



**Interim Report for the 4th Quarter Ended
31 December 2007**

SAAG CONSOLIDATED (M) BHD
CONDENSED CONSOLIDATED INCOME STATEMENT
(These figures have not been audited)

	Note	Individual Quarter		Cumulative Quarter	
		Current Year	Preceding Year	Current Year	Preceding Year
		3 Months Ended		12 Months Ended	
		31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
		RM'000	RM'000	RM'000	RM'000
Revenue	16	145,454	107,438	495,546	270,840
Costs of sales		(114,891)	(79,280)	(408,498)	(210,708)
Gross profit		30,563	28,158	87,048	60,132
Other operating expenses	Note *	(24,178)	(31,124)	(46,317)	(50,258)
Other income		10,322	15,927	15,383	20,878
Profit from operations		16,707	12,961	56,114	30,752
Finance costs		(6,474)	(2,037)	(13,357)	(7,981)
Share in results of associated company		51	308	805	1,267
Profit before taxation	15	10,284	11,232	43,562	24,038
Taxation	19	(6,545)	(3,354)	(11,334)	(6,069)
Net profit for the period		3,739	7,878	32,228	17,969
Attributable to:					
Minority interests		(2,530)	1,041	3,150	4,570
Equity holders of the Company		6,269	6,837	29,078	13,399
		3,739	7,878	32,228	17,969
Earnings per share (sen)					
- basic	26	10.92	14.04	50.67	27.51
- diluted		10.82	13.79	50.17	27.02

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

Note *

Other operating expenses for the preceding year quarter ended 31 December 2006 included RM 8.5 million allowance for diminution in value of unquoted bond and RM 1.5 million impairment loss on property.

SAAG CONSOLIDATED (M) BHD
CONDENSED CONSOLIDATED BALANCE SHEET
(The figures have not been audited)

	Note	As at 31 Dec 2007 RM'000	As at 31 Dec 2006 RM'000
ASSETS			
Non-Current assets			
Property, plant and equipment		137,790	141,486
Investment Properties		4,861	4,711
Investment in an associated company		4,625	3,710
Other Investments	21	1	2,747
Goodwill on business combination		1,046	1,046
Deferred tax assets		2,418	2,539
		<u>150,741</u>	<u>156,239</u>
Current assets			
Amount due from customers for contract works	Note *	100,526	144,231
Property development costs		12,762	2,583
Inventories	Note **	37,914	820
Trade receivables		136,243	69,320
Other receivables, deposits and prepayments		93,102	94,504
Amount owing by associated company		1,688	-
Fixed Deposits With Licensed bank		145,671	136,191
Cash and bank balances		14,152	13,646
		<u>542,058</u>	<u>461,295</u>
TOTAL ASSETS		<u>692,799</u>	<u>617,534</u>
EQUITY AND LIABILITIES			
Current liabilities			
Trade payables		44,496	48,514
Other payables and accruals		55,558	140,451
Amounts due to customer for contract works		-	929
Amount owing to an associated company		-	238
Amount owing to directors of subsidiary companies		1,099	1,619
Hire-purchase creditors		215	307
Borrowings (Interest bearing)	23	105,098	64,381
Tax liabilities		8,477	5,098
		<u>214,943</u>	<u>261,537</u>
Non-current liabilities			
Other Payables		194,012	202,719
Hire-purchase creditors		2,324	1,021
Borrowings (Interest bearing)	23	113,438	40,259
Deferred tax liabilities		10,364	7,108
		<u>320,138</u>	<u>251,107</u>
Total Liabilities		<u>535,081</u>	<u>512,644</u>
Equity			
Share capital		61,635	50,713
Reserves		75,498	38,129
Issued capital and reserves attributable to equity holders of the company		137,133	88,842
Minority Interest		20,585	16,048
Total Equity		<u>157,718</u>	<u>104,890</u>
TOTAL EQUITY AND LIABILITIES		<u>692,799</u>	<u>617,534</u>
Net Assets per share (RM)		2.22	1.75

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

Note *

Significant amount of "Amount Due from Customers for Contract Works" represents deliveries by contractors/ subcontractors for which advances were made earlier and delivered subsequently. It therefore reflects monies expended on the projects which involve long lead delivery items and transferred to cost of sales based on percentage of completion method.

Note **

A significant amount of value of inventories represents items taken delivery by customers for acceptance test before sale can be finalised.

SAAG CONSOLIDATED (M) BHD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(The figures have not been audited)

Note	Attributable to Equity Holders of the Company									
	Share capital RM'000	Share premium RM'000	Treasury Shares RM'000	Share Option Reserve RM'000	Currency Translation adjustment reserve RM'000	Capital reserve RM'000	Retained profit RM'000	Total RM'000	Minority Interest RM'000	Total equity RM'000
At 1 January 2006	44,250	14,723	-	-	1,952	904	7,469	69,298	11,467	80,765
Issue of share capital arising from:										
- exercise of ESOS	1,995	-	-	-	-	-	-	1,995	-	1,995
- private placement	4,468	-	-	-	-	-	-	4,468	-	4,468
Fair value of share options granted under ESOS	-	-	-	834	-	-	-	834	-	834
Reserve realised upon exercise of ESOS	-	421	-	(421)	-	-	-	-	-	-
Share option lapsed	-	-	-	(35)	-	-	35	-	-	-
Accretion of interest upon partial disposal of a subsidiary company	-	-	-	-	-	-	-	-	816	816
Translation adjustment for the year	-	-	-	-	(1,002)	-	-	(1,002)	(924)	(1,926)
Realisation of reserve upon partial disposal of a subsidiary company	-	-	-	-	(56)	(64)	-	(120)	119	(0)
Share issue expenses	-	(31)	-	-	-	-	-	(31)	-	(31)
Net profit for the year	-	-	-	-	-	-	13,400	13,400	4,570	17,970
At 31 December 2006	<u>50,713</u>	<u>15,113</u>	<u>-</u>	<u>378</u>	<u>894</u>	<u>840</u>	<u>20,904</u>	<u>88,842</u>	<u>16,048</u>	<u>104,890</u>
At 1 January 2007	50,713	15,113	-	378	894	840	20,904	88,842	16,048	104,890
Issue of share capital arising from:										
- exercise of ESOS	6 1,973	220	-	-	-	-	-	2,193	-	2,193
- private placement	6 5,149	11,342	-	-	-	-	-	16,491	-	16,491
- exercise of warrants	6 3,800	4,028	-	-	-	-	-	7,828	-	7,828
Treasury shares	-	-	(1,767)	-	-	-	-	(1,767)	-	(1,767)
Acquisition of subsidiary company	-	-	-	-	-	-	-	-	1,237	1,237
Translation adjustment for the period	-	-	-	-	(846)	-	-	(846)	150	(696)
Reserve realised upon exercise of ESOS	-	364	-	(364)	-	-	-	-	-	-
Share issue expenses	-	(808)	-	-	-	-	-	(808)	-	(808)
Final tax exempt dividend - 2006 Dividend declared by a subsidiary paid/payable to minority shareholders	-	-	-	-	-	-	(1,731)	(1,731)	-	(1,731)
	-	-	-	-	-	-	(2,147)	(2,147)	-	(2,147)
Net profit for the period	-	-	-	-	-	-	29,078	29,078	3,150	32,228
At 31 December 2007	<u>61,635</u>	<u>30,259</u>	<u>(1,767)</u>	<u>14</u>	<u>48</u>	<u>840</u>	<u>46,104</u>	<u>137,133</u>	<u>20,585</u>	<u>157,718</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended '31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

SAAG CONSOLIDATED (M) BHD
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
(The figures have not been audited)

	12 months ended 31 Dec 2007 RM'000	12 months ended 31 Dec 2006 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit/(Loss) before taxation	43,561	24,038
Adjustments for:-		
Non-cash items	19,048	12,399
Non-operating items	6,998	199
Operating profit before working capital changes	<u>69,607</u>	<u>36,636</u>
Net change in current assets	(66,468)	(214,409)
Net change in current liabilities	<u>(110,408)</u>	<u>315,988</u>
Cash generated from operations	(107,269)	138,215
Tax paid	(5,762)	(968)
Tax refund	139	355
Net cash from/(used in) operating activities	<u>(112,892)</u>	<u>137,602</u>
	Note *	
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Other investments	2,981	(4,344)
Net change in property, plant and equipment	(4,432)	(14,623)
(Increase)/Decrease in fixed deposit pledged	(9,480)	(100,420)
Development costs	<u>(10,179)</u>	<u>(2,583)</u>
Net cash used in investing activities	<u>(21,110)</u>	<u>(121,970)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from shares issued	25,706	6,432
Repurchase of shares	(1,767)	
Borrowings	115,106	(5,977)
Interest (paid)/received	(8,165)	(3,523)
Dividend paid	<u>(2,090)</u>	<u>0</u>
Net cash from/(used in) financing activities	<u>128,790</u>	<u>(3,068)</u>
Net change in cash & cash equivalents	(5,212)	12,564
Effect of foreign exchange fluctuations	(1,379)	(1,851)
Cash & cash equivalents brought forward	<u>14,994</u>	<u>4,281</u>
Cash & cash equivalents carried forward	<u>8,403</u>	<u>14,994</u>
Cash and cash equivalents comprise the following balance sheet amounts:		
Cash and bank balances	14,152	13,646
Bank overdrafts	(25,920)	(16,476)
Fixed deposits with licensed banks	<u>145,671</u>	<u>136,191</u>
	133,903	133,361
Less: Fixed deposit pledged	(125,500)	(118,367)
	<u>8,403</u>	<u>14,994</u>

The condensed consolidated cashflow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

Note *

The net cash outflow from operating activities mainly arose from cash advances received from customers for projects with long completion timeframe recognised as inflow in previous quarters where the advances received has been recognised progressively based on percentage of work completed method.

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 December 2007

Notes to the Interim Report

1. ACCOUNTING POLICIES

Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with FRS 134 "Interim Financial Reporting" (formerly known as MASB 26) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2006.

Changes in Accounting Policies

The significant accounting policies adopted by the Group in this interim financial report are consistent with those of the audited financial statement for the year ended 31 December 2006 except for the adoption of the following new/revised FRS effective 1 January 2007:

FRS 124 Related Party Disclosures

The Group has not adopted FRS 139 Financial Instruments: Recognition and Measurement as its effective date has been deferred.

The adoption of the new/revised FRSs does not have significant financial impact on the Group.

2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The latest audited financial statements for the financial year ended 31 December 2006 were not subject to any qualification.

3. SEASONAL OR CYCLICAL FACTORS

The business operations of the Group are affected by the cycles of capital and repair/maintenance programs implemented by the major players in the oil and gas sector.

4. UNUSUAL SIGNIFICANT ITEMS

There were no other items affecting assets, liabilities, equity, net income or cashflows that are unusual because of their nature, size or incidence during the period under review.

5. CHANGES IN ESTIMATES

There were no changes in estimates that have a material effect in the current quarter.

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Interim report for the quarter ended 31 December 2007

Notes to the Interim Report**6. CHANGES IN EQUITY**

	Current Quarter		Current Year To Date	
	Number Of Shares	Proceeds From Share Issue	Number Of Shares	Proceeds From Share Issue
	'000	RM'000	'000	RM'000
Issuance of new ordinary shares of RM1 each pursuant to employees exercising their options under the Employees' Share Option Scheme	1	2	1,974	2,195
Issuance of new ordinary shares of RM1 each pursuant to Private Placement Exercise	0	0	5,149	16,491
Issuance of new ordinary shares of RM1 each pursuant to Exercise of Warrants	0	0	3,800	7,828

The proceeds raised from the exercise of warrants, private placement and ESOS of RM 26,514,000 was utilized for the Group's working capital requirement.

	Current Quarter		Current Year To Date	
	Number Of Shares	Payment For Share Repurchased	Number Of Shares	Payment For Share Repurchased
	'000	RM'000	'000	RM'000
Repurchase of own shares of RM 1.00 each retained as treasury shares	329	1,767	329	1,767

7. DIVIDENDS

A final tax exempt dividend of 3 sen per ordinary share for the financial year ended 31 December 2006 amounting to RM 1.7 million was paid on 16 July 2007.

For the current financial year ended 31 December 2007, the Board of Directors has recommended a proposed first and final gross dividend of 5.0 sen per share, comprising 3.0 sen per share less tax and 2.0 sen per share tax exempt dividend, amounting to approximately RM 2.6 million for shareholders approval at the forthcoming Annual General Meeting.

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Interim report for the quarter ended 31 December 2007

Notes to the Interim Report**8. SEGMENTAL REPORTING**

The Group is organised into five main business segments and the revenue and result of each business segment is reported as follows:

Investment holding	Provision of group management and shared services and investment holding
Trading, maintenance, repair and overhaul	Supply, repair and maintenance of engineering equipment and spare parts of oil and gas and petroleum industry
Rig services	Provision of workover rig and consultancy services related to drilling for petroleum and related upstream activities
Construction, infrastructure & project management	Procurement, project management, construction and commissioning of general engineering projects and construction works
Manpower consultancy, design and engineering services	Provision of engineering consultancy and specialist manpower services to the oil and gas, power generation and infrastructure based industries

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Notes to the Interim Report

Segment information for the current financial period to 31 December 2007 is as follows:

	←	Oil And Gas Rig services	→			
	Investment holding	Trading, Maintenance, Repair & Overhaul	Manpower consultancy, design and engineering services	Construction, infrastructure and project management	Others	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	-	262,553	64,197	109,114	-	495,546
Segment results	(16,285)	47,405	9,753	5,382	(1,660)	50,560
Unallocated corporate income						5,554
Unallocated corporate expenses						-
Profit from operations						56,114
Finance Cost						(13,357)
Share of results in associated company						805
Profit before tax						43,562
Tax expense						(11,334)
Profit after taxation						32,228
Minority interests						(3,150)
Net Profit for the period						29,078

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Interim report for the quarter ended 31 December 2007

Notes to the Interim Report

9. PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment of the Group were not revalued since the previous audited financial statements.

10. SIGNIFICANT EVENTS SUBSEQUENT TO THE QUARTER UNDER REVIEW

There were no significant events subsequent to the end of the current quarter.

11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no material changes in the composition of the Group during the financial period ended 31 December 2007 except for the following:

	Principal activity	Effective Equity Interest As At	
		31.12.2007 %	31.12.2006 %
Proteus SAAG Sdn Bhd (incorporated in Malaysia)	Dormant	41.31	-
OGS Asiapac Ltd (incorporated in Mauritius)	Provision of engineering services and manpower supply to the resources and energy centre	50.10	-
Eurospiraal B.V. (incorporated in Netherlands)	Provision of engineering, project management and construction solutions for contracts related to pipe laying and installation using Floating Spiral Technology	60.00	-
SAAG East Africa Services Limited (incorporated in The Republic of Uganda)	Dormant	60.00	-
Sepworth Investments Limited (incorporated in British Virgin Islands)	Dormant	100.00	-
SAAG Oil Rigs Services Limited (incorporated in Island of Guernsey)	Provision of marketing and consultancy services relating to oil and gas industry	100.00	-
SAAG Oil Rigs Services Limited (incorporated in British Virgin Islands)	Dormant	100.00	-
Proteus Global Energy Consultants Pty Ltd (incorporated in Australia)	Placement of consultants to the upstream oil and gas industry	37.58	-

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Interim report for the quarter ended 31 December 2007

Notes to the Interim Report**11. CHANGES IN THE COMPOSITION OF THE GROUP (con't)**

		Effective Equity Interest As At	
	Principal activity	31.12.2007	31.12.2006
TPS Builders Ltd (incorporated in India)	Fabrication, erection and commissioning of piping systems and also turnkey contractors	26.93	-
PT Interjadi Asia (incorporated in Indonesia)	Construction of telecommunication towers	17.62	-
Proteus Energy Limited (incorporated in India)	Provision of integrated and design engineering, project management and manpower services	44.89	-
QEDI Proteus Energy Limited (incorporated in India)	Provision of manpower consultancy, design, engineering and commissioning services	44.89	-
SAAG RR Oil and Gas Technology Ltd (incorporated in India)	Provision of technology and technical assistance to companies in the oil and gas industry	44.89	-

12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at 21 January 2008, the Company has given the following unsecured corporate guarantees:

	RM'000
Corporate guarantee given to financial institutions for credit facilities granted to certain subsidiary companies	296,074
Corporate guarantee given to financial institutions for performance indemnity guarantee granted to a subsidiary company	2,500
	<hr/>
	298,574

13. CAPITAL COMMITMENTS

There was no capital expenditure not provided for in the financial statements in respect of purchase of property, plant and equipment.

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 December 2007

Notes to the Interim Report

14. RELATED PARTY TRANSACTIONS

	Current Year 4th Quarter 31.12.2007 RM'000	Current Year To date 31.12.2007 RM'000
With associated companies :		
- purchases of inventories	3,115	9,962
- completion of 7.5MW power plant project	40,311	40,311
With fellow subsidiary companies :		
- management fee receivable	2,788	4,716
- rental receivable	22	87
- design, engineering and technical fees payable	535	3,340

There were no related party transactions with the directors of the company.

15. REVIEW OF PERFORMANCE

For the year ended 31 December 2007, the Group achieved 83% revenue growth, posting total revenue of RM 495.5 million as compared to the preceding year of RM 270.8 million. Correspondingly, the Group's profit before taxation ("PBT") was up by 81.7% to RM 43.6 million, as compared to PBT of RM 24.0 million for the preceding year.

The oil and gas segment encompassing trading, maintenance, repair and overhaul; rig services, manpower consultancy and design engineering services segments continues to contribute positively to the performance of the Group.

16. QUARTERLY RESULTS COMPARISON

	Current Year 4th Quarter 31.12.2007 RM'000	Current Year 3 rd Quarter 30.09.2007 RM'000
Revenue	145,454	97,661
Profit before tax	<u>10,283</u>	<u>10,043</u>

PBT for the current quarter under review increased by 3.0% to RM10.3 million from RM10.0 million while turnover increased from RM 97.7 million to RM 145.5 million mainly attributable to completion of EPCC valued at RM 40.3 million of 7.5MW power plant by the Company in Cambodia. The recognition was not pro-rated over the quarters for which the project extended in view of its nature being basically EPCC contract payable on turnkey completion.

17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2008

Barring unforeseen circumstances, the Directors expect that the prospects for the year 2008 to continue to be positive considering that oil and gas sector enjoys a boom in world market.

In addition, the Group is also constantly exploring new business opportunities to enhance its growth.

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Interim report for the quarter ended 31 December 2007

Notes to the Interim Report

18. VARIANCE OF ACTUAL FROM FORECAST PROFIT

The Group did not announce any profit forecast or profit guarantee during the current financial period.

19. TAXATION

	Current Year Quarter 31.12.2007	Current Year Todate 31.12.2007
	RM'000	RM'000
<u>Current year</u>		
Income Tax	2,466	6,360
Deferred Tax	968	1,267
	<u>3,434</u>	<u>7,627</u>
<u>Prior year</u>		
Income Tax	1	597
Deferred Tax	3,110	3,110
	<u>3,111</u>	<u>3,707</u>
	<u>6,545</u>	<u>11,334</u>

Deferred taxation of RM 4.4 million has been provided for the year ended 31 December 2007, of which RM 3.1 million was underprovision for prior years which has been finalized this year as the tax submissions under self assessment for past years for a subsidiary acquired in 2003 affecting calculation of deferred tax computations was only completed during the financial year.

Penalty is not envisaged as there is no tax payable from the subsidiary due to utilization of capital allowances and unabsorbed tax losses brought forward.

The effective tax rate, excluding the deferred taxation was lower than the statutory tax rate of 27% due to lower tax rate applicable to foreign jurisdictions coupled with the utilization of capital allowances and unabsorbed tax losses by certain subsidiaries.

20. SALE/PURCHASE OF UNQUOTED INVESTMENTS AND PROPERTIES

There were no sales of unquoted investments and/or properties for the current quarter and year to-date.

21. QUOTED SECURITIES

As at 31 December 2007, the Company had disposed off quoted shares worth of RM3.4 million. The gain from the disposal of quoted shares was about RM 0.2 million.

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 December 2007

Notes to the Interim Report

22. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

- a) On 12 August 2003, the Company announced an employees' share option scheme to the eligible employees (including Executive Directors) of SAAG Consolidated (M) Bhd ("SAAG") and its subsidiary companies ("Proposed ESOS"). The total number of new SAAG Consolidated Shares to be issued by the Company in respect of which options are offered to the grantees under the Proposed ESOS shall not at the time of offer exceed ten per centum (10%) of the total issued and paid-up share capital of the Company, save for the case of share buybacks (or such other higher percentage as may be permitted by the relevant regulatory authorities, from time to time) during the existence of the Proposed ESOS. The approval of the Securities Commission and the shareholders of the Company were obtained on 8 January 2004 and 16 April 2004, respectively.

On 3 September 2004, a total of 599,000 options were granted to eligible employees pursuant to the ESOS at an option price of RM1.79. As at 31 December 2007, 350,000 options have been exercised.

On 23 March 2006, a total of 3,954,000 options were granted to eligible employees pursuant to the new ESOS at an option price of RM1.00. As at 31 December 2007, 3,669,000 options have been exercised.

- b) On 12 February 2007, the Company announced that its subsidiary company, SAAG RR, a company listed on the Mumbai and Chennai Stock Exchanges has on 9 February 2007 entered into a conditional Shareholders Cum Subscription Agreement with Techni Bharathi Limited ("TBL") and Mr. V.C. Antony s/o Ouseph Chandy and Mr. Jortin Antony s/o V.C. Antony to subscribe for 6,431,250 ordinary shares of India Rupees ("Rs") 10 each at the par value price of Rs.10 each representing 60% of the share capital of TBL. As of 31 December 2007, the management of SAAG RR is evaluating this agreement.
- c) On 22 August 2007, the company announced that it has entered into an agreement with Keppel Oil International Ltd, Inc, ("Keppel Oil") wherein Keppel Oil is agreeable to assign in favour of SAAG, all rights, title interests benefits in and to the Memorandum of Understanding dated 5 August 2007, made between Keppel Oil and Tamin Oil & Gas Investment Co. ("TOGICO") whereby Keppel Oil and TOGICO have agreed to form a joint venture offshore company to be incorporated in Labuan, Malaysia, to build, own and operate mobile offshore jack-up drilling rigs.

In consideration of the aforesaid assignment, SAAG shall transfer or cause to be transferred such number of ordinary shares in Sepworth Investments Limited ("SIL") constitute 40% of entire issued and paid up capital of SIL to Keppel Oil or its nominees. As of 31 December 2007, this agreement is pending completion.

- d) On 22 August 2007, the Company announced that its wholly owned subsidiary company, SAAG (Mauritius) Ltd has entered into a Memorandum of Understanding ("MOU") with Venkata Surya Prakash and Bhaskharabhitla Suneeta to acquire 70% of the equity interest in Pantholi Foods Pvt Ltd ("PFPL"), a company of limited liability incorporated under the laws of India for a total consideration of USD 12 million.

The consideration price shall be payable in the following manner:

- (i) A sum of US\$100,000.00 ("the Deposit") upon the execution of the Sale and Purchase Agreement;
- (ii) and the balance of the USD11,900,000 to be payable as follows:-
- a sum not exceeding USD6,000,000 by way of shareholders' advance for the purpose of PFPL's meeting the obligation of payment of deposit for the Power Plant Equipment at the time when such payment is due

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Notes to the Interim Report

22. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED (con't)

- a sum not exceeding USD5,000,000 by way of shareholders' advance for the purpose of PFPL's meeting PFPL's obligation in respect of the lands for the Site
- the balance USD900,000 shall be payable within three (3) months from the date all the conditions precedent shall have been complied either by way of transfer consideration or by way of subscription of shares, to be mutually agreed by the execution of the Sale and Purchase Agreement.

The said shareholders' advance may be capitalised as equity to meet such requirements by the financier of the Project.

The Company has completed the due diligence exercise and the due diligence report is presently being reviewed to assess the viability.

- e) On 12 September 2007, the Company announced that it has entered into the following agreements:
- (i) a conditional Sale of Shares Agreement (SSA) with Hamurabi Holdings Pte Ltd ("Hamurabi") to purchase 5,100 ordinary shares of HK\$1.00 each in the issued and paid up capital of Pacific Well Holdings Ltd ("Pacific") representing 51% of the total share capital of Pacific at a total purchase price of RM 1,000,000.
 - (ii) a Shareholders' Agreement (SA) with Hamurabi and Pacific wherein the relationship of the Company and Hamurabi inter se, as shareholder of Pacific and their respective obligations in relation to Pacific shall be regulated.

As at 31 December 2007, this SSA and SA is pending completion.

- f) On 03 December 2007, the Company announced the following proposals:
- (i) issuance of up to USD 60million nominal value 5 year unsecured guaranteed Exchangeable Bonds ("**Exchangeable Bonds**") which are exchangeable into new ordinary shares in SAAG by its wholly – owned subsidiary, which is to be incorporated in the Federal Territory of Labuan, under the Offshore Companies Act, 1990 ("**Labuan Co**");
 - (ii) a share split involving the subdivision of every one (1) existing ordinary share of RM 1.00 each held in SAAG into ten (10) ordinary shares of RM 0.10 each ("**Subdivided Shares**") on an entitlement date to be determined ("**Split Entitlement Date**");
 - (iii) a renounceable rights issue of up to 739,295,500 Rights Shares on the basis of one (1) Rights Share for every one (1) Subdivided Share held in SAAG on an entitlement date to be determined ("**Rights Entitlement Date**"); and
 - (iv) increase in the authorised share capital of SAAG from RM 100,000,000 comprising 1,000,000,000 Subdivided Shares to RM 500,000,000 comprising 5,000,000,000 Subdivided Shares by the creation of an additional 4,000,000,000 new Subdivided Shares.

Accordingly, to cater for the implementation of the proposed share split and the proposed increase in authorised share capital, the Company also proposes to amend its Memorandum and Articles of Association.

As at 31 December 2007, the Company is preparing the documentation for submission to the relevant authorities.

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 December 2007

Notes to the Interim Report**23. GROUP BORROWINGS**

Details of the Group's bank borrowings as at 31 December 2007 are as follows:

	Current RM'000	Non-current RM'000
Unsecured	77,678	40,000
Secured	27,420	73,438
	<u>105,098</u>	<u>113,438</u>

	'000	RM '000 equivalent
Bank borrowings denominated in foreign currency –		
Singapore Dollar	<u>3,876</u>	<u>8,892</u>
Indian Rupee	<u>246,333</u>	<u>20,712</u>

24. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments entered into by the Group as at the date of this report.

25. MATERIAL LITIGATION

- (i) Kuala Lumpur High Court Suit No. D1-22-389-2005 dated 23 March 2005 by SOG ("Plaintiff") against Kathiresan a/l Krishnan (t/a Super Star Heavy Machinery Trading) and two (2) others ("Defendants") being a claim made by SOG to recover the transformers that were unlawfully taken from Lundang Power Station, Kelantan Darul Naim on or about 30 September 2004 for the value of the said transformers amounting to approximately RM1,500,000 together with interest and cost. Judgment in default was obtained against the 1st and 3rd Defendants in the sum of RM1,500,000 with interest and costs. The matter has been withdrawn against the 2nd Defendant. The Company is proceeding to execute the judgement against the 1st and 3rd Defendants.

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 December 2007

Notes to the Interim Report**26. EARNINGS PER SHARE****a) Basic earnings per share**

	Current Year Quarter 31.12.2007	Current Year To Date 31.12.2007
Net profit for the period (RM'000)	6,269	29,078
Weighted average number of ordinary shares in issue ('000)	57,388	57,388
Basic earnings per share (sen)	<u>10.92</u>	<u>50.67</u>

b) Diluted earnings per share

	Current Year Quarter 31.12.2007	Current Year To Date 31.12.2007
Net profit for the period (RM'000)	6,269	29,078
Weighted average number of ordinary shares in issue and issue able ('000)	57,388	57,388
Effect of dilution from assumed exercise of options grant under ESOS	575	575
Adjusted weighted average number of ordinary shares in issue and issue able ('000)	<u>57,963</u>	<u>57,963</u>
Diluted earnings per share (sen)	<u>10.82</u>	<u>50.17</u>

BY ORDER OF THE BOARD

ANAND SUBRAMANIAN

EXECUTIVE DIRECTOR / GROUP CHIEF EXECUTIVE OFFICER