



**Interim Report for the 4th Quarter Ended  
31 December 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		12 Months Ended	
		31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
		RM'000	RM'000	RM'000	RM'000
Revenue	16	185,464	145,867	542,130	495,959
Costs of sales		<u>(168,544)</u>	<u>(116,719)</u>	<u>(439,259)</u>	<u>(410,326)</u>
Gross profit		16,920	29,148	102,871	85,633
Other operating expenses		(20,545)	(25,673)	(56,980)	(47,812)
Other income		10,363	11,998	19,879	17,059
Profit from operations		<u>6,738</u>	<u>15,473</u>	<u>65,770</u>	<u>54,880</u>
Finance costs		(4,758)	(6,155)	(17,309)	(13,038)
Share of results in associates		1,114	341	1,337	1,095
Profit before taxation	15	<u>3,094</u>	<u>9,659</u>	<u>49,798</u>	<u>42,937</u>
Taxation	19	(1,150)	(5,095)	(9,436)	(9,884)
Net profit for the period		<u><u>1,944</u></u>	<u><u>4,564</u></u>	<u><u>40,362</u></u>	<u><u>33,053</u></u>
Attributable to:					
Minority interests		224	(659)	9,817	5,021
Equity holders of the Company		<u>1,720</u>	<u>5,223</u>	<u>30,545</u>	<u>28,032</u>
		<u><u>1,944</u></u>	<u><u>4,564</u></u>	<u><u>40,362</u></u>	<u><u>33,053</u></u>
Earnings per share (sen) *					
- basic	26	0.28	0.91	4.89	4.86
- diluted		0.28	0.90	4.89	4.82

*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.*

\* Comparative earnings per share have been restated to take into account the effect of the subdivision of ordinary share of RM1.00 each into RM0.10 each on 11 July 2008.

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

	Note	As at 31 Dec 2008 RM'000	As at 31 Dec 2007 RM'000
<b>ASSETS</b>			
<b>Non-Current assets</b>			
Property, plant and equipment		142,192	137,926
Investment properties		4,122	4,861
Investment in associates		7,384	4,895
Intangible assets	**	12,439	1,046
Deferred tax assets		1,320	2,524
		<u>167,457</u>	<u>151,252</u>
<b>Current assets</b>			
Amount due from customers for contract works		144,041	99,507
Property development costs		12,096	12,272
Inventories		16,055	37,914
Trade receivables		85,592	134,019
Other receivables, deposits and prepayments		53,274	86,767
Tax recoverable		3,875	2,897
Amount owing by an associate		-	1,688
Fixed deposits with licensed bank		147,333	147,899
Cash and bank balances		5,524	13,986
		<u>467,790</u>	<u>536,949</u>
<b>TOTAL ASSETS</b>		<u><b>635,247</b></u>	<u><b>688,201</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables		61,515	44,874
Other payables and accruals		125,575	153,969
Amounts due to customer for contract works		1,159	612
Amount owing to an associate		592	1,070
Amount owing to directors of subsidiaries		636	1,099
Hire-purchase creditors		2,762	735
Borrowings (Interest bearing)	23	102,440	125,525
Tax liabilities		10,686	7,266
		<u>305,365</u>	<u>335,150</u>
<b>Non-current liabilities</b>			
Other payables		5,869	90,655
Hire-purchase creditors		6,195	1,801
Borrowings (Interest bearing)	23	103,326	91,563
Deferred tax liabilities		12,441	9,982
		<u>127,831</u>	<u>194,001</u>
<b>Total Liabilities</b>		<u><b>433,196</b></u>	<u><b>529,151</b></u>
<b>Equity</b>			
Share capital		64,844	61,635
Reserves		108,626	76,516
<b>Issued capital and reserves attributable to equity holders of the company</b>		<u>173,470</u>	<u>138,151</u>
<b>Minority Interest</b>		<u>28,581</u>	<u>20,899</u>
<b>Total Equity</b>		<u><b>202,051</b></u>	<u><b>159,050</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>635,247</b></u>	<u><b>688,201</b></u>
Net Assets per share (RM)	*	0.27	0.22

*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.*

\* Comparative net assets per share have been restated to take into account the effect of the subdivision of ordinary share of RM1.00 each into RM0.10 each on 11 July 2008.

\*\* Intangible assets consist of Goodwill on business combination of RM 2.065 million (2007 : RM 1.046 million) and engineering and design intellectual property of RM10.374 million (2007 : Nil), additions of which arose from acquisition of subsidiaries during the year. Engineering and design intellectual property retained within the company being the owner to the technical drawings for the engineering and design work has been valued based on input as to manhours & technical knowhow which would be required to develop such intellectual property which will be used by the subsidiary for oil & gas related fabrication and engineering projects.

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
<b>At 1 January 2007</b>	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)
<b>At 31 December 2007</b>	<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>
<b>At 1 January 2008</b>	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	3,198	3,516	-	-	-	-	6,714	-	6,714
Treasury shares	-	-	-	-	-	-	-	-	-	-
Acquisition of subsidiary company	-	-	-	-	-	-	-	-	126	126
Translation adjustment for the period	-	-	-	-	634	-	-	634	(2,164)	(1,530)
Reserve realised upon exercise of ESOS	-	1	-	(1)	-	-	-	-	-	-
Share option lapsed	-	-	-	(1)	-	-	1	-	-	-
Share issue expenses	-	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	30,545	30,545	9,817	40,362
Dividend payable in respect of previous financial year	-	-	-	-	-	-	(2,588)	(2,588)	-	(2,588)
Dividend paid to minority interest	-	-	-	-	-	-	-	-	(97)	(97)
<b>At 31 December 2008</b>	<u>64,844</u>	<u>33,781</u>	<u>(1,767)</u>	<u>11</u>	<u>600</u>	<u>840</u>	<u>75,161</u>	<u>173,470</u>	<u>28,581</u>	<u>202,051</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)

	12 months ended 31 Dec 2008 RM'000	12 months ended 31 Dec 2007 RM'000
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Profit before taxation	49,798	42,937
Adjustments for:-		
Non-cash items	12,415	12,402
Non-operating items	10,565	6,247
	<hr/>	<hr/>
Operating profit before working capital changes	72,778	61,586
Net change in current assets	47,082	(45,009)
Net change in current liabilities	(102,629)	(106,129)
Cash generated from / (used in) operations	<hr/> 17,231	<hr/> (89,552)
Tax paid	(2,715)	(7,938)
Tax refund	-	223
Net cash from / (used in) operating activities	<hr/> 14,516	<hr/> (97,267)
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		
Other investments	(5,920)	841
Net change in property, plant and equipment	(12,933)	(1,824)
(Increase)/Decrease in fixed deposit pledged	6,388	(6,274)
Development costs	177	(9,689)
Net cash used in investing activities	<hr/> (12,288)	<hr/> (16,946)
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		
Proceeds from shares issued	6,728	25,705
Proceeds from issue of shares to minority shareholders	127	476
Repurchase of shares	-	(1,767)
Borrowings	(18,706)	99,706
Interest paid	(11,902)	(7,343)
Dividend paid	(2,588)	(1,732)
Dividend paid to minority shareholders	(97)	(2,146)
Net cash from / (used in) financing activities	<hr/> (26,438)	<hr/> 112,899
Net change in cash & cash equivalents	(24,210)	(1,314)
Effect of foreign exchange fluctuations	6,246	(2,357)
Cash & cash equivalents brought forward	<hr/> 11,323	<hr/> 14,994
Cash & cash equivalents carried forward	<hr/> (6,641)	<hr/> 11,323
<b>Cash and cash equivalents comprise the following balance sheet amounts:</b>		
Cash and bank balances	5,524	13,986
Bank overdrafts	(41,244)	(25,920)
Fixed deposits with licensed banks	<hr/> 147,333	<hr/> 147,899
	111,613	135,965
Less: Fixed deposit pledged	(118,254)	(124,642)
	<hr/> (6,641)	<hr/> 11,323

*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 31 December 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 on or after 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 <sup>2004</sup> - 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 and the consequential amendments resulting from FRS 139 are mandatory for annual financial periods beginning on or after 1 January 2010.

#### 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 December 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	Proceeds From Share Issue	Number Of Shares	Proceeds From Share Issue
	'000	RM'000	'000	RM'000
<b><u>Before share split</u></b>				
Issuance of new ordinary shares of RM1 each pursuant to employees exercising their options under the Employees' Share Option Scheme	0	0	11	14
Issuance of new ordinary shares of RM1 each pursuant to Exercise of Warrants	0	0	61	125
<b><u>After share split</u></b>				
Issuance of new ordinary shares of RM0.10 each pursuant to Exercise of Warrants	23,516	4,938	31,374	6,589

The proceeds raised from the exercise of warrants and ESOS of RM 6,728,807 were utilized for the Group's working capital requirement.

On 10 July 2008, the Company has subdivided its 61,707,050 ordinary share of RM 1 each into 617,070,500 ordinary share of RM 0.10 each ("Share Split"). The Share Split was completed with the listing and quotation of the new shares on the Main Board of Bursa Malaysia Securities on 11 July 2008.

## SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 December 2008

### Notes to the Interim Report

#### 7. DIVIDENDS

A first and final gross dividend of 5.0 sen per ordinary share of RM1 each, comprising 3.0 sen per ordinary share of RM1 each less tax and 2.0 sen per ordinary share of RM1 each tax exempt dividend, amounted to RM 2,587,951 was paid on 15 July 2008.

#### 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
* Marine logistics & support : Ownership, construction & operations	Provision of shipbuilding, ship chartering, repair & maintenance, maritime transportation and logistics provider for the oil & gas and shipping industries.
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

\* The Group has commenced its marine logistics & support : ownership, construction & operations segment for the marine logistics construction contract during 3<sup>rd</sup> Quarter, 2008.



**SAAG CONSOLIDATED (M) BHD**

Interim report for the quarter ended 31 December 2008

**Notes to the Interim Report**

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

	← Oil And Gas →					Construction, infrastructure and project management	Others	Group
	Investment holding	Trading, Maintenance, Repair & Overhaul	Rig services	Manpower consultancy, design and engineering services	Marine logistics & support : Ownership, construction & operations			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	-	210,081	41,030	181,662	37,632	71,725	-	542,130
Segment results	(14,985)	45,382	15,666	5,838	2,408	6,713	(659)	60,363
Unallocated corporate income								5,407
Unallocated corporate expenses								-
Profit from operations								65,770
Finance Cost								(17,309)
Share of results in associates								1,337
Profit before tax								49,798
Tax expense								(9,436)
Profit after taxation								40,362
Minority interests								(9,817)
Net Profit for the period								30,545

## SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 December 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 December 2008 except for the following:

	Principal activity	Effective Equity Interest As At	
		31.12.2008 %	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 Islands)	Investment holding	51.00	-
Persada Nuri Sdn Bhd (Incorporated in Malaysia)	Shipyard management	35.70	-
LBJ Drafting Agency CC (Incorporated in South Africa)	Suppliers of drafting personnel to the engineering and mining industries	46.34	-
SAAG Oilfield Engineering (S) Private Limited (Formerly known as Derrick Services (Singapore) Pte Ltd) (Incorporated in Singapore)	Provision of services to the oil and gas industry, including the fabrication and manufacturing of structures	100%	-
Eurospiraal Technology Inc. (Formerly known as Eurospiraal Patents Inc.) (Incorporated in British Virgin Islands)	Patents, trademark and intellectual proprietary rights for technology of offshore pipeline engineering	60%	-

**SAAG CONSOLIDATED (M) BHD**

Interim report for the quarter ended 31 December 2008

**Notes to the Interim Report**

	Principal activity	Effective Equity Interest As At	
		31.12.2008	31.12.2007
Eurospiraal Services (HK) Limited (Incorporated in Hong Kong)	Engineering, contracting, commissioning and marketing of onshore and offshore pipeline and installation	% 60%	% -

**12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There were no significant changes in contingent liabilities since the last annual balance sheet date.

**13. CAPITAL COMMITMENTS**

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

Approved and contracted for	<u>RM 117,529</u>
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**14. RELATED PARTY TRANSACTIONS**

	Current Year 4th Quarter 31.12.2008 RM'000	Current Year To date 31.12.2008 RM'000
With an associated company : - <i>purchases of inventories</i>	732	5,507

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

**15. REVIEW OF PERFORMANCE**

The Group's revenue has increased 9.3% to RM 542.1 million, compared to RM 496.0 million in preceding year. Correspondingly, the profit before taxation (PBT) has improved to RM 49.8 million compared to RM 43.0 million in preceding year.

The increase in revenue of RM 46.1 million was mainly attributed from the marine logistics & support segment which commenced in 3<sup>rd</sup> quarter during the year under review.

Improvement of RM 6.8 million in PBT for the year as compared to preceding year was mainly contributed by the marine logistics & support and rig services segments.

## SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 December 2008

### Notes to the Interim Report

#### 16. QUARTERLY RESULTS COMPARISON

	Current Year 4th Quarter 31.12.2008 RM'000	Current Year 3rd Quarter 30.09.2008 RM'000
Revenue	185,464	135,421
Profit before tax	<u>3,094</u>	<u>15,122</u>

Revenue increased by 37% to RM 185.5 million as compared to the preceding quarter of RM 135.4 million. The increase in revenue was mainly attributable to the consolidation of results of a subsidiary, LBJ Drafting Agency CC, South Africa, acquired by Proteus Global Solutions Pty Ltd, during current quarter.

Despite an increase in revenue, the Group's PBT has declined by 79.4% from RM 15.1 million to RM 3.1 million mainly due to the lower profit margin of the newly acquired subsidiary and trading division. In addition, there was also loss of contribution from the Group's rig segment following the completion of the workover service contract with Exxon Mobil together with lower recognition of profit based on the progressive percentage of completion method for the turbo machinery / rigs business.

#### 17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2009

The Group expects the slow down in world economy and the financial crunch will impact prospects of the Group in Year 2009. In particular the fund raising activity which has not progressed according to the timeline as planned will affect the growth into 2009.

Despite the tough market condition and uncertainty in the economic outlook, the Group will continue to focus on its effort to raise funds as a measure to enhance the cash flow position of the Group while ensuring sustainability of its businesses during this low economic activity period. Emphasis will be put to reduce costs and be competitive in areas of business involving providing services to clients and operations.

#### 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 31.12.2008 RM'000	Current Year To date 31.12.2008 RM'000
<u>Current year</u>		
Income Tax	113	5,674
Deferred Tax	1,181	3,755
<u>Prior year</u>		
Under / (Over) Provision of Income Tax	(144)	7
	<u>1,150</u>	<u>9,436</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.

## SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 December 2008

### Notes to the Interim Report

#### 20. SALE/PURCHASE OF UNQUOTED INVESTMENTS AND PROPERTIES

There was no sale of unquoted investments during the financial period under review.

However, 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. The disposal has been duly completed on 21 August 2008 which resulted in a loss on disposal of Singapore Dollar 50,000 (equivalent to RM117,597).

#### 21. QUOTED SECURITIES

As at 31 December 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 December 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 December 2008, 3,676,000 options have been exercised.

- b) 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") which constitute 40% of entire issued and paid up capital of SIL to Keppel Oil or its nominees. This agreement is presently pending completion.

- c) 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

## SAAG CONSOLIDATED (M) BHD

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### Notes to the Interim Report

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

- (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.

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 have 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.

The Company has completed the share split and the increase in authorized share capital.

On 29 September 2008, the Company announced that the SC has, vide its letter dated 26 September 2008 (which was received on 29 September 2008), granted an extension of time of nine (9) months, i.e. up to 9 July 2009, for the Company to complete the implementation of the Proposed Rights Issue and the issuance of new SAAG ordinary shares in connection with the Proposed Exchangeable Bonds Issue.

- d) 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.

The SC has, vide its letter dated 27 August 2008, granted an extension of time of six (6) months, up to 20 February 2009, for the Company to complete the implementation of the Proposed Private Placement.

On 22 January 2009, the Company has applied to the SC for a further extension of time of six (6) months from 21 February 2009 to 20 August 2009 for the Company to complete the Private Placement.

The SC has, vide its letter dated 13 February 2009, granted an extension of time of six (6) months, up to 20 August 2009, for the Company to complete the implementation of the Proposed Private Placement.

## SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 December 2008

### Notes to the Interim Report

#### 23. GROUP BORROWINGS

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

	<b>Current RM'000</b>	<b>Non-current RM'000</b>
Unsecured	52,633	48,340
Secured	49,807	54,986
	<u>102,440</u>	<u>103,326</u>

  

	<b>'000</b>	<b>RM '000 equivalent</b>
Bank borrowings denominated in foreign currency –		
Singapore Dollar	<u>3,454</u>	<u>8,340</u>
Indian Rupee	<u>480,041</u>	<u>34,707</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

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 1<sup>st</sup> and 3<sup>rd</sup> Defendants in the sum of RM1,500,000 with interest and costs. The matter has been withdrawn against the 2<sup>nd</sup> Defendant. The Company has recently consented to set aside the judgment in default against the 1<sup>st</sup> Defendant and to proceed with trial against the 1<sup>st</sup> Defendant. The Company has filed the proof of debt against the 3<sup>rd</sup> Defendant on 29 January 2008, who has been adjudicated a bankrupt. Parties are in the course of exploring the possibility of an amicable settlement. The matter is fixed for a mention on 7 April 2009.

**SAAG CONSOLIDATED (M) BHD**

Interim report for the quarter ended 31 December 2008

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

	<b>Current Year Quarter 31.12.2008</b>	<b>Current Year To Date 31.12.2008</b>
Net profit for the period (RM'000)	1,720	30,545
Weighted average number of ordinary shares in issue ('000)	624,332 *	624,332 *
Basic earnings per share (sen)	<u>0.28</u>	<u>4.89</u>

**b) Diluted earnings per share**

	<b>Current Year Quarter 31.12.2008</b>	<b>Current Year To Date 31.12.2008</b>
Net profit for the period (RM'000)	1,720	30,545
Weighted average number of ordinary shares in issue and issue able ('000)	624,332 *	624,332 *
Effect of dilution from assumed exercise of options grant under ESOS	526 *	526 *
Adjusted weighted average number of ordinary shares in issue and issue able ('000)	<u>624,858</u>	<u>624,858</u>
Diluted earnings per share (sen)	<u>0.28</u>	<u>4.89</u>

\* The weighted average number of ordinary shares is based on the enlarged share capital due to the share split exercise involving subdivision of ordinary shares of RM1 each into RM0.10 each which was completed on 11 July 2008.

BY ORDER OF THE BOARD

ANAND SUBRAMANIAN

**EXECUTIVE DIRECTOR / GROUP CHIEF EXECUTIVE OFFICER**