



**Interim Report for the 3rd Quarter Ended
30 September 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
		3 Months Ended		9 Months Ended	
		30 Sep 2009	30 Sep 2008	30 Sep 2009	30 Sep 2008
		RM'000	RM'000	RM'000	RM'000
			(*Restated)		(*Restated)
Continuing operations					
Revenue	15	20,585	105,301	135,471	282,909
Costs of sales		<u>(17,531)</u>	<u>(77,713)</u>	<u>(112,071)</u>	<u>(205,931)</u>
Gross profit		3,054	27,588	23,400	76,978
Other operating expenses		(13,006)	(15,994)	(31,946)	(29,275)
Other income		7,178	4,695	11,584	8,707
Profit / (loss) from operations		<u>(2,774)</u>	<u>16,289</u>	<u>3,038</u>	<u>56,410</u>
Finance costs		(4,897)	(3,898)	(14,383)	(12,422)
Share of results in associates		442	(28)	1,498	(177)
Profit / (loss) before taxation	15	<u>(7,229)</u>	<u>12,363</u>	<u>(9,847)</u>	<u>43,811</u>
Taxation	19	147	(2,208)	72	(8,286)
Net profit / (loss) for the period from continuing operations		<u>(7,082)</u>	<u>10,155</u>	<u>(9,775)</u>	<u>35,525</u>
Discontinued operations					
Net profit for the period from discontinued operations	26	-	2,759	1,694	2,893
Gain on disposal of discontinued operations	11	-	-	2,747	-
Net profit / (loss) for the period		<u>(7,082)</u>	<u>12,914</u>	<u>(5,334)</u>	<u>38,418</u>
Attributable to:					
Equity holders of the Company					
- from continuing operations		(5,027)	5,301	(3,105)	25,932
- from discontinued operations		<u>-</u>	<u>2,759</u>	<u>3,334</u>	<u>2,893</u>
		(5,027)	8,060	229	28,825
Minority interests		(2,055)	4,854	(5,563)	9,593
		<u>(7,082)</u>	<u>12,914</u>	<u>(5,334)</u>	<u>38,418</u>
Earnings per share (sen)					
• Basic					
- from continuing operations		(0.65)	0.86	(0.40)	4.20
- from discontinued operations		<u>-</u>	<u>0.45</u>	<u>0.43</u>	<u>0.47</u>
		(0.65)	1.31	0.03	4.67
• Dilluted					
- from continuing operations		(0.65)	0.86	(0.40)	4.19
- from discontinued operations		<u>-</u>	<u>0.45</u>	<u>0.43</u>	<u>0.47</u>
		(0.65)	1.31	0.03	4.66

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.

* 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 Sep 2009 RM'000	As at 31 Dec 2008 RM'000
ASSETS			
Non-Current assets			
Property, plant and equipment		163,418	164,579
Investment properties		4,090	4,122
Investment in associates		7,896	6,608
Intangible assets		12,064	18,556
Deferred tax assets		431	1,072
		<u>187,899</u>	<u>194,937</u>
Current assets			
Amount due from customers for contract works		89,597	90,816
Property development costs		12,277	12,096
Inventories [Note*]		332,704	1,168
Trade receivables		82,723	114,896
Other receivables, deposits and prepayments		68,586	65,704
Tax recoverable		3,826	2,171
Amount owing by an associate		3,023	3,611
Fixed deposits with licensed bank		104,212	138,174
Cash and bank balances		7,581	14,566
		<u>704,529</u>	<u>443,202</u>
		<u>892,428</u>	<u>638,139</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Current liabilities			
Trade payables		18,711	64,477
Other payables and accruals		46,592	130,399
Amounts due to customer for contract works		189	2,085
Amount owing to an associate		-	592
Amount owing to directors of subsidiaries		2	399
Hire-purchase creditors		284	1,748
Borrowings (Interest bearing) [Note*]	23	427,274	126,051
Tax liabilities		2,469	8,810
		<u>495,521</u>	<u>334,561</u>
Non-current liabilities			
Other payables		2,658	7,593
Hire-purchase creditors		3,216	4,247
Borrowings (Interest bearing)	23	78,125	78,924
Deferred tax liabilities		10,413	10,941
		<u>94,412</u>	<u>101,705</u>
		<u>589,933</u>	<u>436,266</u>
Total Liabilities			
Equity			
Share capital		102,536	64,844
Reserves		170,243	109,019
Issued capital and reserves attributable to equity holders of the company		<u>272,779</u>	<u>173,863</u>
Minority Interest		17,116	28,010
Total Equity		<u>289,895</u>	<u>201,873</u>
Share application monies received	6 #	12,600	-
		<u>302,495</u>	<u>201,873</u>
		<u>892,428</u>	<u>638,139</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.

[Note *]

Inventories increased during the current quarter due to the procurement of turbo machinery / rig components which have been funded through short term facilities pending finalisation of project financing.

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

Attributable to Equity Holders of the Company

Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Share option reserve RM'000	Currency translation adjustment reserve RM'000	Capital reserve RM'000	Retained profit RM'000	Total RM'000	Minority Interest RM'000	Total equity RM'000
At 1 January 2008	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)
At 31 December 2008	<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>
At 1 January 2009	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	20	-	-	-	-	-	96	-	96
- exercise of warrants	6	9,368	-	-	-	-	-	17,884	-	17,884
- private placement	6	7,126	-	-	-	-	-	13,611	-	13,611
- conversion of exchangeable bond	6	44,355	-	-	-	-	-	66,970	-	66,970
Translation adjustment for the period	-	-	-	-	218	-	-	218	169	387
Reserve realised upon exercise of ESOS	-	11	-	(11)	-	-	-	-	-	-
Share application monies arisen from conversion of exchangeable bonds	-	-	-	-	-	-	-	-	-	-
Share issue expenses	-	(10)	-	-	-	-	-	(10)	-	(10)
Changes of equity interest in subsidiaries	-	-	-	-	-	-	-	-	935	935
Disposal of subsidiary	11	-	-	-	-	(82)	-	(82)	(6,031)	(6,113)
Net profit for the period	-	-	-	-	-	-	229	229	(5,563)	(5,334)
Dividend paid to minority interest	-	-	-	-	-	-	-	-	(404)	(404)
At 30 September 2009	<u>102,536</u>	<u>94,652</u>	<u>(1,767)</u>	<u>-</u>	<u>1,250</u>	<u>758</u>	<u>75,350</u>	<u>272,779</u>	<u>17,116</u>	<u>289,895</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)

	9 months ended 30 Sep 2009 RM'000	9 months ended 30 Sep 2008 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit / (loss) before taxation		
Continuing operations	(9,847)	46,570
Discontinued operations	5,288	134
Adjustments for:-		
Non-cash items	(1,629)	14,972
Non-operating items	10,999	8,786
Operating profit before working capital changes	4,811	70,462
Net change in current assets	(336,926)	41,092
Net change in current liabilities	(107,986)	(99,058)
Cash from / (used in) operations	(440,101)	12,496
Tax paid	(6,435)	(4,777)
Net cash from / (used in) operating activities	(446,536)	7,719
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Other investments	-	(1,050)
Net change in property, plant and equipment	(5,360)	(9,563)
Decrease in fixed deposit pledged	15,265	8,159
Development costs	(181)	(71)
Net cash movement from disposal of subsidiary	14,554	-
Net cash from / (used in) investing activities	24,278	(2,525)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from shares issued	98,552	1,790
Proceeds from issue of shares to minority shareholders	2	101
Share application monies received	12,600	-
Borrowings	314,643	(16,207)
Interest paid	(12,497)	(9,009)
Dividend paid to minority shareholders	(404)	(112)
Net cash from / (used in) financing activities	412,896	(26,025)
Net change in cash & cash equivalents	(9,362)	(20,831)
Effect of foreign exchange fluctuations	177	4,719
Cash & cash equivalents brought forward	(6,615)	11,323
Cash & cash equivalents carried forward	(15,800)	(4,789)
Cash and cash equivalents comprise the following balance sheet amounts:		
Cash and bank balances	7,581	17,162
Bank overdrafts	(24,528)	(42,637)
Fixed deposits with licensed banks	104,212	137,170
	87,265	111,695
Less: Fixed deposit pledged	(103,065)	(116,484)
	(15,800)	(4,789)

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 September 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.

		Effective for financial periods beginning on or after
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 September 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 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 RM0.10 each pursuant to employees exercising their options under the Employees' Share Option Scheme	<u>653</u>	<u>85</u>	<u>760</u>	<u>96</u>
Issuance of new ordinary shares of RM0.10 each pursuant to Exercise of Warrants	<u>46,981</u>	<u>9,866</u>	<u>85,161</u>	<u>17,884</u>
Issuance of new ordinary shares of RM0.10 each pursuant to Exercise of Private Placements	<u>-</u>	<u>-</u>	<u>64,844</u>	<u>13,611</u>
Issuance of new ordinary shares of RM0.10 each pursuant to conversion of Exchangeable Bonds	<u>226,149</u>	<u>66,970</u>	<u>226,149</u>	<u>66,970</u>

Share application monies received refers to monies received pursuant to the 4th tranche of the Exchangeable Bonds of USD3.5 million nominal value issued on 3 September 2009 which was subsequently converted into 52,282,300 new ordinary shares of RM0.10 each on 7 October 2009.

7. DIVIDENDS

There were no dividends paid during the current quarter.

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 30 September 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 September 2009

Notes to the Interim Report

Segment information for the current financial period to 30 September 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	-	82,088	3,201	2,767	27,034	20,381	-	135,471
Segment results	(5,421)	12,345	(2,652)	(1,974)	5,257	(5,751)	(651)	1,153
Unallocated corporate income								1,885
Unallocated corporate expenses								-
Gain from operations								3,038
Finance Cost								(14,383)
Share of results in associates								1,498
Loss before tax								(9,847)
Tax expense								72
Loss after taxation								(9,775)
Profit from discontinued operations								1,694
Gain from disposal of discontinued operations								2,747
								(5,334)
Minority interests								5,563
Net profit for the period								229

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 30 September 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 September 2009 except for the following:

		Effective Equity Interest As At	
	Principal activity	30.09.2009	31.12.2008
		%	%
Proteus Global Solutions Pty. Ltd. (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. (Incorporated in Australia)	Placement of consultants to the upstream oil and gas industry	-	37.58
Proteus Surveyspec Pty. Ltd. (Incorporated in Australia)	Engineering design and consultancy services	-	25.55
LBJ Drafting Agency (Proprietary) Limited (Incorporated in South Africa)	Suppliers of drafting personnel to the engineering and mining industries	-	46.34
Proteus Global Infrastructure Pty Ltd (Incorporated in Australia)	Infrastructure project development and management	-	10.02
Proteus Energy Ltd (Incorporated in India)	Provision of integrated and design engineering, project management and manpower services	67.52	47.44
Proteus SAAG Sdn Bhd (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 RR Infra Limited (Incorporated in India)	Construction of infrastructure and housing development project	36.31	44.89
TPS Builder Ltd (Incorporated in India)	Fabrication, erection and commissioning of piping systems and also turnkey of contracts	21.79	26.93
QEDI Proteus Energy Ltd (Incorporated in India)	Provision of manpower consultancy, design, engineering and commissioning services	33.76	23.72

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 30 September 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)
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Net consideration received	8,297
Less : Cash and cash equivalents in subsidiary disposed	(11,144)
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Net cash movement from disposal of subsidiary	(2,847)
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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 September 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 September 2009

Notes to the Interim Report

14. RELATED PARTY TRANSACTIONS

	Current Year 3rd Quarter 30.09.2009 RM'000	Current Year To date 30.09.2009 RM'000
With an associated company : - <i>purchases of inventories</i>	392	457

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

15. REVIEW OF PERFORMANCE

The Group has registered revenue of RM135.5 million for the 9 months period ended 30 September 2009 as compared to RM282.9 million in preceding year corresponding period. The reduction in revenue of RM147.4 million was mainly due to lower revenue recognition based on the progressive percentage of completion method for turbo machinery / rigs, the loss of revenue from the workover rig services operation and the engineering and construction segment. These have resulted lower gross profit margin and bottom line for the 9 months period.

Since late 2008 & 2009, the Group continued to stay focused on its existing projects / order book and was very selective in pursuing new projects which would require additional working capital which would have been difficult to fund due to the credit crunch. This has resulted in drop in revenue and earnings for 2009.

16. QUARTERLY RESULTS COMPARISON

	Current Year 3rd Quarter 30.09.2009 RM'000	Current Year 2nd Quarter 30.06.2009 RM'000
Revenue	20,585	58,684
Profit / (loss) before tax	<u>(7,229)</u>	<u>272</u>

Compared to preceding quarter, revenue has dropped by 64.9% to RM20.6 million from RM58.7 million while profit before taxation has reduced from RM0.3 million to a loss of RM7.2 million during this quarter.

The reduction in revenue and profit before tax during current quarter was mainly attributed to lower revenue recognition based on the progressive percentage of completion method for turbo machinery / rigs.

17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2009

The Group will continue to stay focus towards the delivery and commencement of the charter hire contracts for modular workover rigs to ensure income generation from these assets which will then contribute significantly to the Group's rig services segment.

In view of the improving market conditions, the Group is now negotiating and bidding to secure more new projects. However, the effect of these would only be seen in ensuing year(s).

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 30 September 2009

Notes to the Interim Report

18. VARIANCE OF ACTUAL FROM FORECAST PROFIT

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

19. TAXATION

	Current Year Quarter 30.09.09	Current Year To date 30.09.09
	RM'000	RM'000
<u>Current year</u>		
Income Tax	66	65
Deferred Tax	76	153
<u>Prior year</u>		
Income tax	(289)	(290)
	<hr/>	<hr/>
	(147)	(72)

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 September 2009, 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. 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 September 2009, 3,800,000 (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 September 2009, 37,260,000 (after adjustment due to share split) options have been exercised.

The ESOS has expired on 2 September 2009.

SAAG CONSOLIDATED (M) BHD

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Notes to the Interim Report

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

- 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).

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.

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

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 ("**1st Tranche**").

SAAG / SAAGL had on 29 May 2009 fixed the exchange price for the 1st Tranche at RM0.3266. Based on such exchange price and the agreed fixed exchange rate for the 1st 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 1st Tranche may be converted is approximately 55,420,000 SAAG Shares.

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

SAAG / SAAGL had on 2 June 2009 fixed the exchange price for the 2nd Tranche at RM0.3417. Based on such exchange price and the agreed fixed exchange rate for the 2nd 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 2nd 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 1st 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 2nd 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.

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 Exchangeable Bonds will be granted listing and quotation with effect from 28 July 2009.

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

SAAG / SAAGL had on 10 August 2009 fixed the exchange price for the 3rd Tranche at RM0.2613. Based on such exchange price and the agreed fixed exchange rate for the 3rd 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 3rd Tranche may be converted is approximately 117,758,000 SAAG Shares.

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

On 1 September 2009, the Company announced that the Company's additional 117,758,000 new ordinary shares of RM0.10 each issued pursuant to the Exchangeable Bonds will be granted listing and quotation with effect from 2 September 2009.

On 3 September 2009, the Company announced that the 4th tranche of the Exchangeable Bonds to be issued by SAAGL shall comprise of USD10.0 million nominal value Exchangeable Bonds ("4th Tranche").

SAAG / SAAGL had on 3 September 2009 fixed the exchange price for the 4th Tranche at RM0.241. Based on such exchange price and the agreed fixed exchange rate for the 4th Tranche of USD1.00 : RM3.60, the number of ordinary shares of RM0.10 each in SAAG ("SAAG Shares") into which the Exchangeable Bonds to be issued under the 4th Tranche may be converted is approximately 149,378,000 SAAG Shares.

On 7 October 2009, the Company announced that the Company's additional 52,282,300 new ordinary shares of RM0.10 each issued pursuant to the Exchangeable Bonds will be granted listing and quotation with effect from 8 October 2009.

On 20 October 2009, the Company announced that the 5th tranche of the Exchangeable Bonds to be issued by SAAGL shall comprise of USD5.0 million nominal value Exchangeable Bonds ("5th Tranche").

SAAG / SAAGL had on 20 October 2009 fixed the exchange price for the 5th Tranche at RM0.236. Based on such exchange price and the agreed fixed exchange rate for the 5th Tranche of USD1.00 : RM3.58, the number of ordinary shares of RM0.10 each in SAAG ("SAAG Shares") into which the Exchangeable Bonds to be issued under the 5th Tranche may be converted is approximately 75,848,000 SAAG Shares.

On 26 October 2009, the Company announced that the Company's additional 44,813,400 new ordinary shares of RM0.10 each issued pursuant to the Exchangeable Bonds will be granted listing and quotation with effect from 27 October 2009.

On 4 November 2009, the Company announced that the 6th tranche of the Exchangeable Bonds to be issued by SAAGL shall comprise of USD5.0 million nominal value Exchangeable Bonds ("6th Tranche").

SAAG / SAAGL had on 4 November 2009 fixed the exchange price for the 6th Tranche at RM0.2105. Based on such exchange price and the agreed fixed exchange rate for the 6th Tranche of USD1.00 : RM3.58, the number of ordinary shares of RM0.10 each in SAAG ("SAAG Shares") into which the Exchangeable Bonds to be issued under the 6th Tranche may be converted is approximately 85,036,000 SAAG Shares.

- d) On 14 September 2009, the Company announced that a liquidator has been appointed for the following wholly-owned subsidiaries for the purpose of members' voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965 :-
- i) Britach-SAAG Tehchnologies Sdn Bhd
 - ii) SAAG Capital Sdn Bhd
 - iii) SAAG GSP Sdn Bhd

The above subsidiaries have remained dormant and there is no intention to reactivate the operations of these companies.

The winding-up of the above subsidiaries have no material financial and operational impact on the Group.

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Notes to the Interim Report

23. GROUP BORROWINGS

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

	Current RM'000	Non-current RM'000
Unsecured	56,614	38,000
Secured	370,660	40,125
	<u>427,274</u>	<u>78,125</u>

	'000	RM '000 equivalent
Bank borrowings denominated in foreign currency –		
Singapore Dollar	<u>3,724</u>	<u>9,159</u>
Indian Rupee	<u>479,461</u>	<u>34,857</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.

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Interim report for the quarter ended 30 September 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:

	Current Year Quarter 30.9.09 RM'000	Preceding Year Quarter 30.9.08 RM'000	Current Year To date 30.9.09 RM'000	Preceding Year To date 30.9.08 RM'000
Revenue	-	30,120	47,640	73,757
Other operating income	-	-	847	809
Other operating expenses	-	(27,508)	(45,745)	(71,944)
Profits from operations	-	2,612	2,742	2,622
Finance costs	-	(127)	(208)	(129)
Share of results in associates	-	274	6	400
Profit before taxation	-	2,759	2,540	2,893
Taxation	-	-	(846)	-
	-		1,694	2,893
Net gain on disposal of PGS Group	-	-	2,747	-
Profit for the period	-	2,759	4,441	2,893

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

	Preceding Year To date 30.9.08 RM'000
Operating cash flows	(351)
Investing cash flows	(558)
Financing cash flows	(183)
	<u>(1,092)</u>

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 30 September 2009

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

	Current Year Quarter 30.09.2009	Current Year To Date 30.09.2009
Net profit / (loss) for the period (RM'000)		
- from continuing operations	(5,027)	(3,105)
- from discontinued operations	-	3,334
	<u>(5,027)</u>	<u>229</u>
Weighted average number of ordinary shares in issue ('000)	<u>769,780</u>	<u>769,780</u>
Basic earnings per share (sen)		
- from continuing operations	(0.65)	(0.40)
- from discontinued operations	-	0.43
	<u>(0.65)</u>	<u>0.03</u>

b) Diluted earnings per share

	Current Year Quarter 30.09.2009	Current Year To Date 30.09.2009
Net profit / (loss) for the period (RM'000)		
- from continuing operations	(5,027)	(3,105)
- from discontinued operations	-	3,334
	<u>(5,027)</u>	<u>229</u>
Weighted average number of ordinary shares in issue and issue able ('000)	769,780	769,780
Effect of dilution from assumed exercise of options grant under ESOS	276	276
Adjusted weighted average number of ordinary shares in issue and issue able ('000)	<u>770,056</u>	<u>770,056</u>
Diluted earnings per share (sen)		
- from continuing operations	(0.65)	(0.40)
- from discontinued operations	-	0.43
	<u>(0.65)</u>	<u>0.03</u>

BY ORDER OF THE BOARD

ANAND SUBRAMANIAN

EXECUTIVE DIRECTOR / GROUP CHIEF EXECUTIVE OFFICER