issues with warrants of up to 80,000,000 Rights shares together with up to 80,000, free warrants on a renounceable basis of one (1) Right shares for every one (1) existing Satang Shares held together with one (1) warrant for every (1) Rights share subscribed for by the entitled shareholders and v) exemption to Pascal Resources Sdn Bhd and PAC under Practice Note 2.9.1 from the obligation to undertake the mandatory offer for all remaining shares pursuant to the Rights issue with Warrant.

A11. Significant Events Subsequent To the Financial Quarter

There were no materials events subsequent to the end of the interim period that have not been reflected in the financial statements except those reflected in the last quarter report.

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.

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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 31-Mar-10 RM '000	Year to Date 31-Mar-09 RM '000
Banker's guarantees in favour of the local authorities for the purpose of development projects		
- Secured	242	244
- Unsecured	5,186	6,742

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. 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:-

Transactions Party	Related-Party Transaction	Nature of transactions	Year to Date	
			31-Mar-10 RM '000	31-Mar-09 RM '000
Kobat Engineering Services Sdn Bhd ("KESSB")	Rosman Bin Hassan, the Director of KESSB is the brother in law to Malim Bin Mohamed, the Group Managing Director of Satang Holdings Berhad	Services for MRO	137	-



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 revenue of RM20.57 million for the financial period ended March 31, 2010, a decrease of RM0.17 million or 0.8% lower than the previous financial period ended March 31, 2009.

The Group recorded profit before taxation of RM0.82 million for the financial period ended March 31, 2010, a decrease of RM1.01 million or 122 % relative to the financial period ended March 31, 2009. The decrease was mainly attributed by the better margin in the preceding year corresponding period and provision for doubtful for the financial period ended March 31, 2010.

B2. Review of Current Quarter Profitability against Preceding Quarter

The Group revenue for the financial quarter under review has decreased by RM4.83 million or 38.1% from RM12.70 million to RM7.87 million as compared to the same corresponding preceding quarter. The decrease in revenue mainly attributed by one off project rendered in the preceding quarter December 31, 2009.

The Group recorded profit before taxation for the current quarter has decreased by RM0.38 million or 63.3% from RM0.22 million as compared to the preceding quarter profit of RM0.60 million for the financial period ended December 31, 2009. The decrease was mainly attributed by the better margin of one off project in the preceding quarter, December 31, 2009.

B3. Commentary on Prospects for the Next Financial Year

The Group has submitted its regularisation plan on 16 November 2009 as required under listing requirement by Bursa Malaysia. The submission is part of the process of upliftment from PN17. The Group has proposed the issuance of the rights issue with warrants to raise funds that will be utilised to fund the Group's working capital requirements.

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
31-Mar-10 RM '000	31-Mar-09 RM '000	31-Mar-10 RM '000	31-Mar-09 RM '000
Current taxation	(160)	1,197	0
			1,501

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) Proposed share capital reduction by the cancellation of RM0.25 of the par value of every existing Ordinary Share of RM0.50 each in Satang ("Satang Shares") to be offset against the accumulated losses of Satang ("Proposed Capital Reduction");
- (ii) Proposed renounceable rights with Warrants of up to 80,000,000 New Ordinary Shares of RM0.25 each in Satang ("Satang Shares") ("Rights Shares) together with up to 80,000,000 Free detachable Warrants ("Warrants") on the basis of one (1) rights for every one (1) existing satang share held together with one (1) Warrant for every one (1) rights share subscribed for on entitlement date to be determined later after the proposed capital reduction and proposed share premium reduction ("Revised Proposed Rights Issue with Warrants");
- (iii) Proposed Exemption to Pascal Resources Sdn Bhd and the persons acting in concert with it 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 shares not already held by them which may arise pursuant to the Proposed Rights Issue with Warrants ("Proposed exemption"); and
- (iv) Proposed amendments to the Memorandum and Articles of Association of Satang to facilitate the change in the Par Value of the Satang shares resulting from the proposed capital reduction ("Proposed Amendments").

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>	31-Mar-10 RM '000	31-Mar-09 RM '000
Hire Purchase Payables	308	312
Bills Payable	15,507	10,266
Term loan	1,216	2,727
*Overdraft	111	2,393
Total	17,142	15,698

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

B.9.2 Long Term Borrowings

<u>Secured</u>	31-Mar-10 RM '000	31-Mar-09 RM '000
Hire Purchase Payables	373	699
Term Loan	3,002	3,410
Total	3,375	4,109

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.



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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
	31-Mar-10 RM'000	31-Mar-09 RM'000	31-Mar-10 RM'000	31-Mar-09 RM'000
Net profit for the quarter (RM'000)	383	965	822	1,831
Weighted average number of ordinary shares ('000) in issue	80,000	80,000	80,000	80,000
Basic earnings per share (sen)	0.48	1.21	1.03	2.29

**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: 31 May 2010