



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 2010.

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 2010.

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

Quarterly Unaudited Results Of The Group For The Financial Period Ended 31 December 2010

		<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

Quarterly Unaudited Results Of The Group For The Financial Period Ended 31 December 2010

		<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

The auditors have qualified the following statement in the audited accounts of the Group for the financial year ended 30 September 2010 ;

(i) The auditor is unable to obtain sufficient audit evidence and the authentication of the transactions for services rendered by GSE Engineering Sdn. Bhd. amounting to RM9.445 million which was awarded by a former Director of the Group and of the Company.

(ii) The auditor is unable to obtain sufficient audit evidence on the receipts and contra of accounts from a former Director and certain creditors of the Group amounting to RM1.442 million which was recorded as prepayment in the financial statements, and there is no reconciliation being prepared. Accordingly, the auditor is unable to satisfy themselves on the appropriateness and the authentication of these transactions.

(iii) The confirmation of balance related to certain receivables and payables amounting to RM16.24 million and RM9.34 million as at 30 September 2010 have not been replied. Consequently, the auditor is unable to confirm or verify by alternative procedures as to the carrying amounts of the receivables and payables for the financial year ended 30 September 2010, were appropriate.

(iv) As disclosed in Note 2(a) to the financial statements, the Group and the Company incurred a net loss of RM11,534,702 and RM20,524,632 respectively during the financial year ended 30 September 2010. As at 30 September 2010, the Group and the Company's current liabilities exceeded their current assets by RM6,312,467 and RM6,221,710 respectively and pursuant to the Amended Practice Note No. 17/2005 ("PN17") and Paragraph 8.14C of the Listing Requirements of Bursa Malaysia Securities Berhad, the Group has triggered the PN17 criteria's and is therefore classified under PN17. The Company has submitted a regularisation plan on 16 November 2009 to Bursa Malaysia Securities Berhad ("Bursa Securities") and is currently pending for Bursa Securities' approval. Given that preparation of the financial statements of the Group and of the Company on a going concern basis is significantly dependant on the outcome of the Group's regularisation plan.

These conditions, along with the above matters, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as going concerns. The continuation of the Group and the Company as going concerns is dependent upon the Group's and the Company's ability to operate profitably in the foreseeable future of the Group and the Company.

As a result of the above matters, the auditor is unable to determine whether any adjustments or disclosures are required, if any, on the financial statements of the Group and of the Company.



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.

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

The Construction segment has ceased operation.

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 except on 30 November 2010 the company has entered into a conditional sale and purchase agreement with Mega Regal Development Sdn Bhd for the proposed disposal of all



Quarterly Unaudited Results Of The Group For The Financial Period Ended 31 December 2010

that piece of freehold land measuring 20,234 square metres (approximately 217,798.77 square feet) held under Lot No. 64216, Title No. Grn 58802 in the Mukim of Damansara, District of Petaling, State of Selangor Darul Ehsan for a total cash consideration of RM18.0 million.

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.

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 31-Dec-10 RM '000	Year to Date 31-Dec-09 RM '000
Banker's guarantees in favour of the local authorities for the purpose of development projects		
- Secured	708	242
- Unsecured	4,712	5,186

A14. Capital Commitments

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

A15. Significant related party transactions

There were no significant related party transactions occurred during the financial quarter and financial period ended 31 December 2010.



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

B1. Review of Performance

The Group recorded a loss before taxation of RM1.419 for the financial period ended December 31, 2010 a decrease of RM1.98 million or 336% relative to the financial period ended December 31, 2009. The reported loss in the current quarter were mainly due to the decrease of order from the government agencies.

B2. Review of Current Quarter Profitability against Preceding Quarter

The Group posted revenue of RM2.685 million for the financial period ended 30 September 2010, a decrease of RM9.923 or 79% relative to the previous financial period ended 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-Dec-10 RM '000	31-Dec-09 RM '000	31-Dec-10 RM '000	31-Dec-09 RM '000

Current taxation	-	160	-	160
------------------	---	-----	---	-----



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 off-set 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-Dec-10 RM '000	31-Dec-09 RM '000
Hire Purchase Payables	270	305
Bills Payable	36212,712	
Term loan	462	1,516
*Overdraft	-	417
Total	1,09614,950	

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

B.9.2 Long Term Borrowings

<u>Secured</u>	31-Dec-10 RM '000	31-Dec-09 RM '000
Hire Purchase Payables	205	381
Term Loan	2,660	3,117
Total	2,865	3,498

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

Other than as disclosed below, as at the date of this announcement, the Group is not engaged in any material litigation, which have a material effect on the financial position or the business of the Group and the Board.

- a) The Company received a Writ of Summons and Statement of Claim dated 4 January 2011 and 3 January 2011 respectively filed by Daya Padu Enterprise against Satang Jaya Sdn Bhd, a wholly-owned subsidiary of the Company.

The claims are for the sum of RM1,595,266.00 in respect of goods and services provided to SJSB from the years 2006 to 2009 with the interest of 8% p.a. charged from 3 July 2011 until the full settlement of the amount claimed by the Plaintiff.



Quarterly Unaudited Results Of The Group For The Financial Period Ended 31 December 2010

- b) On 4 January 2011, the Company has been served a Writ of Summons and Statement of Claim filed by Eversave Systems Sdn Bhd against Satang Jaya Sdn Bhd (“SJSB”), a wholly-owned subsidiary of the Company.

The claims are for the sum of RM29,121.00 in respect of goods sold and delivered to SJSB on 8 September 2010 with the interest of 8% p.a. charged from the date of filling of the Writ of Summons until the full settlement of the amount claimed by the Plaintiff.

B12. Dividends

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

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 31-Dec-10 RM'000	Preceding Year Corresponding Quarter 31-Dec-09 RM'000	Current Year To Date 31-Dec-10 RM'000	Preceding Year Corresponding Period 31-Dec-09 RM'000
Net profit for the quarter (RM'000)	(1,419)	439	(1,419)	439
Weighted average number of ordinary shares ('000) in issue	80,000	80,000	80,000	80,000
Basic earnings per share (sen)	(1.77)	0.55	(1.77)	0.55

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

BY ORDER OF THE BOARD

DATO' ROZABIL ABDUL RAHMAN
Managing Director

Date: 28 February 2011