

**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, except the adoption of new and revised FRSs, Amendments to FRSs and Interpretations that are mandatory for the Group for the financial year beginning 1 October 2010.

During the financial period, the Group and the Company adopted the following applicable FRSs, Amendments to FRSs and Interpretations for current financial period:

		<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
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



		Effective date for financial periods beginning on or after
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
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 are 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:

(a) FRS 101: Presentation of Financial Statements (revised)

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consisted of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements.

With the adoption of the revised FRS 101, the components of the interim financial statements presented consist of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and notes to the financial statements.

The revised standard prohibits the presentation of items of income and expenses that are non-owner changes in equity in the statement of changes in equity. All non-owner changes in equity are required to be shown in a statement of comprehensive income which can be presented as a single statement or two linked statements. The Group has elected to present single statement of comprehensive income.

- (b) (i) FRS 139: Financial Instruments: Recognition and Measurement**
(ii) FRS 7: Financial Instruments: Disclosures
(iii) Amendments to FRS 139: Financial Instruments: Recognition and Measurement
(iv) Amendments to FRS 7: Financial Instruments: Disclosures

The new Standard on FRS 139: Financial Instruments: Recognition and Measurement established principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: Financial Instruments: Presentation and the requirements for disclosing information about financial instruments are in FRS 7: Financial Instruments: Disclosures.

FRS 7: Financial Instruments: Disclosure is a new Standard that requires new disclosures in relation to financial instruments. Prior to the adoption of FRS 7, the disclosures for financial instruments were based on the requirements of the original FRS 132, Financial Instruments:

Disclosure and Presentation. The adoption of FRS 7 has resulted in increased disclosures, both quantitative and qualitative of the Group's exposure to risks, enhanced disclosure regarding components of the Group's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

In accordance with the respective transitional provisions, the Group is exempted from disclosing the possible impact to the financial statements upon the initial application.

There were no significant changes to the interim financial report other than the designation of the investment in quoted shares previously classified as non-current other investments to current assets held for trading investments.



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 for the following;

- i) On 23 February 2011, Satang Jaya Sdn Bhd (“SJSB”), a wholly-owned subsidiary of Satang, had on 21 February 2011, accepted a letter of award from Ministry of Defence Malaysia (“MINDEF”) for provision of supply of spare parts and maintenance, repair and overhaul of life raft and life jacket for Tentera Laut Diraja Malaysia (TLDM) (“the Contract”) for a contract sum of RM8,000,000.00 (Ringgit Malaysia : Eight Million Only) for a period of three (3) years commencing from the date of acceptance of the Contract by SJSB.



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- ii) On 22 March 2011, OSK had submitted on behalf of the Board, the revised Regularisation Plan to Bursa Malaysia Securities Berhad to address its PN 17 issues.

A11. Significant Events Subsequent To the Financial Quarter

Further to the announcement made dated on 30 November 2010, Satang entered into a conditional sale and purchase agreement with Mega Regal Development Sdn Bhd for the proposed disposal of all 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.

The balance of the sale proceed from the above disposal was subsequently settled by the purchaser on 10 May 2011.

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-Mar-11 RM '000	Year to Date 31-Mar-10 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 March 2011.



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 turnover of RM12.166 million and a profit before taxation of RM0.522 million as compared to a turnover of RM20.570 million and a profit before taxation of RM0.822 million for the preceding year corresponding period. The profit before taxation in the second quarter ended 31 March 2011 was lower as compared to the preceding year corresponding period by RM0.300 million due to reduction in revenue generated by the Group.

B2. Review of Current Quarter Profitability against Preceding Quarter

The Group achieved a profit before taxation of RM1.941 million from a turnover of RM9.481 million as compared to a loss of RM1.419 million from a turnover of RM2.685 million in the previous quarter. The increase in profit was substantially due to the increase in the revenue by RM6.796 million in the reporting quarter as compared to the previous quarter.

B3. Commentary on Prospects for the Next Financial Year

On 22 March 2011, OSK had submitted on behalf of the Board, the revised Regularisation Plan to Bursa Malaysia Securities Berhad (“Bursa Securities”) for their consideration and approval.

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-11 RM ‘000	31-Mar-10 RM ‘000	31-Mar-11 RM ‘000	31-Mar-10 RM ‘000

Current taxation	-	(160)	-	-
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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

On 22 March 2011, OSK had submitted on behalf of the Board, the revised Regularisation Plan to Bursa Malaysia Securities Berhad to address its PN 17 issues:-

- I. Proposed share capital reduction involving the reduction of the par value of each existing ordinary shares of RM0.50 each in Satang to Ordinary shares of RM0.10 each ("Satang shares") by the cancellation of RM0.40 of the par value ("Proposed capital reduction");
- II. Proposed renounceable rights issue of 200,000,000 new Satang shares ("Rights shares") on the basis of Five (5) rights shares for every two (2) existing Satang shares held on an entitlement date to be determined later after the proposed capital reduction ("Proposed rights issues");
- III. Proposed settlement of the debt owing to BHP Capital Sdn Bhd via the issuance of 50,000,000 new Satang shares at the issue price of RM0.10 each ("Proposed Capitalisation");
- IV. Proposed exemption to Pascal Resources Sdn Bhd ("Pascal") and the persons acting in concert with it under Paragraph 16.1 of practice note 9 of the Malaysian code on take-overs and mergers, 2010 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 ("Proposed exemption"); and
- V. Proposed amendments to the Memorandum and Articles of Association of Satang 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-11 RM '000	31-Mar-10 RM '000
Hire Purchase Payables	277	308
Bills Payable	-	15,507
Term loan	456	1,216
*Overdraft	-	111
Total	733	17,142

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

B.9.2 Long Term Borrowings

<u>Secured</u>	31-Mar-11 RM '000	31-Mar-10 RM '000
Hire Purchase Payables	181	373
Term Loan	2,540	3,002
Total	2,721	3,375

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

As at the date of this announcement, the Group is not engaged in any outstanding material litigation, which have a material effect on the financial position or the business of the Group and the Board.

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	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31-Mar-11 RM'000	31-Mar-10 RM'000	31-Mar-11 RM'000	31-Mar-10 RM'000
Net profit for the quarter (RM'000)	1,941	383	522	822
Weighted average number of ordinary shares ('000) in issue	80,000	80,000	80,000	80,000
Basic earnings per share (sen)	2.43	0.48	0.65	1.03

**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: 30 May 2011