



Interim Report for the 2nd Quarter Ended

30 June 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		6 Months Ended	
		30 Jun 2008	30 Jun 2007	30 Jun 2008	30 Jun 2007
		RM'000	RM'000	RM'000	RM'000
Revenue	16	121,473	91,007	221,245	252,431
Costs of sales		<u>(95,462)</u>	<u>(71,100)</u>	<u>(168,026)</u>	<u>(213,903)</u>
Gross profit		26,011	19,907	53,219	38,528
Other operating expenses		(8,215)	(7,193)	(17,995)	(15,302)
Other income		640	1,227	4,907	3,677
Profit from operations		<u>18,436</u>	<u>13,941</u>	<u>40,131</u>	<u>26,903</u>
Finance costs		(5,138)	(1,848)	(8,526)	(4,109)
Share of results in associates		(173)	269	(23)	440
Profit before taxation	15	<u>13,125</u>	<u>12,362</u>	<u>31,582</u>	<u>23,234</u>
Taxation	19	(1,268)	(2,061)	(6,078)	(3,631)
Net profit for the period		<u><u>11,857</u></u>	<u><u>10,301</u></u>	<u><u>25,504</u></u>	<u><u>19,603</u></u>
Attributable to:					
Minority interests		1,553	2,314	4,739	4,559
Equity holders of the Company		<u>10,304</u>	<u>7,987</u>	<u>20,765</u>	<u>15,044</u>
		<u><u>11,857</u></u>	<u><u>10,301</u></u>	<u><u>25,504</u></u>	<u><u>19,603</u></u>
Earnings per share (sen)					
- basic	26	16.71	14.63	33.68	27.55
- diluted		16.68	14.34	33.62	27.00

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 30 Jun 2008 RM'000	As at 31 Dec 2007 RM'000
ASSETS			
Non-Current assets			
Property, plant and equipment		141,095	137,926
Investment properties		4,391	4,861
Investment in associates		6,198	4,895
Goodwill on business combination		1,046	1,046
Deferred tax assets		2,237	2,524
		154,967	151,252
Current assets			
Amount due from customers for contract works		75,933	99,507
Property development costs		14,159	12,272
Assets held for sale	Note *	2,279	-
Inventories		26,103	37,914
Trade receivables		103,761	134,019
Other receivables, deposits and prepayments		79,009	86,767
Tax recoverable		3,487	2,897
Amount owing by an associate		-	1,688
Fixed deposits with licensed bank		131,239	147,899
Cash and bank balances		20,517	13,986
		456,487	536,949
TOTAL ASSETS		611,454	688,201
EQUITY AND LIABILITIES			
Current liabilities			
Trade payables		30,611	44,874
Other payables and accruals		62,891	153,969
Amounts due to customer for contract works		895	612
Amount owing to an associate		1,328	1,070
Amount owing to directors of subsidiaries		1,238	1,099
Hire-purchase creditors		720	735
Proposed dividend		2,588	-
Borrowings (Interest bearing)	23	126,502	125,525
Tax liabilities		7,385	7,266
		234,158	335,150
Non-current liabilities			
Other Payables		85,944	90,655
Hire-purchase creditors		4,931	1,801
Borrowings (Interest bearing)	23	93,951	91,563
Deferred tax liabilities		11,982	9,982
		196,808	194,001
Total Liabilities		430,966	529,151
Equity			
Share capital		61,654	61,635
Reserves		94,110	76,516
Issued capital and reserves attributable to equity holders of the company		155,764	138,151
Minority Interest		24,724	20,899
Total Equity		180,488	159,050
TOTAL EQUITY AND LIABILITIES		611,454	688,201
Net Assets per share (RM)		2.53	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 *

On 30 May 2008, a subsidiary of the Company has entered into an option agreement to dispose off two office units with a potential buyer. Hence, the property has been reclassified from property, plant and equipment to assets held for sale in compliance with Paragraph 6 of FRS 5. The disposal has been duly completed on 21 August 2008.

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								Minority Interest RM'000	Total equity RM'000
	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		
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 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	11	3	-	-	-	-	14	-	14
- exercise of warrants	6	8	8	-	-	-	-	16	-	16
Treasury shares	-	-	-	-	-	-	-	-	-	-
Acquisition of subsidiary company	-	-	-	-	-	-	-	-	25	25
Translation adjustment for the period	-	-	-	-	(594)	-	-	(594)	(939)	(1,533)
Reserve realised upon exercise of ESOS	-	1	-	(1)	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	20,765	20,765	4,739	25,504
Dividend payable in respect of previous financial year	-	-	-	-	-	-	(2,588)	(2,588)	-	(2,588)
At 30 June 2008	<u>61,654</u>	<u>30,273</u>	<u>(1,767)</u>	<u>12</u>	<u>(628)</u>	<u>840</u>	<u>65,380</u>	<u>155,764</u>	<u>24,724</u>	<u>180,488</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)

	6 months ended 30 Jun 2008 RM'000	6 months ended 30 Jun 2007 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before taxation	31,582	23,234
Adjustments for:-		
Non-cash items	6,679	(519)
Non-operating items	7,118	1,933
Operating profit before working capital changes	<u>45,379</u>	<u>24,648</u>
Net change in current assets	70,757	(66,747)
Net change in current liabilities	<u>(112,468)</u>	<u>881</u>
Cash generated from operations	3,668	(41,218)
Tax paid	<u>(2,562)</u>	<u>(550)</u>
Net cash from / (used in) operating activities	<u>1,106</u>	<u>(41,768)</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Other investments	(1,319)	2,821
Net change in property, plant and equipment	(9,994)	1,259
(Increase)/Decrease in fixed deposit pledged	(1,496)	8,607
Development costs	<u>(1,887)</u>	<u>(4,370)</u>
Net cash from / (used in) investing activities	<u>(14,696)</u>	<u>8,317</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from shares issued	30	17,777
Proceeds from issue of shares to minority shareholders	25	0
Borrowings	(1,783)	20,079
Interest paid	<u>(7,097)</u>	<u>(3,448)</u>
Net cash from / (used in) financing activities	<u>(8,825)</u>	<u>34,408</u>
Net change in cash & cash equivalents	(22,415)	957
Effect of foreign exchange fluctuations	1,291	142
Cash & cash equivalents brought forward	<u>11,323</u>	<u>14,994</u>
Cash & cash equivalents carried forward	<u>(9,801)</u>	<u>16,093</u>
Cash and cash equivalents comprise the following balance sheet amounts:		
Cash and bank balances	20,517	16,062
Bank overdrafts	(35,419)	(19,695)
Fixed deposits with licensed banks	<u>131,239</u>	<u>122,991</u>
	116,337	119,358
Less: Fixed deposit pledged	<u>(126,138)</u>	<u>(103,265)</u>
	<u>(9,801)</u>	<u>16,093</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.

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 30 June 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 30 June 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	5	5	11	14
Issuance of new ordinary shares of RM1 each pursuant to Exercise of Warrants	0	0	8	16

The proceeds raised from the exercise of warrants and ESOS of RM 30,640 was utilized for the Group's working capital requirement.

7. DIVIDENDS

A first and final gross dividend of 5.0 sen per ordinary share, comprising 3.0 sen per ordinary share less tax and 2.0 sen per ordinary share tax exempt dividend, amounted to RM 2,587,951 was paid on 15 July 2008.

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 30 June 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 of 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 30 June 2008

Notes to the Interim Report

Segment information for the current financial period to 30 June 2008 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	-	109,943	21,348	43,637	-	221,245
Segment results	(2,750)	24,510	10,631	420	6,320	(428)
Unallocated corporate income						1,428
Unallocated corporate expenses						-
Profit from operations						40,131
Finance Cost						(8,526)
Share of results in associates						(23)
Profit before tax						31,582
Tax expense						(6,078)
Profit after taxation						25,504
Minority interests						(4,739)
Net Profit for the period						20,765

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 30 June 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 30 June 2008 except for the following:

	Principal activity	Effective Equity Interest As At	
		30.06.2008 %	31.12.2007 %
SAAG Shipping (M) Sdn Bhd (incorporated in Malaysia)	Owning and operation of ships, tankers and maritime assets	38.25	-
SAAG (L) Limited (incorporated in Labuan)	Special purpose vehicle for issuance of the exchangeable bonds	100.00	-
Pacific Well Holdings Ltd (incorporated in Hong Kong)	Investment holding	51.00	-
Ribu Persada Sdn Bhd (incorporated in Malaysia)	Management construction	51.00	-
Total Luck Investments Limited (incorporated in British Virgin Island)	Investment holding	51.00	-
Persada Nuri Sdn Bhd (incorporated in Malaysia)	Shipyard management	35.70	-

12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at 18 August 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	413,541
Corporate guarantee given to financial institutions for performance indemnity guarantee granted to a subsidiary company	2,500
	<hr/>
	416,041

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 30 June 2008

Notes to the Interim Report

13. CAPITAL COMMITMENTS

Capital expenditure not provided for in the financial statements as at 30 June 2008 in respect of purchase of property, plant and equipment are as follows:

Approved and contracted for	<u>RM 159,360</u>
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14. RELATED PARTY TRANSACTIONS

	Current Year 2nd Quarter 30.06.2008 RM'000	Current Year To date 30.06.2008 RM'000
With an associated company : - <i>purchases of inventories</i>	2,595	3,770

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

15. REVIEW OF PERFORMANCE

For the 6 months period ended 30 June 2008, the Group's revenue dropped by 12.4%, posting total revenue of RM221.2 million as compared to the preceding year corresponding period of RM252.4 million. The drop in revenue was mainly due to the one-off sales of used equipment for workover rigs of approximately RM32 million in previous year corresponding period.

Nonetheless, the Group's profit before taxation (PBT) has improved by 36.2% to RM 31.6 million, compared to PBT of RM 23.2 million for the preceding year corresponding period mainly attributable to profits from the rigs services segment, refurbishment work for the turbo machinery/rigs coupled with the contribution from the overseas subsidiary in India.

16. QUARTERLY RESULTS COMPARISON

	Current Year 2nd Quarter 30.06.2008 RM'000	Current Year 1st Quarter 31.03.2008 RM'000
Revenue	121,473	99,772
Profit before tax	<u>13,125</u>	<u>18,457</u>

Turnover increased by 21.7% to RM 121.5 million as compared to the preceding quarter of RM 99.8 million. This was mainly attributable to the higher percentage of recognition for progressive completion of the refurbishment of turbo machinery/rigs contracts during Quarter 2. In addition, there was also a one-off sale of used workover rig equipment of approximately RM 9 million.

However, the Group's PBT for the current quarter decreased by 29.2% from RM 18.5 million to RM 13.1 million due to lower contribution from the rigs sector as a result of rig mobilization during quarter 2 coupled with higher finance costs.

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 30 June 2008

Notes to the Interim Report

17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2008

The Group has commenced recognition of revenue from its housing development project and construction of telecommunication tower contracts during the current quarter and these projects are expected to contribute positively for the remaining quarters.

The Group also continues its efforts to enhance its competitiveness in the oil and gas sector and to penetrate any new market whenever opportunity is available.

Barring unforeseen circumstances, the Directors are confident that the Group will continue to perform better for the remaining quarters in the year 2008 compared to 2007.

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 30.06.2008	Current Year To date 30.06.2008
	RM'000	RM'000
<u>Current year</u>		
Income Tax	550	4,238
Deferred Tax	718	1,840
	<u>1,268</u>	<u>6,078</u>

The effective tax rate 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 30 June 2008, the Company had not purchased nor disposed off any quoted shares.

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 30 June 2008

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 30 June 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 30 June 2008, 3,676,000 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 ("SSA") 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.

On 26 May 2008, the Company announced that the SSA dated 9 February 2007 entered between SAAG RR with Techni Bharathi Limited has lapsed. Accordingly, the management of SAAG RR will not be pursuing with the said SSA.

- 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;

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 30 June 2008

Notes to the Interim Report

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

(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 due diligence exercise and has on 20 June 2008, announced that SAAG (Mauritius) Ltd will not be pursuing the execution of a formal agreement.

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.

On 27 May 2008, the Company announced that the SSA between SAAG and Hamurabi has been duly completed and the 5,100 ordinary shares of HK\$ 1.00 each in the issued and paid-up capital of Pacific representing 51% of the total share capital of Pacific has been transferred to SAAG. Following this transfer, Pacific Well is a 51% subsidiary of SAAG.

f) On 03 December 2007, the Company announced the following proposals:

- (i) issuance of up to USD60million 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.

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 30 June 2008

Notes to the Interim Report

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

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.

On 29 May 2008, the Company announced that Bank Negara has given its approval for the Proposed Exchangeable Bond Issue vide its letter dated 23 May 2008 (which was received on 29 May 2008).

On 23 June 2008, the Company announced that resolutions pertaining to the said proposals which has been set out in the Notice of Extraordinary General Meeting ("EGM") dated 30 May 2008 and tabled at the EGM held on 23 June 2008, were duly approved by the shareholders.

On 23 June 2008, the authorized share capital of SAAG has been increased from RM 100,000,000 to RM 500,000,000.

On 10 July 2008, the company announced that 617,070,500 Split Shares and 121,395,000 Warrants pursuant to the Share Split and Adjustments shall be granted listing and quotation with effect from 9.00 a.m., Friday, 11 July 2008, being the commencement of the next market day following the Entitlement Date.

Based on the Adjustments, 109,255,500 additional warrants will be issued to Warrant holders registered in the record of depositors on Entitlement Date in proportion to their Warrant holdings in the ratio of nine (9) new Warrants for every one (1) existing Warrants held on Entitlement Date, and the exercise price of the Warrants will be revised downwards from RM2.06 to RM0.21 per Share.

The Adjustments has taken effect on 9.00 a.m. on 11 July 2008, being the commencement of the next market day following the Entitlement Date.

- 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 SC has, vide its letter dated 21 February 2008, approved the Proposed Private Placement.

On 16 July 2008, the Company has applied to the SC for an extension of time of nine (9) months from 21 August 2008 to 21 May 2009 for the Company to complete the Private Placement. However, this application is presently pending approval from the SC.

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 30 June 2008

Notes to the Interim Report

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

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.

The shareholders has on 23 June 2008 approved the above proposals.

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**").

On 26 June 2008, the Company announced that the SC has approved the Proposed Transfer vide its letter dated 24 June 2008 (which was received on 26 June 2008).

In the same letter, the Equity Compliance Unit (via the SC) has also approved the Proposed Transfer under the Foreign Investment Committee requirements.

On 30 July 2008, Bursa Securities has approved in-principal the Transfer vide its letter dated 29 July 2008.

On 08 August 2008, SAAG's entire issued and paid up share capital of RM 61,707,050 comprising 617,070,500 ordinary shares of RM 0.10 each and 121,395,000 warrants 2004/2009 has been transferred from the Second Board to the Main Board of Bursa Securities.

j) On 30 May 2008, the Company announced that its wholly-owned Singapore subsidiary, SAAG (S) Pte Ltd ("SAAGS"), has on 30 May 2008 entered into an Investment Agreement ("IA") with Deradmin Limited (In Administration) (the "Vendor or DSL"), a company incorporated in the United Kingdom with its registered office at c/o Mctear Williams & Wood, 90 St Faiths Lane, Norwich NR1 1 NE acting by its joint administrators, Andrew Ian McTear and Christopher Kenneth Williams, both of McTear Williams & Wood of 90 St Faiths Lane, Norwich, NR1 1 NE (collectively, the "Administrators"); The Administrators and Derrick Services Singapore Pte Ltd (Provisional Liquidator Appointed), a company incorporated in Singapore with its registered office at 6 Raffles Quay #20-07, John Hancock Tower Singapore 048580 ("DSS") to acquire from DSL 400,000 issued and fully paid up ordinary shares ("Sale Shares") in the share capital of DSS and for distribution to the creditors of DSS pursuant to the proposed Scheme of Compromise and Arrangement between DSS and its creditors (excluding SAAGS and its related corporations) to be made pursuant to Section 210 of the Companies Act (Cap 50, 2006 Rev Ed.) ("the Act") ("Proposed Scheme") in such proportions as the provisional liquidator may in his discretion deem fit at a total purchase consideration of USD1,000,000.00.

This proposed scheme has been unanimously approved by the creditors of DSS. On 25 August 2008, the Singapore High Court has also approved the proposed scheme.

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 30 June 2008

Notes to the Interim Report

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

k) On 20 June 2008, the Company announced that its 50.1% owned subsidiary, Proteus Global Solutions Pty Limited ("PGS") has on 17 June 2008 entered into the following Agreements:-

i) a Sale of Shares Agreement ("SSA") with Benedetto Benedetti ("Benedetti"), James Robinson ("Robinson") (Benedetti and Robinson collectively referred to as "Sellers") and LBJ Drafting Agency (Proprietary) Limited ("LBJ") to purchase 120 ordinary shares of R1.00 (One Rand) each from Benedetti and 65 ordinary shares of R1.00 (One Rand) each from Robinson in the issued and paid-up capital of LBJ representing 60% and 32.5% equity interest respectively of the entire issued share capital of LBJ ("Proposed Acquisition") at a total purchase consideration of R18 500 000.00 (Eighteen Million Five Hundred Thousand Rand); and

ii) a Shareholders' Agreement ("SA") with Robinson and LBJ wherein PGS, Robinson and LBJ wish to record in writing the terms and conditions applicable to the relationships between the shareholders of LBJ ("Shareholders") inter se and between the Shareholders and LBJ.

On 25 August 2008, the Company announced that the SSA has been duly completed. Following this acquisition, LBJ is a 92.5% subsidiary of PGS.

23. GROUP BORROWINGS

Details of the Group's bank borrowings as at 30 June 2008 are as follows:

	Current RM'000	Non-current RM'000
Unsecured	71,260	40,000
Secured	<u>55,242</u>	<u>53,951</u>
	<u>126,502</u>	<u>93,951</u>
	'000	RM '000 equivalent
Bank borrowings denominated in foreign currency –		
Singapore Dollar	<u>3,927</u>	<u>9,420</u>
Indian Rupee	<u>565,252</u>	<u>43,213</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.

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 30 June 2008

Notes to the Interim Report**25. MATERIAL LITIGATION**

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, or its value, that were unlawfully taken from Lundang Power Station, Kelantan Darul Naim on or about 30 September 2004 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 30.06.2008	Current Year To Date 30.06.2008
Net profit for the period (RM'000)	10,304	20,765
Weighted average number of ordinary shares in issue ('000)	61,651	61,651
Basic earnings per share (sen)	<u>16.71</u>	<u>33.68</u>

b) Diluted earnings per share

	Current Year Quarter 30.06.2008	Current Year To Date 30.06.2008
Net profit for the period (RM'000)	10,304	20,765
Weighted average number of ordinary shares in issue and issue able ('000)	61,651	61,651
Effect of dilution from assumed exercise of options grant under ESOS	120	120
Adjusted weighted average number of ordinary shares in issue and issue able ('000)	<u>61,771</u>	<u>61,771</u>
Diluted earnings per share (sen)	<u>16.68</u>	<u>33.62</u>

BY ORDER OF THE BOARD

ANAND SUBRAMANIAN

EXECUTIVE DIRECTOR / GROUP CHIEF EXECUTIVE OFFICER