



Interim Report for the 1st Quarter Ended

31 March 2008

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		3 Months Ended	
		31 Mar 2008	31 Mar 2007	31 Mar 2008	31 Mar 2007
		RM'000	RM'000	RM'000	RM'000
Revenue	16	99,772	161,424	99,772	161,424
Costs of sales		<u>(72,564)</u>	<u>(142,803)</u>	<u>(72,564)</u>	<u>(142,803)</u>
Gross profit		27,208	18,621	27,208	18,621
Other operating expenses		(9,781)	(8,110)	(9,781)	(8,110)
Other income		4,267	2,450	4,267	2,450
Profit from operations		<u>21,694</u>	<u>12,961</u>	<u>21,694</u>	<u>12,961</u>
Finance costs		(3,387)	(2,261)	(3,387)	(2,261)
Share in results of associated company		150	171	150	171
Profit before taxation	15	<u>18,457</u>	<u>10,871</u>	<u>18,457</u>	<u>10,871</u>
Taxation	19	(4,810)	(1,570)	(4,810)	(1,570)
Net profit for the period		<u><u>13,647</u></u>	<u><u>9,301</u></u>	<u><u>13,647</u></u>	<u><u>9,301</u></u>
Attributable to:					
Minority interests		3,186	2,245	3,186	2,245
Equity holders of the Company		<u>10,461</u>	<u>7,056</u>	<u>10,461</u>	<u>7,056</u>
		<u><u>13,647</u></u>	<u><u>9,301</u></u>	<u><u>13,647</u></u>	<u><u>9,301</u></u>
Earnings per share (sen)					
- basic	26	16.97	13.66	16.97	13.66
- diluted		16.90	13.43	16.90	13.43

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

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

	Note	As at 31 Mar 2008 RM'000	As at 31 Dec 2007 RM'000
ASSETS			
Non-Current assets			
Property, plant and equipment		137,907	137,926
Investment properties		4,649	4,861
Investment in associates		5,045	4,895
Other investments	21	-	-
Goodwill on business combination		1,046	1,046
Deferred tax assets		2,547	2,524
		<u>151,194</u>	<u>151,252</u>
Current assets			
Amount due from customers for contract works		92,588	99,507
Property development costs		13,980	12,272
Inventories		36,768	37,914
Trade receivables	Note *	140,818	134,019
Other receivables, deposits and prepayments		80,494	86,767
Tax recoverable		2,857	2,897
Amount owing by an associate		2,530	1,688
Fixed deposits with licensed bank		130,544	147,899
Cash and bank balances		18,398	13,986
		<u>518,977</u>	<u>536,949</u>
TOTAL ASSETS		<u>670,171</u>	<u>688,201</u>
EQUITY AND LIABILITIES			
Current liabilities			
Trade payables		36,319	44,874
Other payables and accruals		117,398	153,969
Amounts due to customer for contract works		931	612
Amount owing to an associate		-	1,070
Amount owing to directors of subsidiaries		369	1,099
Hire-purchase creditors		707	735
Borrowings (Interest bearing)	23	133,881	125,525
Tax liabilities		9,889	7,266
		<u>299,494</u>	<u>335,150</u>
Non-current liabilities			
Other Payables		90,655	90,655
Hire-purchase creditors		4,055	1,801
Borrowings (Interest bearing)	23	93,757	91,563
Deferred tax liabilities		11,133	9,982
		<u>199,600</u>	<u>194,001</u>
Total Liabilities		<u>499,094</u>	<u>529,151</u>
Equity			
Share capital		61,649	61,635
Reserves		85,860	76,516
Issued capital and reserves attributable to equity holders of the company		<u>147,509</u>	<u>138,151</u>
Minority Interest		<u>23,568</u>	<u>20,899</u>
Total Equity		<u>171,077</u>	<u>159,050</u>
TOTAL EQUITY AND LIABILITIES		<u>670,171</u>	<u>688,201</u>
Net Assets per share (RM)		2.39	2.24

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

Note*

Included in trade receivables is an amount of RM40.3 million due from an associate which will be settled in Quarter 2.

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 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	1,974	237	-	-	-	-	-	2,211	-	2,211
- private placement	5,148	11,342	-	-	-	-	-	16,490	-	16,490
- exercise of warrants	3,800	4,028	-	-	-	-	-	7,828	-	7,828
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	1,353	1,353
Repurchase of shares	-	-	(1,767)	-	-	-	-	(1,767)	-	(1,767)
Changes in equity interest in subsidiaries	-	-	-	-	-	-	-	-	476	476
Translation adjustment for the year	-	-	-	-	(928)	-	-	(928)	147	(781)
Reserve realised upon exercise of ESOS	-	365	-	(365)	-	-	-	-	-	-
Share issue expenses	-	(824)	-	-	-	-	-	(824)	-	(824)
Net profit for the year	-	-	-	-	-	-	28,031	28,031	5,021	33,052
Dividend paid in respect of previous financial year	-	-	-	-	-	-	(1,732)	(1,732)	-	(1,732)
Dividend paid / payable to minority interest									(2,146)	(2,146)
At 31 December 2007	<u>61,635</u>	<u>30,261</u>	<u>(1,767)</u>	<u>13</u>	<u>(34)</u>	<u>840</u>	<u>47,203</u>	<u>138,151</u>	<u>20,899</u>	<u>159,050</u>
At 1 January 2008	61,635	30,261	(1,767)	13	(34)	840	47,203	138,151	20,899	159,050
Issue of share capital arising from:										
- exercise of ESOS	6	3	-	-	-	-	-	9	-	9
- exercise of warrants	6	8	-	-	-	-	-	16	-	16
Treasury shares	-	-	-	-	-	-	-	-	-	-
Acquisition of subsidiary company	-	-	-	-	-	-	-	-	-	-
Translation adjustment for the period	-	-	-	-	(1,128)	-	-	(1,128)	(517)	(1,645)
Reserve realised upon exercise of ESOS	-	-	-	-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	10,461	10,461	3,186	13,647
At 31 March 2008	<u>61,649</u>	<u>30,272</u>	<u>(1,767)</u>	<u>13</u>	<u>(1,162)</u>	<u>840</u>	<u>57,664</u>	<u>147,509</u>	<u>23,568</u>	<u>171,077</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 2007 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)

	3 months ended 31 Mar 2008 RM'000	3 months ended 31 Mar 2007 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before taxation	18,457	10,871
Adjustments for:-		
Non-cash items	1,715	(233)
Non-operating items	2,571	1,164
Operating profit before working capital changes	<u>22,743</u>	<u>11,802</u>
Net change in current assets	4,085	(56,183)
Net change in current liabilities	<u>(44,563)</u>	<u>55,066</u>
Cash generated from operations	<u>(17,735)</u>	<u>10,685</u>
Tax paid	(836)	(96)
Net cash from / (used in) operating activities	<u>Note* (18,571)</u>	<u>10,589</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Other investments	0	794
Net change in property, plant and equipment	(2,312)	1,370
(Increase)/Decrease in fixed deposit pledged	8,084	11,555
Development costs	<u>(1,708)</u>	<u>(1,497)</u>
Net cash from investing activities	<u>4,064</u>	<u>12,221</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from shares issued	25	5,520
Borrowings	3,074	3,949
Interest paid	<u>(2,722)</u>	<u>(1,335)</u>
Net cash from financing activities	<u>377</u>	<u>8,133</u>
Net change in cash & cash equivalents	(14,130)	30,943
Effect of foreign exchange fluctuations	(309)	(303)
Cash & cash equivalents brought forward	<u>11,323</u>	<u>14,994</u>
Cash & cash equivalents carried forward	<u>(3,116)</u>	<u>45,634</u>
Cash and cash equivalents comprise the following balance sheet amounts:		
Cash and bank balances	18,398	49,914
Bank overdrafts	(35,499)	(17,990)
Fixed deposits with licensed banks	<u>130,544</u>	<u>117,835</u>
	113,442	149,760
Less: Fixed deposit pledged	<u>(116,558)</u>	<u>(104,126)</u>
	<u>(3,116)</u>	<u>45,634</u>

The condensed consolidated cashflow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2007 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 completion method.

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 March 2008

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" issued by the Malaysian Accounting Standards Board (MASB) 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 2007.

These explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2007.

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 2007 except for the adoption of the following new/revised FRSs, Amendment to FRS and Interpretations effective for the financial period beginning 1 January 2008:

Amendment to FRS 121	:	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
FRS 107	:	Cash Flow Statements
FRS 111	:	Construction Contracts
FRS 112	:	Income Taxes
FRS 118	:	Revenue
FRS 120	:	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	:	Interim Financial Reporting
FRS 137	:	Provisions, Contingent Liabilities and Contingent Assets
IC Interpretation 1	:	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	:	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	:	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	:	Liabilities arising from participating in a Specific Market – Waste Electrical and Electronic Equipment
IC Interpretation 7	:	Applying the Restatement Approach under FRS 129 ²⁰⁰⁴ - Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	:	Scope of FRS 2

The adoption of the above FRSs, Amendment to FRS and Interpretations have no significant impact on the financial statements of the Group and the Company.

FRS 139 Financial Instruments : Recognition and Measurement has been deferred and has not been adopted by the Group.

2. AUDITORS' REPORT ON PRECEEDING ANNUAL FINANCIAL STATEMENTS

The latest audited financial statements for the financial year ended 31 December 2007 were not subject to any qualification.

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 March 2008

Notes to the Interim Report

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.

6. CHANGES IN EQUITY

	Current Quarter		Current Year To Date	
	Number Of Shares '000	Proceeds From Share Issue RM'000	Number Of Shares '000	Proceeds From Share Issue RM'000
Issuance of new ordinary shares of RM1 each pursuant to employees exercising their options under the Employees' Share Option Scheme	6	9	6	9
Issuance of new ordinary shares of RM1 each pursuant to Exercise of Warrants	8	16	8	16

The proceeds raised from the exercise of warrants and ESOS of RM 25,640 was utilized for the Group's working capital requirement.

7. DIVIDENDS

There were no dividends paid during the current quarter.

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 March 2008

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 for oil and gas and energy industries.
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

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 March 2008

Notes to the Interim Report

Segment information for the current financial period to 31 March 2008 is as follows:

	←	Oil And Gas Rig services	→				
	Investment holding	Trading, Maintenance, Repair & Overhaul		Manpower consultancy, design and engineering services Note*	Construction, infrastructure and project management	Others	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	<u>-</u>	<u>45,937</u>	<u>11,242</u>	<u>20,381</u>	<u>22,212</u>	<u>-</u>	<u>99,772</u>
Segment results	<u>1,236</u>	<u>10,221</u>	<u>6,125</u>	<u>102</u>	<u>3,514</u>	<u>(170)</u>	21,028
Unallocated corporate income							666
Unallocated corporate expenses							<u>-</u>
Profit from operations							21,694
Finance Cost							(3,387)
Share of results in associated company							150
Profit before tax							<u>18,457</u>
Tax expense							<u>(4,810)</u>
Profit after taxation							13,647
Minority interests							<u>(3,186)</u>
Net Profit for the period							<u>10,461</u>

Note*: This segment reflects demobilization for a major project which was completed during the quarter and hence reflects lower margin as compared to 2007.

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 March 2008

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 March 2008 except for the following:

	Principal activity	Effective Equity Interest As At	
		31.03.2008	31.12.2007
		%	%
SAAG Shipping (M) Sdn Bhd	Owning and operation of ships, tankers and maritime assets.	38.25	-

12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at 14 May 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	317,156
Corporate guarantee given to financial institutions for performance indemnity guarantee granted to a subsidiary company	2,500
	<hr/>
	<u>319,656</u>

13. CAPITAL COMMITMENTS

Capital expenditure not provided for in the financial statements as at 31 March, 2008 in respect of purchase of property, plant and equipment are as follows:

	RM
Approved and contracted for	<u>354,615</u>

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 March 2008

Notes to the Interim Report

14. RELATED PARTY TRANSACTIONS

	Current Year 1st Quarter 31.03.2008 RM'000	Current Year To date 31.03.2008 RM'000
With an associated company : - <i>purchases of inventories</i>	1,175	1,175

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

15. REVIEW OF PERFORMANCE

For the current quarter under review, the Group's revenue dropped by 38.2%, posting total revenue of RM99.8 million as compared to the preceding year corresponding quarter of RM161.4 million. The drop in the revenue was due to the one-off sale of used equipments for workover rig of approximately RM32 million in the previous year corresponding quarter.

However, the Group's profit before taxation ("PBT") increased by 69.7% to RM18.5 million, as compared to PBT of RM10.9 million for the preceding year corresponding quarter. The major contributor to the increase in profit was the rig services segment. Better charter rates and operating efficiencies in this quarter as compared to previous year corresponding period has improved contribution significantly.

16. QUARTERLY RESULTS COMPARISON

	Current Year 1st Quarter 31.03.2008 RM'000	Preceding Year 4th Quarter 31.12.2007 RM'000
Revenue	99,772	145,454
Profit before tax	<u>18,457</u>	<u>10,283</u>

Turnover fell by 31.4% to RM99.8 million as compared to preceding quarter of RM145.5 million mainly attributable to the completion of EPCC valued at RM40.3 million of 7.5MW power plant by the Company in Cambodia recognized during the previous quarter.

Despite the fall in revenue, PBT for the current quarter increased by 79.6% to RM18.5 million from RM10.3 million as a result of the contribution from the rig services segment as explained in note 15.

17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2008

For the current quarter under review, the Group did not record contributions from three major projects namely, construction of sewer network in Jeddah by SAAG Oil And Gas Sdn Bhd, housing project under Jelang Fajar Sdn Bhd and the construction of telecommunication towers under PT Interjadi Asia which have commenced work but contributions from which are expected in coming quarters.

Following the completion of a major integrated commissioning services contract and commencement of deployment of resources to other projects, the manpower consultancy, design and engineering services segment is expected to contribute from the second quarter of 2008.

The Group also continues its efforts to enhance its competitiveness and business performance in the oil and gas sector and in new business opportunities. Barring unforeseen circumstances, the Directors are confident that the Group will continue to maintain similar growth for the remaining quarters in the year 2008 compared to 2007.

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 March 2008

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 31.03.2008	Current Year To date 31.03.2008
	RM'000	RM'000
<u>Current year</u>		
Income Tax	3,688	3,688
Deferred Tax	1,122	1,122
	<u>4,810</u>	<u>4,810</u>

The effective tax rate, excluding the deferred taxation was lower than the statutory tax rate of 26% 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 March 2008, the Company had not purchased nor disposed off any quoted shares.

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 March 2008, 354,000 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 March 2008, 3,671,000 options have been exercised.

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 March 2008

Notes to the Interim Report

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

- 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. The agreement has lapsed.
- 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. This agreement is presently 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 Panthroli 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
 - 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 technical and commercial viability due diligence and the due diligence report is presently being reviewed.

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 March 2008

Notes to the Interim Report

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

- 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 March 2008, 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.

On 11 April 2008, the Company announced that the Securities Commission ("**SC**") has approved the Proposed Rights Issue and the issuance of new SAAG ordinary shares of RM0.10 each in connection with the issuance of the Exchangeable Bonds, vide its letter dated 10 April 2008 (which was received on 11 April 2008).

In the same letter, the Equity Compliance Unit (via the SC) has also approved the issuance of new SAAG ordinary shares of RM0.10 each in connection with the issuance of the Exchangeable Bonds under the Foreign Investment Committee Requirements.

The approval of the SC is subject to, inter-alia, the condition that SAAG should increase its Bumiputera equity by 9.22% of the new enlarged issued and paid-up share capital of SAAG (or 119,303,300 new SAAG shares) within 2 years after the date of implementation of the Proposed Exchangeable Bonds Issue.

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 March 2008

Notes to the Interim Report

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

- g) On 30 January 2008, the Company proposed to undertake a private placement of up to 10% of the enlarged issued and paid-up share capital of the Company. The number of new SAAG shares that can be issued pursuant to the Proposed Private Placement will be 7,392,955 new SAAG shares.

The issue price for each tranche of the placement shares to be issued pursuant to the Proposed Private Placement shall be determined at later date(s), whereby, the issue price shall not be set at a discount of more than ten percent (10%) to the five (5) day weighted average market price ("WAMP") of SAAG shares immediately prior to the price fixing date.

The Securities Commission has, vide its letter dated 21 February 2008, approved the Proposed Private Placement.

- h) On 14 May 2008, the Company proposed to undertake the following subject to shareholders approval being obtained at the Extraordinary General Meeting to be convened:-

(i) Proposed provision of financial assistance by SAAG to its associate, GTS Power Ltd ("GTS"), by way of Corporate Guarantee for an amount up to USD6.258 million to Malayan Banking Berhad ("Maybank"), which has extended banking facilities to GTS for an amount up to USD14.9 million; and

(ii) The renewal of authority for the purchase by SAAG of its own ordinary shares on Bursa Malaysia Securities Berhad ("Bursa Securities") of not more than ten per centum (10%) of its issued and paid-up share capital.

- i) On 16 May 2008, the Company announced that it proposed to undertake the transfer of the listing and quotation of its entire enlarged issued and paid-up share capital from the Second Board to the Main Board of Bursa Securities ("**Proposed Transfer**").

23. GROUP BORROWINGS

Details of the Group's bank borrowings as at 31 March 2008 are as follows:

	Current RM'000	Non-current RM'000
Unsecured	74,907	40,000
Secured	58,974	53,757
	<u>133,881</u>	<u>93,757</u>

	'000	RM '000 equivalent
Bank borrowings denominated in foreign currency –		
Singapore Dollar	<u>4,022</u>	<u>9,309</u>
Indian Rupee	<u>217,144</u>	<u>17,524</u>

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 March 2008

Notes to the Interim Report**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 has recently consented to set aside the judgment in default against the 1st Defendant and to proceed with trial against the 1st Defendant. The Company has filed the proof of debt against the 3rd Defendant, who has been adjudicated a bankrupt.

26. EARNINGS PER SHARE**a) Basic earnings per share**

	Current Year Quarter 31.03.2008	Current Year To Date 31.03.2008
Net profit for the period (RM'000)	10,461	10,461
Weighted average number of ordinary shares in issue ('000)	61,650	61,650
Basic earnings per share (sen)	<u>16.97</u>	<u>16.97</u>

b) Diluted earnings per share

	Current Year Quarter 31.03.2008	Current Year To Date 31.03.2008
Net profit for the period (RM'000)	10,461	10,461
Weighted average number of ordinary shares in issue and issue able ('000)	61,650	61,650
Effect of dilution from assumed exercise of options grant under ESOS	268	268
Adjusted weighted average number of ordinary shares in issue and issue able ('000)	<u>61,918</u>	<u>61,918</u>
Diluted earnings per share (sen)	<u>16.90</u>	<u>16.90</u>

BY ORDER OF THE BOARD

ANAND SUBRAMANIAN
EXECUTIVE DIRECTOR / GROUP CHIEF EXECUTIVE OFFICER