



**Interim Report for the 2nd Quarter Ended**

**30 June 2009**

**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   |
|   |      | 30 Jun 2009        | 30 Jun 2008     | 30 Jun 2009        | 30 Jun 2008      |
|   |      | RM'000             | RM'000          | RM'000             | RM'000           |
|   |      |                    | (**Restated)    |                    | (**Restated)     |
| <b>Continuing operations</b>                                    |      |                    |                 |                    |                  |
| Revenue   | 15   | 58,684             | 98,217          | 114,886            | 177,608          |
| Costs of sales  |      | <u>(49,511)</u>    | <u>(72,092)</u> | <u>(94,540)</u>    | <u>(128,218)</u> |
| Gross profit  |      | 9,173              | 26,125          | 20,346             | 49,390           |
| Other operating expenses  |      | (11,027)           | (7,685)         | (18,940)           | (13,281)         |
| Other income  |      | 3,481              | 460             | 4,406              | 4,012            |
| Profit from operations  |      | <u>1,627</u>       | <u>18,900</u>   | <u>5,812</u>       | <u>40,121</u>    |
| Finance costs   |      | (4,745)            | (5,137)         | (9,486)            | (8,524)          |
| Share of results in associates                                  |      | 643                | (114)           | 1,056              | (149)            |
| Profit / (loss) before taxation                                 | 15   | <u>(2,475)</u>     | <u>13,649</u>   | <u>(2,618)</u>     | <u>31,448</u>    |
| Taxation  | 19   | <u>(16)</u>        | <u>(1,268)</u>  | <u>(75)</u>        | <u>(6,078)</u>   |
| Net profit / (loss) for the period from continuing operations   |      | <u>(2,491)</u>     | <u>12,381</u>   | <u>(2,693)</u>     | <u>25,370</u>    |
| <b>Discontinued operations</b>                                  |      |                    |                 |                    |                  |
| Net profit / (loss) for the period from discontinued operations | 26   | -                  | (524)           | 1,694              | 134              |
| Gain on disposal of discontinued operations                     | 11   | 2,747              | -               | 2,747              | -                |
| Net profit for the period                                       |      | <u>256</u>         | <u>11,857</u>   | <u>1,748</u>       | <u>25,504</u>    |
| Attributable to:  |      |                    |                 |                    |                  |
| Equity holders of the Company                                   |      |                    |                 |                    |                  |
| - from continuing operations                                    |      | 854                | 10,828          | 1,922              | 20,631           |
| - from discontinued operations                                  |      | <u>2,747</u>       | <u>(524)</u>    | <u>3,334</u>       | <u>134</u>       |
|   |      | <u>3,601</u>       | <u>10,304</u>   | <u>5,256</u>       | <u>20,765</u>    |
| Minority interests  |      | (3,345)            | 1,553           | (3,508)            | 4,739            |
|   |      | <u>256</u>         | <u>11,857</u>   | <u>1,748</u>       | <u>25,504</u>    |
| Earnings per share (sen) *                                      |      |                    |                 |                    |                  |
| ● Basic   |      |                    |                 |                    |                  |
| - from continuing operations                                    |      | 0.13               | 1.75            | 0.28               | 3.35             |
| - from discontinued operations                                  |      | <u>0.40</u>        | <u>(0.08)</u>   | <u>0.49</u>        | <u>0.02</u>      |
|   |      | <u>0.53</u>        | <u>1.67</u>     | <u>0.77</u>        | <u>3.37</u>      |
| ● Diluted   |      |                    |                 |                    |                  |
| - from continuing operations                                    |      | 0.13               | 1.75            | 0.28               | 3.35             |
| - from discontinued operations                                  |      | <u>0.40</u>        | <u>(0.08)</u>   | <u>0.49</u>        | <u>0.02</u>      |
|   |      | <u>0.53</u>        | <u>1.67</u>     | <u>0.77</u>        | <u>3.37</u>      |

*The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2008 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.

\*\* The comparative figures have been restated in view of the discontinued operations (Note 26)

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

|  | Note | As at 30 Jun 2009<br>RM'000 | As at 31 Dec 2008<br>RM'000 |
|--|------|-----------------------------|-----------------------------|
| <b>ASSETS</b>  |      |                             |                             |
| <b>Non-Current assets</b>  |      |                             |                             |
| Property, plant and equipment  |      | 165,798                     | 164,579                     |
| Investment properties  |      | 4,174                       | 4,122                       |
| Investment in associates   |      | 7,454                       | 6,608                       |
| Intangible assets  |      | 11,952                      | 18,556                      |
| Deferred tax assets  |      | 511                         | 1,072                       |
|  |      | <u>189,889</u>              | <u>194,937</u>              |
| <b>Current assets</b>  |      |                             |                             |
| Amount due from customers for contract works                                     |      | 63,242                      | 90,816                      |
| Property development costs   |      | 12,113                      | 12,096                      |
| Inventories  |      | 1,981                       | 1,168                       |
| Trade receivables  |      | 74,159                      | 114,896                     |
| Other receivables, deposits and prepayments                                      |      | 74,114                      | 65,704                      |
| Tax recoverable  |      | 1,807                       | 2,171                       |
| Amount owing by an associate   |      | 4,685                       | 3,611                       |
| Fixed deposits with licensed bank  |      | 103,822                     | 138,174                     |
| Cash and bank balances   |      | 6,099                       | 14,566                      |
|  |      | <u>342,022</u>              | <u>443,202</u>              |
| <b>TOTAL ASSETS</b>  |      | <u><b>531,911</b></u>       | <u><b>638,139</b></u>       |
| <b>EQUITY AND LIABILITIES</b>  |      |                             |                             |
| <b>Current liabilities</b>   |      |                             |                             |
| Trade payables   |      | 23,210                      | 64,477                      |
| Other payables and accruals  |      | 54,142                      | 130,399                     |
| Amounts due to customer for contract works                                       |      | 431                         | 2,085                       |
| Amount owing to an associate   |      | -                           | 592                         |
| Amount owing to directors of subsidiaries  |      | 1,125                       | 399                         |
| Hire-purchase creditors  |      | 589                         | 1,748                       |
| Borrowings (Interest bearing)  | 23   | 115,552                     | 126,051                     |
| Tax liabilities  |      | 4,433                       | 8,810                       |
|  |      | <u>199,482</u>              | <u>334,561</u>              |
| <b>Non-current liabilities</b>   |      |                             |                             |
| Other payables   |      | 2,934                       | 7,593                       |
| Hire-purchase creditors  |      | 4,302                       | 4,247                       |
| Borrowings (Interest bearing)  | 23   | 78,491                      | 78,924                      |
| Deferred tax liabilities   |      | 10,413                      | 10,941                      |
|  |      | <u>96,140</u>               | <u>101,705</u>              |
| <b>Total Liabilities</b>   |      | <u>295,622</u>              | <u>436,266</u>              |
| <b>Equity</b>  |      |                             |                             |
| Share capital  |      | 75,158                      | 64,844                      |
| Reserves   |      | 125,636                     | 109,019                     |
| <b>Issued capital and reserves attributable to equity holders of the company</b> |      | <u>200,794</u>              | <u>173,863</u>              |
| <b>Minority Interest</b>   |      | 17,778                      | 28,010                      |
| <b>Total Equity</b>  |      | <u>218,572</u>              | <u>201,873</u>              |
| <b>Share application monies received</b>   | 6 #  | 17,717                      | -                           |
|  |      | <u>236,289</u>              | <u>201,873</u>              |
|  |      | <u><b>531,911</b></u>       | <u><b>638,139</b></u>       |
| Net Assets per share (RM)  |      | 0.27                        | 0.27                        |

*The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.*

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<br>RM'000 | Total equity<br>RM'000 |
|---|---|-------------------------|---------------------------|--------------------------------|---|---------------------------|---------------------------|-----------------|-----------------------------|------------------------|
|   | Share capital<br>RM'000                       | Share premium<br>RM'000 | Treasury shares<br>RM'000 | Share option reserve<br>RM'000 | Currency translation adjustment reserve<br>RM'000 | Capital reserve<br>RM'000 | Retained profit<br>RM'000 | Total<br>RM'000 |                             |                        |
| <b>At 1 January 2008</b>                            | 61,635  | 30,261                  | (1,767)                   | 13                             | (34)  | 840                       | 47,203                    | 138,151         | 20,898                      | 159,049                |
| Issue of share capital arising from:                |   |                         |                           |                                |   |                           |                           |                 |                             |                        |
| - exercise of ESOS                                  | 11  | 3                       | -                         | -                              | -   | -                         | -                         | 14              | -                           | 14                     |
| - exercise of warrants                              | 3,198   | 3,516                   | -                         | -                              | -   | -                         | -                         | 6,714           | -                           | 6,714                  |
| Acquisition of subsidiaries                         | -   | -                       | -                         | -                              | -   | -                         | -                         | -               | 111                         | 111                    |
| Subsidiaries newly incorporated                     | -   | -                       | -                         | -                              | -   | -                         | -                         | -               | 26                          | 26                     |
| Changes in equity interest in subsidiaries          | -   | -                       | -                         | -                              | -   | -                         | -                         | -               | 74                          | 74                     |
| Effect of dilution                                  | -   | -                       | -                         | -                              | -   | -                         | 7                         | 7               | (7)                         | -                      |
| Translation adjustment for the year                 | -   | -                       | -                         | -                              | 1,066   | -                         | -                         | 1,066           | (1,344)                     | (278)                  |
| Reserve realised upon exercise of ESOS              | -   | 1                       | -                         | (1)                            | -   | -                         | -                         | -               | -                           | -                      |
| Share option lapsed                                 | -   | 1                       | -                         | (1)                            | -   | -                         | -                         | -               | -                           | -                      |
| Net profit for the year                             | -   | -                       | -                         | -                              | -   | -                         | 30,499                    | 30,499          | 8,349                       | 38,848                 |
| Dividend paid 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>33,782</u>           | <u>(1,767)</u>            | <u>11</u>                      | <u>1,032</u>                                      | <u>840</u>                | <u>75,121</u>             | <u>173,863</u>  | <u>28,010</u>               | <u>201,873</u>         |
| <b>At 1 January 2009</b>                            | 64,844  | 33,782                  | (1,767)                   | 11                             | 1,032   | 840                       | 75,121                    | 173,863         | 28,010                      | 201,873                |
| Issue of share capital arising from:                |   |                         |                           |                                |   |                           |                           |                 |                             |                        |
| - exercise of ESOS                                  | 6   | 1                       | -                         | -                              | -   | -                         | -                         | 12              | -                           | 12                     |
| - exercise of warrants                              | 6   | 4,199                   | -                         | -                              | -   | -                         | -                         | 8,017           | -                           | 8,017                  |
| - private placement                                 | 6   | 7,126                   | -                         | -                              | -   | -                         | -                         | 13,611          | -                           | 13,611                 |
| Translation adjustment for the period               | -   | -                       | -                         | -                              | 45  | -                         | -                         | 45              | (429)                       | (384)                  |
| Share issue expenses                                | -   | (10)                    | -                         | -                              | -   | -                         | -                         | (10)            | -                           | (10)                   |
| Changes of equity interest in subsidiaries          | -   | -                       | -                         | -                              | -   | -                         | -                         | -               | 140                         | 140                    |
| Disposal of subsidiary                              | 11  | -                       | -                         | -                              | -   | -                         | -                         | -               | (6,031)                     | (6,031)                |
| Net profit for the period                           | -   | -                       | -                         | -                              | -   | -                         | 5,256                     | 5,256           | (3,508)                     | 1,748                  |
| Dividend paid to minority interest                  | -   | -                       | -                         | -                              | -   | -                         | -                         | -               | (404)                       | (404)                  |
| <b>At 30 June 2009</b>                              | <u>75,158</u>                                 | <u>45,098</u>           | <u>(1,767)</u>            | <u>11</u>                      | <u>1,077</u>                                      | <u>840</u>                | <u>80,377</u>             | <u>200,794</u>  | <u>17,778</u>               | <u>218,572</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 2008 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<br>30 Jun 2009<br>RM'000 | 6 months ended<br>30 Jun 2008<br>RM'000 |
|--|---|---|
| <b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>                          |   |   |
| Profit / (loss) before taxation  |   |   |
| Continuing operations  | (2,618)                                 | 31,448                                  |
| Discontinued operations  | 5,288                                   | 134                                     |
| Adjustments for:-  |   |   |
| Non-cash items   | (4,525)                                 | 6,679                                   |
| Non-operating items  | 7,016                                   | 7,118                                   |
| Operating profit before working capital changes                                | <u>5,161</u>                            | <u>45,379</u>                           |
| Net change in current assets   | 5,573                                   | 70,757                                  |
| Net change in current liabilities  | <u>(95,629)</u>                         | <u>(112,468)</u>                        |
| Cash from / (used in) operations   | (84,895)                                | 3,668                                   |
| Tax paid   | <u>(2,751)</u>                          | <u>(2,562)</u>                          |
| Net cash from / (used in) operating activities                                 | <u>(87,646)</u>                         | <u>1,106</u>                            |
| <b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>                          |   |   |
| Other investments  | -                                       | (1,319)                                 |
| Net change in property, plant and equipment                                    | (4,972)                                 | (9,994)                                 |
| Decrease in fixed deposit pledged  | 15,666                                  | (1,496)                                 |
| Development costs  | (17)                                    | (1,887)                                 |
| Net cash movement from disposal of subsidiary                                  | 13,159                                  | -                                       |
| Net cash from / (used in) investing activities                                 | <u>23,836</u>                           | <u>(14,696)</u>                         |
| <b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>                          |   |   |
| Proceeds from shares issued  | 39,347                                  | 30                                      |
| Proceeds from issue of shares to minority shareholders                         | 2                                       | 25                                      |
| Share application monies received  | 17,717                                  | -                                       |
| Borrowings   | (14,605)                                | (1,783)                                 |
| Interest paid  | (8,072)                                 | (7,097)                                 |
| Dividend paid to minority shareholders   | (404)                                   | -                                       |
| Net cash from / (used in) financing activities                                 | <u>33,985</u>                           | <u>(8,825)</u>                          |
| Net change in cash & cash equivalents  | (29,825)                                | (22,415)                                |
| Effect of foreign exchange fluctuations  | (1,241)                                 | 1,291                                   |
| Cash & cash equivalents brought forward  | <u>(6,615)</u>                          | <u>11,323</u>                           |
| Cash & cash equivalents carried forward  | <u>(37,681)</u>                         | <u>(9,801)</u>                          |
| <b>Cash and cash equivalents comprise the following balance sheet amounts:</b> |   |   |
| Cash and bank balances   | 6,099                                   | 20,517                                  |
| Bank overdrafts  | (44,938)                                | (35,419)                                |
| Fixed deposits with licensed banks   | <u>103,822</u>                          | <u>131,239</u>                          |
|  | 64,983                                  | 116,337                                 |
| Less: Fixed deposit pledged  | (102,664)                               | (126,138)                               |
|  | <u>(37,681)</u>                         | <u>(9,801)</u>                          |

*The condensed consolidated cashflow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.*

## SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 30 June 2009

### 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 2008.

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 2008.

##### 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 2008.

The following FRSs and Interpretations were issued but not yet effective.

|                      |   | <b>Effective for<br/>financial<br/>periods<br/>beginning on or<br/>after</b> |
|----------------------|---|--|
| FRS 4                | Insurance Contracts                                 | 1 January 2010   |
| FRS 7                | Financial Instruments : Disclosures                 | 1 January 2010   |
| FRS 8                | Operating Segments                                  | 1 July 2009  |
| FRS 139              | Financial Instruments : Recognition and Measurement | 1 January 2010   |
| IC Interpretation 9  | Reassessment of Embedded Derivatives                | 1 January 2010   |
| IC Interpretation 10 | Interim Financial Reporting and Impairment          | 1 January 2010   |

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

The adoptions of the other FRSs and Interpretations above have no significant impact on the financial statements to the Group and the Company.

#### 2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The latest audited financial statements for the financial year ended 31 December 2008 were not subject to any qualification.

#### 3. SEASONAL OR CYCLICAL FACTORS

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

## SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 30 June 2009

### Notes to the Interim Report

#### 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<br>Of<br>Shares<br><br>'000 | Proceeds<br>From<br>Share<br>Issue<br>RM'000 | Number<br>Of<br>Shares<br><br>'000 | Proceeds<br>From<br>Share<br>Issue<br>RM'000 |
| Issuance of new ordinary shares of RM0.10 each pursuant to employees exercising their options under the Employees' Share Option Scheme | <u>108</u>                         | <u>12</u>                                    | <u>108</u>                         | <u>12</u>                                    |
| Issuance of new ordinary shares of RM0.10 each pursuant to Exercise of Warrants  | <u>38,180</u>                      | <u>8,017</u>                                 | <u>38,180</u>                      | <u>8,017</u>                                 |
| Issuance of new ordinary shares of RM0.10 each pursuant to Exercise of Private Placements  | <u>64,844</u>                      | <u>13,611</u>                                | <u>64,844</u>                      | <u>13,611</u>                                |

# Share application monies received refers to monies received pursuant to the 1<sup>st</sup> tranche of the Exchangeable Bonds of USD 5 million nominal value issued on 22 June 2009 which was subsequently converted into 55,420,000 new ordinary shares of RM0.10 each on 28 July 2009.

#### 7. DIVIDENDS

There were no dividends paid during the current quarter.

## SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 30 June 2009

### 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  |
| 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              |



## SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 30 June 2009

### Notes to the Interim Report

Segment information for the current financial period to 30 June 2009 is as follows:

|   | ← Oil And Gas →    |   |              |   |   |   | Others | Group   |
|---|--------------------|---|--------------|---|---|---|--------|---------|
|   | Investment holding | Trading, Maintenance, Repair & Overhaul | Rig services | Manpower consultancy, design and engineering services | Marine logistics & support : Ownership, construction & operations | Construction, infrastructure and project management |        |         |
|   | RM'000             | RM'000                                  | RM'000       | RM'000  | RM'000  | RM'000  |        |         |
| Revenue                                       | -                  | 73,272                                  | 2,291        | 2,535   | 25,088  | 11,700  | -      | 114,886 |
| Segment results                               | (4,281)            | 11,632                                  | (1,161)      | (1,985)   | 5,145   | (4,496)   | (456)  | 4,398   |
| Unallocated corporate income                  |                    |   |              |   |   |   |        | 1,414   |
| Unallocated corporate expenses                |                    |   |              |   |   |   |        | -       |
| Gain from operations                          |                    |   |              |   |   |   |        | 5,812   |
| Finance Cost                                  |                    |   |              |   |   |   |        | (9,486) |
| Share of results in associates                |                    |   |              |   |   |   |        | 1,056   |
| Loss before tax                               |                    |   |              |   |   |   |        | (2,618) |
| Tax expense                                   |                    |   |              |   |   |   |        | (75)    |
| Loss after taxation                           |                    |   |              |   |   |   |        | (2,693) |
| Profit from discontinued operations           |                    |   |              |   |   |   |        | 1,694   |
| Gain from disposal of discontinued operations |                    |   |              |   |   |   |        | 2,747   |
| Minority interests                            |                    |   |              |   |   |   |        | 1,748   |
| Net profit for the period                     |                    |   |              |   |   |   |        | 3,508   |
|   |                    |   |              |   |   |   |        | 5,256   |

## SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 30 June 2009

### 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 2009 except for the following:

|   |  | Effective Equity Interest As At |            |
|---|--|---------------------------------|------------|
|   | Principal activity   | 30.06.2009                      | 31.12.2008 |
|   |  | %                               | %          |
| Proteus Global Solutions Pty. Ltd.<br>(Incorporated in Australia)           | Provision of engineering consultancy, project management and specialist manpower services to the oil and gas, power generation and infrastructure based industries | -                               | 50.10      |
| Proteus Global Energy Consultant Pty.Ltd.<br>(Incorporated in Australia)    | Placement of consultants to the upstream oil and gas industry  | -                               | 37.58      |
| Proteus Surveyspec Pty. Ltd.<br>(Incorporated in Australia)                 | Engineering design and consultancy services  | -                               | 25.55      |
| LBJ Drafting Agency (Proprietary) Limited<br>(Incorporated in South Africa) | Suppliers of drafting personnel to the engineering and mining industries   | -                               | 46.34      |
| Proteus Global Infrastructure Pty Ltd<br>(Incorporated in Australia)        | Infrastructure project development and management  | -                               | 10.02      |
| Proteus Energy Ltd<br>(Incorporated in India)                               | Provision of integrated and design engineering, project management and manpower services   | 71.89                           | 47.44      |
| Proteus SAAG Sdn Bhd<br>(Incorporated in Malaysia)                          | Provision of engineering consultancy, project management and specialist manpower services to the oil and gas, power generation and infrastructure based industries | 40.80                           | 50.82      |

## SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 30 June 2009

### Notes to the Interim Report

#### 11. CHANGES IN THE COMPOSITION OF THE GROUP (con't)

The Company had on 23 April 2009 announced that it had on 22 April 2009 entered into a Share Purchase Agreement ("SPA") with Alan Albert Croxson, Gregory Allan Forbes in his personal capacity and as trustee for the Forbes Family Trust, Jason Lenko Antunovich and Hollybush Holdings Pty Ltd as trustee for the Harrup Family Trust ("the Purchasers") to dispose off its entire 402 ordinary shares ("the said shares") held in the capital of Proteus Global Solutions Pty Ltd ("PGS") representing 50.1% of its equity interest in PGS ("Shares") to the Purchasers for a total cash consideration of Australian Dollars Five Million Three Hundred Six Thousand Four Hundred Only (AUD5,306,400).

The conditions precedent to the SPA have been met and PGS is no longer a subsidiary of the Company with effect from 22 April 2009.

The gain arising from the above disposal is derived as follows:

|   | RM'000   |
|---|----------|
| Property, plant and equipment                           | 924      |
| Investment in associate companies                       | 362      |
| Goodwill on consolidation                               | 6,686    |
| Deferred tax assets                                     | 499      |
| Amount due from contract customers                      | 4,672    |
| Trade receivables                                       | 29,625   |
| Other receivables                                       | 3,514    |
| Cash and bank balances                                  | 11,144   |
| Amount due from associate company                       | 26       |
| Trade payables  | (13,635) |
| Other payables  | (24,243) |
| Amount due to associate company                         | (1,388)  |
| Amount due to contract customers                        | (1,764)  |
| Tax liabilities   | (2,279)  |
| Deferred creditors                                      | (1,789)  |
| Deferred tax liabilities                                | (544)    |
|   | <hr/>    |
|   | 11,810   |
| Minority interest                                       | (6,031)  |
|   | <hr/>    |
| Net assets disposed                                     | 5,779    |
| Exchange differences realised                           | (229)    |
| Gain on disposal  | 2,747    |
|   | <hr/>    |
| Net consideration received                              | 8,297    |
|   | <hr/>    |
| Total consideration as per SPA                          | 13,558   |
| Less : Foreign exchange hedging cost                    | (5,261)  |
|   | <hr/>    |
| Net consideration received                              | 8,297    |
| Less : Cash and cash equivalents in subsidiary disposed | (11,144) |
|   | <hr/>    |
| Net cash movement from disposal of subsidiary           | (2,847)  |
|   | <hr/>    |

#### 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 30 June 2009 in respect of purchase of property, plant and equipment are as follows:

Approved and contracted for

RM 69,721

## SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 30 June 2009

### Notes to the Interim Report

#### 14. RELATED PARTY TRANSACTIONS

|   | Current Year<br>2nd Quarter<br>30.06.2009<br>RM'000 | Current Year<br>To date<br>30.06.2009<br>RM'000 |
|---|---|---|
| With an associated company :<br>- <i>purchases of inventories</i> | 47  | 65  |

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

#### 15. REVIEW OF PERFORMANCE

For the 6 months ended 30 June 2009, the Group registered revenue of RM114.9 million as compared to RM177.6 million in preceding year corresponding period. The reduction in revenue of RM62.7 million was mainly due to lower revenue recognition based on the progressive percentage of completion method for turbo machinery / rigs, the lost of revenue from the workover rig services operation and the engineering and construction segment.

Consequently, the gross profit margin has dropped compared to the preceding year corresponding period in view of the reduction in revenue of the segments mentioned in preceding paragraph which generate higher contribution margin.

Additionally, the "other operating expenses" for the 6 months period has increased mainly due to administration expenses and employee costs in view of consolidation of subsidiaries acquired / incorporated subsequent to the previous year corresponding period.

These have resulted in the drop in Group's bottom line for the 6 months period.

#### 16. QUARTERLY RESULTS COMPARISON

|                   | Current Year<br>2nd Quarter<br>30.06.2009<br>RM'000 | Current Year<br>1st Quarter<br>31.03.2009<br>RM'000 |
|-------------------|---|---|
| Revenue           | 58,684  | 103,841   |
| Profit before tax | <u>272</u>  | <u>2,396</u>  |

Compared to preceding quarter, revenue has dropped by 43.4% to RM58.7 million from RM103.8 million while profit before taxation has reduced from RM2.4 million to RM0.3 million.

The drop in revenue was mainly due to non-consolidation of an overseas subsidiary disposed of during current quarter.

The drop in revenue coupled with the increase in operating expenses have resulted the reduction in PBT.

## SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 30 June 2009

### Notes to the Interim Report

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

The Group continues to face challenges in securing new contracts as the world economy has not fully recovered from the financial crunch.

Nonetheless, the subsidiary group in India which has secured a charter hire contracts for two modular workover rigs is expected to commence the charter hire services before the end of this year. The contract value is equivalent to approximately RM200 million for a period of three years. In addition, the Indian subsidiary is also preparing to bid for two more workover rigs contract pursuant to an opportunity presently available.

Apart from the above contract, SAAG Shipping (M) Sdn Bhd, a subsidiary under the marine, logistic & support segment has secured and commenced its maiden voyage and is in negotiations for a term contract.

With oil prices trending higher, it is expected that there will be more opportunities for oil and gas service providers. The Group will endeavour to position itself for such potential contracts and to fully utilise its capital assets.

#### 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<br>Quarter<br>30.06.09 | Current Year<br>To date<br>30.06.09 |
|---------------------|-------------------------------------|-------------------------------------|
|                     | RM'000                              | RM'000                              |
| <u>Current year</u> |                                     |                                     |
| Income Tax          | (1)                                 | (1)                                 |
| Deferred Tax        | 18                                  | 77                                  |
| <u>Prior year</u>   |                                     |                                     |
| Income tax          | (1)                                 | (1)                                 |
|                     | <u>16</u>                           | <u>75</u>                           |

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

There was no sale of unquoted investments during the financial period under review, except for the disposal of unquoted shares in a foreign subsidiary as disclosed in Note 11.

#### 21. QUOTED SECURITIES

As at 30 June 2009, the Company had not purchased nor disposed off any quoted shares.

## SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 30 June 2009

### 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. The option price was adjusted to RM0.18 following the subdivision of ordinary share of RM1 each into RM0.10 each on 11 July 2008. As at 30 June 2009, 3,547,500 (after adjustment due to share split) 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. The option price was adjusted to RM0.10 following the subdivision of ordinary share of RM1 each into RM0.10 each on 11 July 2008. As at 30 June 2009, 36,860,000 (after adjustment due to share split) 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
  - (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).

## SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 30 June 2009

### Notes to the Interim Report

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

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.

On 29 May 2009, the Company announced that SAAG (L) Limited ("SAAGL") will be issuing the Exchangeable Bonds on a staggered basis of such amounts to be determined by SAAG / SAAGL in consultation with the Lead Manager for the Exchangeable Bonds. The first tranche of the Exchangeable Bonds to be issued by SAAGL shall comprise of USD5 million nominal value Exchangeable Bonds ("**1<sup>st</sup> Tranche**").

SAAG / SAAGL had on 29 May 2009 fixed the exchange price for the 1<sup>st</sup> Tranche at RM0.3266. Based on such exchange price and the agreed fixed exchange rate for the 1<sup>st</sup> Tranche of USD1.00 : RM3.62, the number of ordinary shares of RM0.10 each in SAAG ("**SAAG Shares**") into which the Exchangeable Bonds to be issued under the 1<sup>st</sup> Tranche may be converted is approximately 55,420,000 SAAG Shares.

On 2 June 2009, the Company announced that the second tranche of the Exchangeable Bonds to be issued by SAAGL shall comprise of USD5 million nominal value Exchangeable Bonds ("**2<sup>nd</sup> Tranche**").

SAAG / SAAGL had on 2 June 2009 fixed the exchange price for the 2<sup>nd</sup> Tranche at RM0.3417. Based on such exchange price and the agreed fixed exchange rate for the 2<sup>nd</sup> Tranche of USD1.00 : RM3.62, the number of ordinary shares of RM0.10 each in SAAG ("**SAAG Shares**") into which the Exchangeable Bonds to be issued under the 2<sup>nd</sup> Tranche may be converted is approximately 52,971,000 SAAG Shares.

On 8 June 2009, the Company announced that Bank Negara Malaysia ("BNM") has, vide its letter dated 4 June 2009 (which was received on 8 June 2009), granted an extension of time up to 22 May 2010 in respect of its earlier approval vide its letter dated 23 May 2008.

On 23 June 2009, the Company announced that the 1<sup>st</sup> Tranche of the Exchangeable Bonds of USD5 million nominal value had been issued on 22 June 2009.

On 6 July 2009, the Company announced that the 2<sup>nd</sup> Tranche of the Exchangeable Bonds of USD5 million nominal value had been issued on 3 July 2009.

On 10 July 2009, the Company announced that the SC has, vide its letter dated 10 July 2009, granted an extension of time up to 9 May 2010 for the Company to implement the Rights Issue and to complete the Exchangeable Bonds Issue.

## SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 30 June 2009

### Notes to the Interim Report

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

On 27 July 2009, the Company announced that the Company's additional 108,391,000 new ordinary shares of RM0.10 each issued pursuant to the Exchange Bonds will be granted listing and quotation with effect from 28 July 2009.

On 10 August 2009, the Company announced that the 3<sup>rd</sup> tranche of the Exchangeable Bonds to be issued by SAAGL shall comprise of USD8.5 million nominal value Exchangeable Bonds ("3<sup>rd</sup> Tranche").

SAAG / SAAGL had on 10 August 2009 fixed the exchange price for the 3<sup>rd</sup> Tranche at RM0.2613. Based on such exchange price and the agreed fixed exchange rate for the 3<sup>rd</sup> Tranche of USD1.00 : RM3.62, the number of ordinary shares of RM0.10 each in SAAG ("SAAG Shares") into which the Exchangeable Bonds to be issued under the 3<sup>rd</sup> Tranche may be converted is approximately 117,758,000 SAAG Shares.

#### 23. GROUP BORROWINGS

Details of the Group's bank borrowings as at 30 June 2009 are as follows:

|   | <b>Current<br/>RM'000</b> | <b>Non-current<br/>RM'000</b> |
|---|---------------------------|-------------------------------|
| Unsecured   | 66,887                    | 38,000                        |
| Secured   | 48,665                    | 40,491                        |
|   | <u>115,552</u>            | <u>78,491</u>                 |
|   | <b>'000</b>               | <b>RM '000<br/>equivalent</b> |
| Bank borrowings denominated in foreign currency – |                           |                               |
| Singapore Dollar                                  | <u>3,578</u>              | <u>8,705</u>                  |
| Indian Rupee                                      | <u>500,657</u>            | <u>36,999</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

There was no material litigation since the last annual balance sheet date to the date of this report.



**SAAG CONSOLIDATED (M) BHD**

Interim report for the quarter ended 30 June 2009

**Notes to the Interim Report****26. DISCONTINUED OPERATIONS**

As mentioned in Note 11, the Group had completed the disposal of PGS Group on 22 April 2009 and as such, PGS Group ceased to be the subsidiary of the Group.

In accordance to FRS 5 : Non-current Assets Held for Sale and Discontinued Operations, the results and cash flows of the disposal group were classified as Discontinued Operations in the Income Statement.

The revenue and results of the disposal group are as follows:

|                                   | <b>Current Year<br/>Quarter<br/>30.6.09<br/>RM'000</b> | <b>Preceding<br/>Year Quarter<br/>30.6.08<br/>RM'000</b> | <b>Current Year<br/>To date<br/>30.6.09<br/>RM'000</b> | <b>Preceding<br/>Year To date<br/>30.6.08<br/>RM'000</b> |
|-----------------------------------|--|--|--|--|
| Revenue                           | -  | 23,256   | 47,640   | 43,637   |
| Other operating income            | -  | 180  | 847  | 895  |
| Other operating expenses          | -  | (23,900)   | (45,745)   | (44,522)   |
| Profits from operations           | -  | (464)  | 2,742  | 10   |
| Finance costs                     | -  | (1)  | (208)  | (2)  |
| Share of results in associates    | -  | (59)   | 6  | 126  |
| Profit before taxation            | -  | (524)  | 2,540  | 134  |
| Taxation                          | -  | -  | (846)  | -  |
|                                   | -  | (524)  | 1,694  | 134  |
| Net gain on disposal of PGS Group | 2,747  | -  | 2,747  | -  |
| Profit for the period             | 2,747  | (524)  | 4,441  | 134  |

The cash flows attributable to the discontinued operations are as follows:

|                      | <b>Preceding<br/>Year To date<br/>30.6.08<br/>RM'000</b> |
|----------------------|--|
| Operating cash flows | 1,602  |
| Investing cash flows | (223)  |
| Financing cash flows | 138  |
|                      | <u>1,517</u>   |

**SAAG CONSOLIDATED (M) BHD**

Interim report for the quarter ended 30 June 2009

**Notes to the Interim Report****27. EARNINGS PER SHARE****a) Basic earnings per share**

|  | <b>Current<br/>Year<br/>Quarter<br/>30.06.2009</b> | <b>Current<br/>Year<br/>To Date<br/>30.06.2009</b> |
|--|--|--|
| Net profit / (loss) for the period (RM'000)                |  |  |
| - from continuing operations                               | 854  | 1,922  |
| - from discontinued operations                             | 2,747  | 3,334  |
|  | <u>3,601</u>                                       | <u>5,256</u>                                       |
| Weighted average number of ordinary shares in issue ('000) | <u>681,377</u>                                     | <u>681,377</u>                                     |
| Basic earnings per share (sen)                             |  |  |
| - from continuing operations                               | 0.13   | 0.28   |
| - from discontinued operations                             | 0.40   | 0.49   |
|  | <u>0.53</u>  | <u>0.77</u>  |

**b) Diluted earnings per share**

|  | <b>Current<br/>Year<br/>Quarter<br/>30.06.2009</b> | <b>Current<br/>Year<br/>To Date<br/>30.06.2009</b> |
|--|--|--|
| Net profit / (loss) for the period (RM'000)  |  |  |
| - from continuing operations   | 854  | 1,922  |
| - from discontinued operations   | 2,747  | 3,334  |
|  | <u>3,601</u>                                       | <u>5,256</u>                                       |
| Weighted average number of ordinary shares in issue and issue able ('000)          | 681,377  | 681,377  |
| Effect of dilution from assumed exercise of options grant under ESOS               | 298  | 298  |
| Adjusted weighted average number of ordinary shares in issue and issue able ('000) | <u>681,675</u>                                     | <u>681,675</u>                                     |
| Diluted earnings per share (sen)   |  |  |
| - from continuing operations   | 0.13   | 0.28   |
| - from discontinued operations   | 0.40   | 0.49   |
|  | <u>0.53</u>  | <u>0.77</u>  |

BY ORDER OF THE BOARD

ANAND SUBRAMANIAN

**EXECUTIVE DIRECTOR / GROUP CHIEF EXECUTIVE OFFICER**