



Interim Report for the 4th Quarter Ended

31 December 2010

SAAG CONSOLIDATED (M) BERHAD (Company No. : 92246-X)
(Incorporated in Malaysia)

Condensed Consolidated Financial Statements
For the Twelve Months Ended 31 December 2010

<u>Table of Contents</u>	<u>Page</u>
Condensed Consolidated Statement of Comprehensive Income	1
Condensed Consolidated Statement of Financial Position	2
Condensed Consolidated Statement of Changes in Equity	3
Condensed Consolidated Statement of Cash Flow	4
Explanatory Notes Pursuant to FRS 134	5-17

SAAG CONSOLIDATED (M) BHD
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(These figures have not been audited)

	Note	Individual Quarter		Cumulative Quarter	
		Current Year	Preceding Year	Current Year	Preceding Year
		31 Dec 2010 RM'000	31 Dec 2009 RM'000	31 Dec 2010 RM'000	31 Dec 2009 RM'000
Continuing operations					
Revenue	15	39,641	25,061	119,161	160,532
Costs of sales		<u>(12,553)</u>	<u>(13,958)</u>	<u>(68,013)</u>	<u>(126,029)</u>
Gross profit		27,088	11,103	51,148	34,503
Other operating expenses		(50,895)	(34,379)	(79,437)	(66,325)
Other income		1,436	6,881	30,175	18,465
(Loss) / Profit from operations		<u>(22,371)</u>	<u>(16,395)</u>	<u>1,886</u>	<u>(13,357)</u>
Finance costs		(6,363)	(1,447)	(19,394)	(15,830)
Share of results in associates		214	554	691	2,052
(Loss) before taxation	15	<u>(28,520)</u>	<u>(17,288)</u>	<u>(16,817)</u>	<u>(27,135)</u>
Taxation	19	(57)	2,006	(276)	2,078
Net (loss) for the period from continuing operations		<u>(28,577)</u>	<u>(15,282)</u>	<u>(17,093)</u>	<u>(25,057)</u>
Discontinued operations					
Net profit for the period from discontinued operations		-	1	-	4,442
Net (loss) for the period		<u>(28,577)</u>	<u>(15,281)</u>	<u>(17,093)</u>	<u>(20,615)</u>
Net (loss) attributable to:					
Owners of the Company					
- from continuing operations		(29,834)	(10,839)	(9,417)	(13,944)
- from discontinued operations		-	1,108	-	4,442
		<u>(29,834)</u>	<u>(9,731)</u>	<u>(9,417)</u>	<u>(9,502)</u>
Non-controlling interests		1,257	(5,550)	(7,676)	(11,113)
		<u>(28,577)</u>	<u>(15,281)</u>	<u>(17,093)</u>	<u>(20,615)</u>
Earnings per share (sen)					
● Basic					
- from continuing operations		(1.65)	(1.24)	(0.52)	(1.60)
- from discontinued operations		-	-	-	0.51
		<u>(1.65)</u>	<u>(1.24)</u>	<u>(0.52)</u>	<u>(1.09)</u>
● Diluted					
- from continuing operations		-	-	-	-
- from discontinued operations		-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net (loss) for the period		<u>(28,577)</u>	<u>(15,281)</u>	<u>(17,093)</u>	<u>(20,615)</u>
Other comprehensive income after tax :					
Exchange differences on translation		112	(876)	(5,131)	(489)
Transaction costs arising from conversion of exchangeable bonds		(11)	(21,974)	(13,989)	(21,974)
Changes in equity interest in subsidiaries		-	6,884	-	1,706
Share issue expenses		-	10	(11)	0
Dividend paid / payable to minority interests of a subsidiary		-	-	-	(404)
Total comprehensive income for the period		<u>(28,476)</u>	<u>(31,237)</u>	<u>(36,224)</u>	<u>(41,776)</u>
Total comprehensive income attributable to :					
Owners of the Company					
- from continuing operations		(29,700)	(33,341)	(27,071)	(36,320)
- from discontinued operations		-	1,108	-	4,442
		<u>(29,700)</u>	<u>(32,233)</u>	<u>(27,071)</u>	<u>(31,878)</u>
Non-controlling interests		1,224	996	(9,153)	(9,898)
		<u>(28,476)</u>	<u>(31,237)</u>	<u>(36,224)</u>	<u>(41,776)</u>

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

SAAG CONSOLIDATED (M) BHD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(The figures have not been audited)

	Note	As at 31 Dec 2010 RM'000	As at 31 Dec 2009 RM'000
ASSETS			
Non-Current assets			
Property, plant and equipment		400,720	328,578
Investment properties		3,784	4,132
Investment in associates		9,141	8,450
Intangible assets		10,083	11,984
Deferred tax assets		268	370
		<u>423,996</u>	<u>353,514</u>
Current assets			
Amount due from customers for contract works		361,686	288,486
Property development costs		9,784	14,219
Inventories		190,469	158,457
Trade receivables		257,188	216,390
Other receivables, deposits and prepayments		30,376	57,763
Tax recoverable		2,049	2,806
Amount owing by an associate		3,992	4,108
Fixed deposits with licensed bank		32,315	104,875
Cash and bank balances		22,116	3,468
		<u>909,975</u>	<u>850,572</u>
TOTAL ASSETS		<u>1,333,971</u>	<u>1,204,086</u>
EQUITY AND LIABILITIES			
Current liabilities			
Trade payables		27,903	25,649
Other payables and accruals		186,024	216,257
Amounts due to customer for contract works		19	869
Amount owing to directors of subsidiaries		886	277
Hire-purchase creditors		1,223	1,491
Borrowings (Interest bearing)	23	487,730	554,482
Tax liabilities		103	133
		<u>703,888</u>	<u>799,158</u>
Non-current liabilities			
Hire-purchase creditors		503	1,765
Borrowings (Interest bearing)	23	226,751	63,693
Deferred tax liabilities		9,107	9,013
		<u>236,361</u>	<u>74,471</u>
Total Liabilities		<u>940,249</u>	<u>873,629</u>
Equity			
Share capital		197,465	125,058
Reserves		182,110	187,287
Issued capital and reserves attributable to owners of the company		<u>379,575</u>	<u>312,345</u>
Non-controlling interests		14,147	18,112
Total Equity		<u>393,722</u>	<u>330,457</u>
		<u>1,333,971</u>	<u>1,204,086</u>
Net Assets per share (RM)		0.19	0.25

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2009 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 Owners of the Company										Non-Controlling Interest RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Share application money pending allotment 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			
As 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	76	20	-	-	-	-	-	-	96	-	96	
- exercise of warrants	8,516	9,368	-	-	-	-	-	-	17,884	-	17,884	
- private placement	6,484	7,126	-	-	-	-	-	-	13,610	-	13,610	
- conversion of 5-year Exchangeable Bonds	45,138	75,732	-	-	-	-	-	-	120,870	-	120,870	
Money received towards application for shares pending allotment	-	-	17,900	-	-	-	-	-	17,900	-	17,900	
Total comprehensive income for the period	-	(21,963)	-	-	(11)	(1,077)	-	(8,827)	(31,878)	(9,898)	(41,776)	
As at 31 December 2009	<u>125,058</u>	<u>104,065</u>	<u>17,900</u>	<u>(1,767)</u>	<u>-</u>	<u>(45)</u>	<u>840</u>	<u>66,294</u>	<u>312,345</u>	<u>18,112</u>	<u>330,457</u>	
As at 1 January 2010	125,058	104,065	17,900	(1,767)	-	(45)	840	66,294	312,345	18,112	330,457	
Effects arising from adoption of FRS 139	-	-	-	-	-	-	-	4,429	4,429	5,188	9,617	
As at 1 January 2010 (restated)	<u>125,058</u>	<u>104,065</u>	<u>17,900</u>	<u>(1,767)</u>	<u>-</u>	<u>(45)</u>	<u>840</u>	<u>70,723</u>	<u>316,774</u>	<u>23,300</u>	<u>340,074</u>	
Issue of share capital arising from:												
- private placement	6 8,829	4,775	-	-	-	-	-	-	13,604	-	13,604	
- conversion of 5-year Exchangeable Bonds	6 63,578	30,590	(17,900)	-	-	-	-	-	76,268	-	76,268	
Total comprehensive income for the period	-	(14,000)	-	-	-	(3,654)	-	(9,417)	(27,071)	(9,153)	(36,224)	
As at 31 December 2010	<u>197,465</u>	<u>125,430</u>	<u>-</u>	<u>(1,767)</u>	<u>-</u>	<u>(3,699)</u>	<u>840</u>	<u>61,306</u>	<u>379,575</u>	<u>14,147</u>	<u>393,722</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 2009 and the accompanying explanatory notes attached to the interim financial statements.

SAAG CONSOLIDATED (M) BHD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(The figures have not been audited)

	12 months ended 31 Dec 2010 RM'000	12 months ended 31 Dec 2009 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
(Loss) before taxation		
Continuing operations	(16,817)	(27,135)
Discontinued operations	-	5,288
Adjustments for:-		
Non-cash items	6,389	12,918
Non-operating items	17,041	11,319
Operating profit before working capital changes	<u>6,613</u>	<u>2,390</u>
Net change in current assets	(160,087)	(466,333)
Net change in current liabilities	<u>(28,973)</u>	<u>65,578</u>
Cash used in operations	(182,447)	(398,365)
Tax paid	-	(8,124)
Net cash used in operating activities	<u>(182,447)</u>	<u>(406,489)</u>
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES		
Net change in property, plant and equipment	(60,917)	(172,062)
Development costs	4,435	(2,123)
Net cash movement from disposal of subsidiary	-	(2,847)
Net cash (used in) investing activities	<u>(56,482)</u>	<u>(177,032)</u>
CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES		
Proceeds from shares issued	75,872	130,487
Proceeds from issue of shares to minority shareholders	-	7,033
Decrease in fixed deposit pledged	72,129	14,646
Borrowings	116,222	425,661
Interest paid	(17,732)	(13,377)
Dividend paid	-	(404)
Net cash from financing activities	<u>246,491</u>	<u>564,046</u>
Net change in cash & cash equivalents	7,562	(19,475)
Effect of foreign exchange fluctuations	1,211	194
Cash & cash equivalents brought forward	<u>(25,896)</u>	<u>(6,615)</u>
Cash & cash equivalents carried forward	<u>(17,123)</u>	<u>(25,896)</u>
Cash and cash equivalents comprise the following amounts:		
Cash and bank balances	22,116	3,468
Bank overdrafts	(43,391)	(30,554)
Fixed deposits with licensed banks	<u>32,315</u>	<u>104,874</u>
	11,040	77,788
Less: Fixed deposit pledged	(28,163)	(103,684)
	<u>(17,123)</u>	<u>(25,896)</u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 December 2010

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 2009.

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 2009.

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 2009 except for the adoption of the following new/revised FRSs, Amendments to FRS and Interpretations: -

		Effective for financial periods beginning on or after
FRS 8	Operating Segments	1 July 2009
FRS 7	Financial Instruments : Disclosures	1 January 2010
FRS 101	Presentation of Financial Statements (revised)	1 January 2010
FRS 123	Borrowing Costs	1 January 2010
FRS 139	Financial Instruments : Recognition and Measurement	1 January 2010
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements : Cost of an Investment in a Subsidiary, Joint Controlled Entity or Associate	1 January 2010
Amendment to FRS 2	Share-based Payment : Vesting Conditions and Cancellations	1 January 2010
Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2010
Improvements in FRS 8	Operating Segments	1 January 2010
Amendment to FRS 107	Statement of Cash Flows	1 January 2010
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2010
Amendment to FRS 110	Events after the Reporting Period	1 January 2010
Amendment to FRS 116	Property, Plant and Equipment	1 January 2010
Amendment to FRS 117	Leases	1 January 2010
Amendment to FRS 118	Revenue	1 January 2010
Amendment to FRS 119	Employee Benefits	1 January 2010
Amendment to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2010
Amendment to FRS 123	Borrowing Costs	1 January 2010
Amendment to FRS 127	Consolidated and Separate Financial Statements	1 January 2010
Amendment to FRS 128	Investments in Associates	1 January 2010
Amendment to FRS 129	Financial Reporting in Hyperinflationary Economies	1 January 2010
Amendment to FRS 131	Interests in Joint Ventures	1 January 2010
Amendment to FRS 132	Financial Instruments : Presentation	1 January 2010
Amendment to FRS 134	Interim Financial Reporting	1 January 2010

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 December 2010

Notes to the Interim Report

1. ACCOUNTING POLICIES (con't)

Changes in Accounting Policies (con't)

		Effective for financial periods beginning on or after
Amendment to FRS 136	Impairment of assets	1 January 2010
Amendments to FRS 139, FRS 7 and IC Interpretation 9	Non-current Assets Held for Sale and Discontinued Operations	1 January 2010
Amendment to FRS 140	Investment Properties	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
Amendment to FRS 138	Intangible Assets	1 January 2010
Amendment to FRS 132	Financial Instruments : Disclosures	1 January 2010 /1 March 2010

Other than the application of FRS 8, FRS 101 and FRS 139, the application of new FRSs, Amendments to FRSs and IC Interpretations that are effective for the financial statements commencing from 1 January 2010 did not result in any significant changes in the accounting policies and presentation of financial results of the Group.

FRS 8 : Operating Segments

FRS 8 requires segment information to be presented on a similar basis to that used for internal reporting purposes. As a result, the Group's segment report had been presented based on the internal reporting to the chief operating decision maker who makes decisions on the allocation of resources and assesses the performance of the reportable segments. This standard does not have any impact on the financial position of the Group.

FRS 101 : Presentation of Financial Statements

FRS 101 requires the separation of owner and non-owner changes in equity. Therefore, the current consolidated statement of changes in equity only includes details of transactions with owners. All non-owner changes in equity, if any, will be presented as a single line labelled as total comprehensive income.

In addition, FRS 101 has introduced new title on the financial statements. Statement of Financial Position has replaced Balance Sheet, Statement of Comprehensive Income is introduced to replace Income Statement and Statement of Cash Flow has replaced Cash Flow Statement. This standard does not have any material impact on the financial position and results of the Group.

This Standard also requires a statement of financial position as at the beginning of the earliest comparative period to be presented if there are applications of retrospective restatements that are defined in FRS 108, or when there are reclassifications of items in the financial statements.

FRS 139: Financial Instruments : Recognition and Measurements

FRS 139 establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted. The Group determines the classification at initial recognition and for the purpose of the first-time adoption of the standard, as at transitional date on 1 January 2010.

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 December 2010

Notes to the Interim Report**1. ACCOUNTING POLICIES (con't)****Changes in Accounting Policies (con't)****New FRSs, Amendments to FRSs and IC Interpretations not adopted**

		Effective for financial periods beginning on or after
FRS 1	First Time Adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combinations	1 July 2010
FRS 127	Consolidated and Separate Financial Statements	1 July 2010
IC Interpretation 12	Service Concession Arrangements	1 July 2010
Amendment to FRS 2	Share-based Payment : Vesting Conditions and Cancellations	1 July 2010
Amendment to FRS 5	Financial Instruments : Recognition and Measurement, Disclosures and Reassessment of Embedded Derivatives	1 July 2010
Amendment to FRS 138	Intangible Assets	1 July 2010
Amendment to IC Interpretation 9	Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
Amendment to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendment to FRS 1	Additional exemptions for First Time Adopters	1 January 2011
Amendment to FRS 2	Group cash – settled share based payment vesting conditions and cancellation	1 January 2011
Amendment to FRS 3	Business Combinations	
Amendment to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011
Amendment to IC Interpretation 13	Customer Loyalty Programmes	1 January 2011
Amendment to FRS 101	Presentation of Financial Statements	
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2011
Amendment to FRS 128	Investments in Associates	1 January 2011
Amendment to FRS 131	Interests in Joint Ventures	1 January 2011
Amendment to FRS 132	Financial Instruments : Presentation	1 January 2011
Amendment to FRS 134	Interim Financial Reporting	1 January 2011
Amendment to FRS 139	Financial Instruments : Recognition and Measurement	1 January 2011
IC Interpretation 4	Determining whether an Arrangement Contains a Lease	1 January 2011
IC Interpretation 18	Transfer of Assets from Customers	1 January 2011
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 July 2011
FRS 124	Related Party Disclosures	1 January 2012
IC Interpretation 15	Agreements for the Construction of Real Estate	1 January 2012

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 December 2010

Notes to the Interim Report

1. ACCOUNTING POLICIES (con't)

Changes in Accounting Policies (con't)

The Group categorized financial instruments as follows:

Financial Assets

Loan and receivables

Loan and receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gain and losses from the derecognition of the loan and receivables, EIR amortization and impairment losses are recognised in profit or loss.

Financial Liabilities

Financial liabilities are initially measured at fair value and are subsequently measured at amortised costs, using the effective interest rate method.

Impact on opening balances

In accordance with the transitional provisions of FRS 139, the above changes have been applied prospectively and the comparatives as at 31 December 2009 have not been restated. The changes have been accounted by the Group by restating the following opening balances in the statement of financial position as at 1 January 2010.

	RM'000
Increase / (Decrease) in borrowings	(9,617)
Increase / (Decrease) in non-controlling interests	5,188
Increase / (Decrease) in retained profit	<u>4,429</u>

2. AUDITORS' REPORT ON PRECEEDING ANNUAL FINANCIAL STATEMENTS

The latest audited financial statements for the financial year ended 31 December 2009 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.

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.

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 December 2010

Notes to the Interim Report**6. CHANGES IN EQUITY**

	Current Quarter		Current Year To Date	
	Number Of Shares	Proceeds From Share Issue	Number Of Shares	Proceeds From Share Issue
	'000	RM'000	'000	RM'000
Issuance of new ordinary shares of RM0.10 each pursuant to Exercise of Private Placements	0	0	88,285	13,604
Issuance of new ordinary shares of RM0.10 each pursuant to conversion of Exchangeable Bonds	0	0	635,785	94,171

7. DIVIDENDS

There were no dividends paid during the current quarter.

8. SEGMENTAL REPORTING

The Group is organised into six 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 platform rigs as owner / operator and consultancy services for petroleum and related upstream activities
Maritime 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	Engineering, procurement, project management, construction and commissioning of projects related to power generation / infrastructure / civil works.
Manpower consultancy, design, engineering and fabrication 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 2010

Notes to the Interim Report

Segment information for the current financial period to 31 December 2010 is as follows:

	← Oil And Gas →					Construction, infrastructure and project management	Others	Group
	Investment holding	Trading, maintenance, repair & overhaul	Rig services	Manpower consultancy, design, engineering and fabrication services	Maritime logistics & support : Ownership, construction & operations			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	-	27,931	700	490	8,596	81,444	-	119,161
Segment results	12,674	(26,562)	(10,124)	(4,442)	(2,815)	31,783	(290)	224
Unallocated corporate income								1,662
Unallocated corporate expenses								-
Profit from operations								1,886
Finance costs								(19,394)
Share of results in associates								691
Profit before tax								(16,817)
Tax expense								(276)
Profit after taxation								(17,093)
Non - controlling interests								7,676
Net profit for the period								(9,417)

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 December 2010

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 2010 except for the following internal restructuring which has no material impact to the financial statements.

	Principal activity	Effective Equity Interest As At	
		31.12.2010 %	31.12.2009 %
OGS Asiapac Ltd (Incorporated in Mauritius)	Provision of engineering services and manpower supply to the resources and energy centre	39.82	50.10

12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no significant changes in contingent liabilities and contingent assets since the last annual statement of financial position date.

13. CAPITAL COMMITMENTS

Capital expenditure not provided for in the financial statements as at 31 December 2010 in respect of purchase of property, plant and equipment are as follows:

Approved and contracted for RM 57,121

14. RELATED PARTY TRANSACTIONS

	Current Year 4th Quarter 31.12.2010 RM'000	Current Year To date 31.12.2010 RM'000
With an associated company : - purchases of inventories	-	1

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

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 December 2010

Notes to the Interim Report

15. REVIEW OF PERFORMANCE

The Group has registered revenue of RM119.2 million for the twelve months period ended 31 December 2010 as compared to RM160.5 million in the preceding year corresponding period. The revenue of RM 119.2 million comprised of the rental of the generator sets and the revenue recognized from the completed projects.

The Group achieved a gross profit margin of 42.9% as compared to 21.5% in the preceding year corresponding period. The Group has registered a loss before taxation of RM16.8 million in the current period as compared to a loss before tax of RM27.1 million in the preceding year corresponding period. The reduction in the loss is mainly attributable to favourable unrealised foreign exchange translations and recognition of profits of completed projects.

16. QUARTERLY RESULTS COMPARISON

	Current Year 4th Quarter 31.12.2010 RM'000	Current Year 3rd Quarter 30.09.2010 RM'000
Revenue	39,641	23,623
(Loss) / Profit before tax	<u>(28,520)</u>	<u>9,474</u>

Revenue has increased from RM23.6 million in the preceding quarter to RM39.6 million in the current quarter. The increase in revenue was mainly due to the progressive revenue recognition of the projects that were completed.

The Group however, registered a loss before tax of RM28.5 million in the current quarter as compared to a profit before tax of RM 9.5 million in the preceding quarter. This was due to the provision for doubtful debts of approximately RM 32.2 million provided for during the year.

17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2011

The Group is well positioned to offer owner operator services in the rig services segment and as such, this segment is expected to contribute positively in the year 2011. The Company will continue its efforts to procure a long term contract for its tanker which is currently on spot charters. The Group is also currently pursuing its efforts to commercialise its offshore pipelaying technology.

The Company, through its overseas subsidiary, secured an EPCC contract worth United States Dollars Seventy Eight Million (USD78,000,000.00), as Main Contractor from Mrails Tram (Melaka) Sdn Bhd ("Mrails") for the design, engineering, procurement, construction and commissioning of 40 kms Tramway in Melaka.

The Group is also embarking in corporate exercises to provide liquidity which will greatly enhance the ability of the Group to bid and procure more jobs which has been hindered in the recent past due to working capital inadequacy and focus to conserve resources within the Group.

The Group will strive to gear the operations towards operational efficiency and cost reduction and will continue its efforts to secure contracts for the various business segments.

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 2010

Notes to the Interim Report

19. TAXATION

	Current Year Quarter 31.12.10	Current Year To date 31.12.10
	RM'000	RM'000
<u>Current year</u>		
Income tax	(25)	0
Deferred Tax	30	206
<u>Prior year</u>		
Income Tax	52	70
	<u>57</u>	<u>276</u>

The effective tax rate was lower than the statutory tax rate of 25% due to utilization of capital allowances and unabsorbed tax losses in certain subsidiaries.

20. SALE/PURCHASE OF UNQUOTED INVESTMENTS AND PROPERTIES

There was no sale or purchase of unquoted investments and properties during the financial period under review except for the disposal of unquoted

21. QUOTED SECURITIES

As at 31 December 2010, 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 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;

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 December 2010

Notes to the Interim Report

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

(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 1st 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 has fixed an issue price of RM0.1592 per placement share for the 2nd 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.

On 22 February 2010, the Company announced that the Board has fixed an issue price of RM0.1402 per placement share for the third tranche of the placement shares, comprising 14,000,000 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 19 February 2010 of RM0.1557.

On 1 March 2010, the Company announced that 14,000,000 new ordinary shares of RM0.10 each issued pursuant to the Private Placement will be granted listing and quotation with effect from 2 March 2010.

On 25 June 2010, the Company announced that the Bursa Securities has, vide its letter dated 24 June 2010, granted an extension of time of six (6) months from 25 June 2010 until 25 December 2010 to complete the implementation of the Proposed Private Placement.

On 27 December 2010, the Company announced that the approval from Bursa Securities for the Company to implement the Proposed Private Placement by 25 December 2010 has lapsed and accordingly, the Proposed Private Placement is deemed completed.

c) On 03 September 2010, the Company announced that it proposed to raise gross proceeds of up to approximately Ringgit Malaysia ("RM") 416 million ("Intended Gross Proceeds") by undertaking the following proposals:

i) a renounceable two (2) call rights issue of up to 5,200,549,005 new ordinary shares of RM0.10 each in SAAG ("Rights Share(s)") on the basis of five (5) Rights Shares for every two (2) existing ordinary shares of RM0.10 each held in SAAG ("SAAG Share(s)") together with up to 1,040,109,801 free detachable warrants ("Warrant(s)") on the basis of one (1) Warrant for every five (5) Rights Shares subscribed ("Proposed Rights Issue");

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 December 2010

Notes to the Interim Report

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

- ii) in the event that the total proceeds of the Proposed Rights Issue shall be less than the amount of the Intended Gross Proceeds, (such difference, referred to as the "Differential Intended Gross Proceeds"), the Differential Intended Gross Proceeds shall be raised by either of the following or a combination of both:
- (a) proposed issuance of nominal value five (5) year unsecured guaranteed exchangeable bonds ("Exchangeable Bonds") by SAAG (L) Limited ("SAAGL"), a wholly – owned subsidiary of the Company up to such amount equivalent in value to the difference between the Differential Intended Gross Proceeds and the ICPS Proceeds, if any; and/or
 - (b) proposed issuance of nominal value of five (5) year irredeemable convertible preference shares of RM 0.10 each in SAAG ("ICPS") up to such amount equivalent in value to the difference between the Differential Intended Gross Proceeds and the Exchangeable Bonds Proceeds, if any.
- iii) proposed amendments to the Memorandum and Articles of Association of SAAG
- iv) proposed establishment of an employees' share option scheme ("ESOS") of up to 15% of the issued and paid up share capital of SAAG at anytime for the Directors (including Non – Executive Directors) of SAAG and eligible employees of SAAG and its subsidiaries.

On 03 December 2010, the Company announced that the application to the relevant authorities will be submitted on a date later than 03 December 2010. The Company expects that the application for the Proposed Rights Issue and Proposed ESOS are to be submitted within three (3) months from 03 December 2010 which an announcement will be made accordingly.

23. GROUP BORROWINGS

Details of the Group's bank borrowings as at 31 December 2010 are as follows:

	Current RM'000	Non-current RM'000
Unsecured	73,182	0
Secured	414,548	226,751
	<u>487,730</u>	<u>226,751</u>
	'000	RM '000 equivalent
Bank borrowings denominated in foreign currency –		
United State Dollar	<u>59,867</u>	<u>175,247</u>
Singapore Dollar	<u>2,210</u>	<u>5,282</u>
Indian Rupee	<u>580,358</u>	<u>39,929</u>

SAAG CONSOLIDATED (M) BHD
 Interim report for the quarter ended 31 December 2010
Notes to the Interim Report

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 statement of financial position date to the date of this report.

26. EARNINGS PER SHARE

Basic earnings per share

	Current Year Quarter 31.12.2010	Current Year To Date 31.12.2010
Net profit for the period (RM'000)	(29,834)	(9,417)
Weighted average number of ordinary shares in issue ('000)	<u>1,804,261</u>	<u>1,804,261</u>
Basic earnings per share (sen)	<u>(1.65)</u>	<u>(0.52)</u>

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 December 2010

Notes to the Interim Report**27. DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES**

The following analysis of realised and unrealised retained profits/(accumulated losses) is prepared pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Securities Berhad's Listing Requirements and in accordance with the Guidance on Special Matter No.1 – Determination of Realised and Unrealised Profits or Losses as issued by the Malaysian Institute of Accountants. This disclosure is based on the format prescribed by Bursa Malaysia Securities Berhad.

	Current Year 4th Quarter 31.12.2010 RM '000	Current Year 3rd Quarter 30.09.2010 RM '000
Total retained profits / (accumulated losses) of the Company and its subsidiaries :		
- Realised gains	33,363	56,890
- Unrealised gains	21,453	23,780
- Unrealised (losses)	<u>(6,100)</u>	<u>(1,906)</u>
	48,716	78,764
Total share of retained profits / (accumulated losses) from associated companies :		
- Realised gains	8,031	7,817
- Realised (losses)	<u>(1,409)</u>	<u>(1,409)</u>
Total share of retained profits / (accumulated losses) from jointly controlled entities :		
- Realised (losses)	<u>(791)</u>	<u>(791)</u>
	54,547	84,381
Less : Consolidation adjustments	6,759	6,759
Total group retained profits as per the Consolidated Financial Statements	<u>61,306</u>	<u>91,140</u>

BY ORDER OF THE BOARD

**ANAND SUBRAMANIAN
EXECUTIVE DIRECTOR / GROUP CHIEF EXECUTIVE OFFICER**