



**Interim Report for the 4th Quarter Ended**

**31 December 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
		31 Dec 2009 3 Months Ended RM'000	31 Dec 2008 3 Months Ended RM'000 (*Restated)	31 Dec 2009 12 Months Ended RM'000	31 Dec 2008 12 Months Ended RM'000 (*Restated)
<b>Continuing operations</b>					
Revenue	15	24,972	78,946	160,443	361,855
Costs of sales		<u>(20,934)</u>	<u>(68,882)</u>	<u>(133,005)</u>	<u>(274,813)</u>
Gross profit		4,038	10,064	27,438	87,042
Other operating expenses		(19,720)	(18,752)	(51,666)	(48,027)
Other income		340	8,593	11,925	17,300
Profit / (loss) from operations		<u>(15,342)</u>	<u>(95)</u>	<u>(12,303)</u>	<u>56,315</u>
Finance costs		(3,095)	(4,602)	(17,478)	(17,024)
Share of results in associates		554	361	2,052	184
Profit / (loss) before taxation	15	<u>(17,883)</u>	<u>(4,336)</u>	<u>(27,729)</u>	<u>39,475</u>
Taxation	19	1,094	1,472	1,166	(6,814)
Net profit / (loss) for the period from continuing operations		<u>(16,789)</u>	<u>(2,864)</u>	<u>(26,563)</u>	<u>32,661</u>
<b>Discontinued operations</b>					
Net profit for the period from discontinued operations	26	-	3,294	1,694	6,187
Gain on disposal of discontinued operations	11	-	-	2,747	-
Net profit / (loss) for the period		<u>(16,789)</u>	<u>430</u>	<u>(22,122)</u>	<u>38,848</u>
Attributable to:					
Equity holders of the Company					
- from continuing operations		(9,019)	55	(12,123)	28,147
- from discontinued operations		-	1,619	3,334	2,352
		<u>(9,019)</u>	<u>1,674</u>	<u>(8,789)</u>	<u>30,499</u>
Minority interests		(7,770)	(1,244)	(13,333)	8,349
		<u>(16,789)</u>	<u>430</u>	<u>(22,122)</u>	<u>38,848</u>
Earnings / (loss) per share (sen)					
● Basic					
- from continuing operations		(1.06)	0.01	(1.42)	4.51
- from discontinued operations		-	0.26	0.39	0.38
		<u>(1.06)</u>	<u>0.27</u>	<u>(1.03)</u>	<u>4.89</u>
● Diluted					
- from continuing operations		(1.06)	0.01	(1.42)	4.50
- from discontinued operations		-	0.26	0.39	0.38
		<u>(1.06)</u>	<u>0.27</u>	<u>(1.03)</u>	<u>4.88</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.*

\* 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 31 Dec 2009 RM'000	As at 31 Dec 2008 RM'000
<b>ASSETS</b>			
<b>Non-Current assets</b>			
Property, plant and equipment	a	329,141	164,579
Investment properties		4,132	4,122
Investment in associates		8,450	6,608
Intangible assets		11,984	18,556
Deferred tax assets		402	1,072
		<u>354,109</u>	<u>194,937</u>
<b>Current assets</b>			
Amount due from customers for contract works	b	288,661	90,816
Property development costs		12,479	12,096
Inventories [Note*]	c	158,242	1,168
Trade receivables		220,324	114,896
Other receivables, deposits and prepayments		72,113	65,704
Tax recoverable		1,648	2,171
Amount owing by an associate		4,108	3,611
Fixed deposits with licensed bank		104,835	138,174
Cash and bank balances		3,488	14,566
		<u>865,898</u>	<u>443,202</u>
<b>TOTAL ASSETS</b>		<b><u>1,220,007</u></b>	<b><u>638,139</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables		204,277	64,477
Other payables and accruals		43,852	130,399
Amounts due to customer for contract works		871	2,085
Amount owing to an associate		-	592
Amount owing to directors of subsidiaries		31	399
Hire-purchase creditors		991	1,748
Borrowings (Interest bearing) [Note*]	23	567,101	126,051
Tax liabilities		2,041	8,810
		<u>819,164</u>	<u>334,561</u>
<b>Non-current liabilities</b>			
Other payables		-	7,593
Hire-purchase creditors		1,124	4,247
Borrowings (Interest bearing)	23	57,236	78,924
Deferred tax liabilities		8,734	10,941
		<u>67,094</u>	<u>101,705</u>
<b>Total Liabilities</b>		<b><u>886,258</u></b>	<b><u>436,266</u></b>
<b>Equity</b>			
Share capital		125,058	64,844
Reserves		174,906	109,019
<b>Issued capital and reserves attributable to equity holders of the company</b>		<b>299,964</b>	<b>173,863</b>
<b>Minority Interest</b>		<b>15,885</b>	<b>28,010</b>
<b>Total Equity</b>		<b>315,849</b>	<b>201,873</b>
Share application monies received	6 #	17,900	-
		<u>333,749</u>	<u>201,873</u>
		<b><u>1,220,007</u></b>	<b><u>638,139</u></b>
Net Assets per share (RM)		0.24	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.*

**Notes :**

- The increase in property, plant and equipment was mainly due to the acquisition of two workover rigs by a subsidiary in India.
- Increase in amount due from customers for contract works was mainly attributable to a project awarded to the Group for the engineering, procurement, construction and commissioning ("EPCC") of a 108 MW power plant in Bangladesh.
- Inventories increased during the current quarter due to the procurement of rig components which have been funded through short term facilities pending finalisation of financing arrangement.

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
<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	20	-	-	-	-	-	96	-	96
- exercise of warrants	6	9,368	-	-	-	-	-	17,884	-	17,884
- private placement	6	7,126	-	-	-	-	-	13,610	-	13,610
- conversion of exchangeable bond	6	75,732	-	-	-	-	-	120,870	-	120,870
Translation adjustment for the period	-	-	-	-	(370)	-	-	(370)	352	(18)
Reserve realised upon exercise of ESOS	-	11	-	(11)	-	-	-	-	-	-
Share issue expenses	-	(17,876)	-	-	-	-	-	(17,876)	-	(17,876)
Changes of equity interest in subsidiaries	-	-	-	-	-	-	676	676	7,291	7,967
Disposal of subsidiary	11	-	-	-	-	-	-	-	(6,031)	(6,031)
Net profit for the period	-	-	-	-	-	-	(8,789)	(8,789)	(13,333)	(22,122)
Dividend paid to minority interest	-	-	-	-	-	-	-	-	(404)	(404)
<b>At 31 December 2009</b>	<u>125,058</u>	<u>108,163</u>	<u>(1,767)</u>	<u>-</u>	<u>662</u>	<u>840</u>	<u>67,008</u>	<u>299,964</u>	<u>15,885</u>	<u>315,849</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)

	12 months ended 31 Dec 2009 RM'000	12 months ended 31 Dec 2008 RM'000
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Profit / (loss) before taxation		
Continuing operations	(27,729)	39,475
Discontinued operations	5,288	9,504
Adjustments for:-		
Non-cash items	12,618	15,476
Non-operating items	12,818	10,714
Operating profit before working capital changes	<u>2,995</u>	<u>75,169</u>
Net change in current assets	(527,507)	76,094
Net change in current liabilities	<u>68,393</u>	<u>(106,455)</u>
Cash from / (used in) operations	<u>(456,119)</u>	<u>44,808</u>
Tax paid	<u>(5,304)</u>	<u>(3,956)</u>
Net cash from / (used in) operating activities	<u>(461,423)</u>	<u>40,852</u>
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		
Other investments	-	578
Net change in property, plant and equipment	(172,721)	(31,207)
Development costs	(382)	176
Net cash movement from acquisition of subsidiaries	-	(1,119)
Net cash movement from disposal of subsidiary	<u>14,554</u>	<u>-</u>
Net cash from / (used in) investing activities	<u>(158,549)</u>	<u>(31,572)</u>
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		
Proceeds from shares issued	152,462	6,727
Proceeds from issue of shares to minority shareholders	7,033	100
Share application monies received	17,900	-
Decrease in fixed deposit pledged	14,646	6,311
Borrowings	410,650	(25,711)
Interest paid	(14,870)	(12,771)
Dividend paid to minority shareholders	<u>(404)</u>	<u>(97)</u>
Net cash from / (used in) financing activities	<u>587,417</u>	<u>(28,029)</u>
Net change in cash & cash equivalents	(32,555)	(18,749)
Effect of foreign exchange fluctuations	(1,505)	811
Cash & cash equivalents brought forward	<u>(6,615)</u>	<u>11,323</u>
Cash & cash equivalents carried forward	<u>(40,675)</u>	<u>(6,615)</u>
<b>Cash and cash equivalents comprise the following balance sheet amounts:</b>		
Cash and bank balances	3,488	14,566
Bank overdrafts	(45,314)	(41,024)
Fixed deposits with licensed banks	<u>104,835</u>	<u>138,174</u>
Less: Fixed deposit pledged	<u>(63,009)</u>	<u>(111,716)</u>
	<u>(40,675)</u>	<u>(6,615)</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 31 December 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 financial periods beginning on or 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 31 December 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>-</u>	<u>-</u>	<u>760</u>	<u>96</u>
Issuance of new ordinary shares of RM0.10 each pursuant to Exercise of Warrants	<u>-</u>	<u>-</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>225,226</u>	<u>53,900</u>	<u>451,375</u>	<u>120,870</u>

# Share application monies received refers to monies received pursuant to the 6<sup>th</sup> tranche of the Exchangeable Bonds of USD5.0 million nominal value issued on 4 November 2009 which was subsequently converted into 85,036,000 new ordinary shares of RM0.10 each on 7 January 2010.

#### 7. DIVIDENDS

There were no dividends paid during the current quarter.

## SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 December 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 31 December 2009

### Notes to the Interim Report

Segment information for the current financial period to 31 December 2009 is as follows:

	← Oil And Gas →					Construction, infrastructure and project management	Others	Group
	Investment holding	Trading, Maintenance, Repair & Overhaul	Rig services	Manpower consultancy, design and engineering services	Marine logistics & support : Ownership, construction & operations			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	-	94,203	428	10,402	27,776	27,634	-	160,443
Segment results	(8,335)	14,723	(7,811)	(1,195)	4,155	(15,752)	(696)	(14,911)
Unallocated corporate income								2,608
Unallocated corporate expenses								-
Gain from operations								(12,303)
Finance Cost								(17,478)
Share of results in associates								2,052
Loss before tax								(27,729)
Tax expense								1,166
Loss after taxation								(26,563)
Profit from discontinued operations								1,694
Gain from disposal of discontinued operations								2,747
Minority interests								(22,122)
Net loss for the period								13,333
								(8,789)

## SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 December 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 31 December 2009 except for the following:

	Principal activity	Effective Equity Interest As At	
		31.12.2009 %	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	61.65	47.44
SAAG Manpower Sdn Bhd (Formerly known as 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	24.82	44.89
TPS Builder Ltd (Incorporated in India)	Fabrication, erection and commissioning of piping systems and also turnkey of contracts	60.00	26.93

**SAAG CONSOLIDATED (M) BHD**

Interim report for the quarter ended 31 December 2009

**Notes to the Interim Report****11. CHANGES IN THE COMPOSITION OF THE GROUP (con't)**

	Principal activity	Effective Equity Interest As At	
		31.12.2009 %	31.12.2008 %
QEDI Proteus Energy Ltd (Incorporated in India)	Provision of manpower consultancy, design, engineering and commissioning services	30.83	23.72
SAAG RR Oil & Gas Technology Ltd (Incorporated in India)	Provision of technology and technical assistance to companies in the oil and gas industry	51.00	44.89

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)
Net assets disposed	<hr/> 5,779
Exchange differences realised	(229)
Gain on disposal	2,747
Net consideration received	<hr/> 8,297
Total consideration as per SPA	13,558
Less : Foreign exchange hedging cost	(5,261)
Net consideration received	8,297
Less : Cash and cash equivalents in subsidiary disposed	(11,144)
Net cash movement from disposal of subsidiary	<hr/> (2,847)

## SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 December 2009

### Notes to the Interim Report

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

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

#### 13. CAPITAL COMMITMENTS

Capital expenditure not provided for in the financial statements as at 31 December 2009 in respect of purchase of property, plant and equipment are as follows:

Approved and contracted for	<u>RM 57,121</u>
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#### 14. RELATED PARTY TRANSACTIONS

	<b>Current Year 4th Quarter 31.12.09 RM'000</b>	<b>Current Year To date 31.12.09 RM'000</b>
With an associated company :		
- <i>purchases of inventories</i>	-	457

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

#### 15. REVIEW OF PERFORMANCE

The Group's revenue has dropped by 55.6% to RM160.4 million, compared to RM361.9 million in preceding year. The reduction in revenue 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.

The generation of revenue for the Group is mainly contract based. There were a number of projects secured during the years 2006/2007 which are nearing completion or have been completed during the current financial year. Due to commitments to capital expenditure for oil and gas service equipment causing a drain on availability of funds to undertake projects, the Group was not aggressive in bidding for projects in 2009. This has resulted in drop in revenue for 2009.

Consequently, the gross profit margin has dropped as compared to preceding year in view of the reduction in revenue of the segments which generate higher contribution margin. This coupled with the provision of doubtful debts and bad debts written-off has resulted the Group to incur a loss during the year.

## SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 December 2009

### Notes to the Interim Report

#### 16. QUARTERLY RESULTS COMPARISON

	Current Year 4th Quarter 31.12.2009 RM'000	Current Year 3rd Quarter 30.09.2009 RM'000
Revenue	24,972	20,585
Loss before tax	<u>(17,883)</u>	<u>(7,229)</u>

Compared to the preceding quarter, revenue has increased by 21.4% to RM25.0 million from RM20.6 million.

Nonetheless, the loss before tax has increased from RM7.2 million to RM17.9 million due to provision for doubtful debts and bad debts written off during the quarter.

#### 17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2010

The Group through issuance of private placement and exchangeable bonds in 2009 has improved the liquidity of the Group.

On 3 December, 2009, the Group was awarded an engineering, procurement and construction contract worth USD120 million for the design, supply, construction, installation, testing, commissioning and completion of 6 X 6 MW DG Power Plant and the 2 X 34 MW Combined Cycle Power Plant at the Adamjee Export Processing Zone, Bangladesh. This contract is expected to contribute positively to the Group for the current year.

The Group also expects contribution from the rig services segment and to maximize the returns from the workover rigs owned by the Group in view of the demand for workover rigs by oil majors following the recovery in the oil and gas industry.

In line with the improving market conditions and liquidity, the Group is now negotiating and bidding to secure new projects. The Group has recently submitted a few proposals for offshore pipelaying project using the Spiral Lay® method, a technology owned by a subsidiary of SAAG.

The contribution from these business segments which command higher margins as compared to the other business segments within the Group is expected to contribute positively to the Group's revenues.

#### 18. VARIANCE OF ACTUAL FROM FORECAST PROFIT

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

## SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 December 2009

### Notes to the Interim Report

#### 19. TAXATION

	Current Year Quarter 31.12.09	Current Year To date 31.12.09
	RM'000	RM'000
<u>Current year</u>		
Income Tax	(61)	4
Deferred Tax	(1,645)	(1,492)
<u>Prior year</u>		
Income tax	612	322
	<u>(1,094)</u>	<u>(1,166)</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 31 December 2009, the Company had not purchased nor disposed off any quoted shares.

#### 22. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

- a) 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.

- b) On 03 December 2007, the Company announced the following proposals:
- 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**");
  - 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**");
  - a renounceable rights issue of up to 739,295,500 Rights Shares on the basis of one (1) Rights Share for every one (1) Subdivided Share held in SAAG on an entitlement date to be determined ("**Rights Entitlement Date**"); and

## SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 December 2009

### Notes to the Interim Report

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

(iv) increase in the authorised share capital of SAAG from RM 100,000,000 comprising 1,000,000,000 Subdivided Shares to RM 500,000,000 comprising 5,000,000,000 Subdivided Shares by the creation of an additional 4,000,000,000 new Subdivided Shares.

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

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

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

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

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

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

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

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 2<sup>nd</sup> 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.

## **SAAG CONSOLIDATED (M) BHD**

Interim report for the quarter ended 31 December 2009

### **Notes to the Interim Report**

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

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.

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 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.

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 4<sup>th</sup> tranche of the Exchangeable Bonds to be issued by SAAGL shall comprise of USD10.0 million nominal value Exchangeable Bonds ("4<sup>th</sup> Tranche").

SAAG / SAAGL had on 3 September 2009 fixed the exchange price for the 4<sup>th</sup> Tranche at RM0.241. Based on such exchange price and the agreed fixed exchange rate for the 4<sup>th</sup> 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 4<sup>th</sup> 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 5<sup>th</sup> tranche of the Exchangeable Bonds to be issued by SAAGL shall comprise of USD5.0 million nominal value Exchangeable Bonds ("5<sup>th</sup> Tranche").

SAAG / SAAGL had on 20 October 2009 fixed the exchange price for the 5<sup>th</sup> Tranche at RM0.236. Based on such exchange price and the agreed fixed exchange rate for the 5<sup>th</sup> 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 5<sup>th</sup> Tranche may be converted is approximately 75,848,000 SAAG Shares.



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Interim report for the quarter ended 31 December 2009

### **Notes to the Interim Report**

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

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 6<sup>th</sup> tranche of the Exchangeable Bonds to be issued by SAAGL shall comprise of USD5.0 million nominal value Exchangeable Bonds ("6<sup>th</sup> Tranche").

SAAG / SAAGL had on 4 November 2009 fixed the exchange price for the 6<sup>th</sup> Tranche at RM0.2105. Based on such exchange price and the agreed fixed exchange rate for the 6<sup>th</sup> 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 6<sup>th</sup> Tranche may be converted is approximately 85,036,000 SAAG Shares.

On 17 November 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 18 November 2009.

On 7 December 2009, the Company announced that the Company's additional 75,848,000 new ordinary shares of RM0.10 each issued pursuant to the Exchangeable Bonds will be granted listing and quotation with effect from 8 December 2009.

On 5 January 2010, the Company announced that the 7<sup>th</sup> tranche of the Exchangeable Bonds to be issued by SAAGL shall comprise of USD6.5 million nominal value Exchangeable Bonds ("7<sup>th</sup> Tranche").

SAAG / SAAGL had on 5 January 2010 fixed the exchange price for the 7<sup>th</sup> Tranche at RM0.1805. Based on such exchange price and the agreed fixed exchange rate for the 7<sup>th</sup> 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 7<sup>th</sup> Tranche may be converted is approximately 128,920,000 SAAG Shares.

On 12 January 2010, the Company announced that the Company's additional 85,036,000 new ordinary shares of RM0.10 each issued pursuant to the Exchangeable Bonds will be granted listing and quotation with effect from 13 January 2010.

On 21 January 2010, the Company announced that the Company's additional 59,501,539 new ordinary shares of RM0.10 each issued pursuant to the Exchangeable Bonds will be granted listing and quotation with effect from 22 January 2010.

On 8 February 2010, the Company announced that the 8<sup>th</sup> tranche of the Exchangeable Bonds to be issued by SAAGL shall comprise of USD5.0 million nominal value Exchangeable Bonds ("8<sup>th</sup> Tranche").

SAAG / SAAGL had on 8 February 2010 fixed the exchange price for the 8<sup>th</sup> Tranche at RM0.1608. Based on such exchange price and the agreed fixed exchange rate for the 8<sup>th</sup> 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 8<sup>th</sup> Tranche may be converted is approximately 111,941,000 SAAG Shares.

On 12 February 2010, the Company announced that the Company's additional 69,418,461 new ordinary shares of RM0.10 each issued pursuant to the Exchangeable Bonds will be granted listing and quotation with effect from 17 February 2010.

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Interim report for the quarter ended 31 December 2009

### **Notes to the Interim Report**

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

- c) On 14 December 2009, the Company announced that it proposed to undertake a private placement of up to 10% of the issued and paid-up share capital of the Company.

On 28 December 2009, the Company announced that Bursa Malaysia Securities Berhad ("Bursa Securities") has approved the listing and quotation of up to 252,079,769 new SAAG Shares to be issued pursuant to the Proposed Private Placement ("Placement Shares") vide its letter dated 24 December 2009, subject to the following conditions:-

- (i) SAAG and OSK must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities pertaining to the implementation of the Proposed Private Placement;
- (ii) SAAG and OSK to inform Bursa Securities upon the completion of the Proposed Private Placement;
- (iii) SAAG to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed; and
- (iv) Additional listing fee payable for each tranche of the Placement Shares listed, together with a copy of the details of the computation of the amount of listing fees payable.

On 5 January 2010, the Company announced that the Board of Directors of SAAG ("Board") has fixed an issue price of RM0.1561 per placement share for the 1<sup>st</sup> tranche of the placement shares, comprising 59,885,000 placement shares. This issue price represents a discount of approximately 9.98% to the five (5)-day volume weighted average market price of SAAG's shares up to and including 4 January 2010 of RM0.1734.

On 14 January 2010, the Company announced that 59,885,000 new ordinary shares of RM0.10 each issued pursuant to the Private Placement will be granted listing and quotation with effect from 15 January 2010.

On 14 January 2010, The Company announced that the Board of Directors of SAAG has fixed an issue price of RM0.1592 per placement share for the 2<sup>nd</sup> Tranche of the placement shares, comprising 14,400,000 placement shares. This issue price represents a discount of approximately 9.95% to the five (5)-day volume weighted average market price of SAAG's shares up to and including 13 January 2010 of RM0.1768.

On 22 January 2010, the Company announced that 14,400,000 new ordinary shares of RM0.10 each issued pursuant to the Private Placement will be granted listing and quotation with effect from 25 January 2010.

**SAAG CONSOLIDATED (M) BHD**

Interim report for the quarter ended 31 December 2009

**Notes to the Interim Report****23. GROUP BORROWINGS**

Details of the Group's bank borrowings as at 31 December 2009 are as follows:

	<b>Current RM'000</b>	<b>Non-current RM'000</b>
Unsecured	48,760	36,000
Secured	518,341	21,236
	<u>567,101</u>	<u>57,236</u>
	<b>'000</b>	<b>RM '000 equivalent</b>
Bank borrowings denominated in foreign currency –		
Singapore Dollar	<u>1,836</u>	<u>4,483</u>
Indian Rupee	<u>564,509</u>	<u>41,661</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 31 December 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 Quarter 31.12.09 RM'000</b>	<b>Preceding Year Quarter 31.12.08 RM'000</b>	<b>Current Year To date 31.12.09 RM'000</b>	<b>Preceding Year To date 31.12.08 RM'000</b>
Revenue	-	76,202	47,640	149,959
Other operating income	-	7,582	847	8,391
Other operating expenses	-	(76,805)	(45,745)	(148,749)
Profits from operations	-	6,979	2,742	9,601
Finance costs	-	(215)	(208)	(344)
Share of results in associates	-	(153)	6	247
Profit before taxation	-	6,611	2,540	9,504
Taxation	-	(3,317)	(846)	(3,317)
	-	3,294	1,694	6,187
Net gain on disposal of PGS Group	-	-	2,747	-
Profit for the period	-	3,294	4,441	6,187

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

	<b>Preceding Year To date 31.12.08 RM'000</b>
Operating cash flows	2,175
Investing cash flows	2,519
Financing cash flows	(1,171)
	<u>3,523</u>

**SAAG CONSOLIDATED (M) BHD**

Interim report for the quarter ended 31 December 2009

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

	<b>Current Year Quarter 31.12.2009</b>	<b>Current Year To Date 31.12.2009</b>
Net profit / (loss) for the period (RM'000)		
- from continuing operations	(9,019)	(12,123)
- from discontinued operations	-	3,334
	<u>(9,019)</u>	<u>(8,789)</u>
Weighted average number of ordinary shares in issue ('000)	<u>852,444</u>	<u>852,444</u>
Basic earnings / (loss) per share (sen)		
- from continuing operations	(1.06)	(1.42)
- from discontinued operations	-	0.39
	<u>(1.06)</u>	<u>(1.03)</u>

**b) Diluted earnings / (loss) per share**

	<b>Current Year Quarter 31.12.2009</b>	<b>Current Year To Date 31.12.2009</b>
Net profit / (loss) for the period (RM'000)		
- from continuing operations	(9,019)	(12,123)
- from discontinued operations	-	3,334
	<u>(9,019)</u>	<u>(8,789)</u>
Weighted average number of ordinary shares in issue and issue able ('000)	852,444	852,444
Effect of dilution from assumed exercise of options grant under ESOS	195	195
Adjusted weighted average number of ordinary shares in issue and issue able ('000)	<u>852,639</u>	<u>852,639</u>
Diluted earnings / (loss) per share (sen)		
- from continuing operations	(1.06)	(1.42)
- from discontinued operations	-	0.39
	<u>(1.06)</u>	<u>(1.03)</u>

BY ORDER OF THE BOARD

ANAND SUBRAMANIAN

**EXECUTIVE DIRECTOR / GROUP CHIEF EXECUTIVE OFFICER**