



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

**30 June 2011**

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

Condensed Consolidated Financial Statements  
For the Three Months Ended 30 June 2011

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

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	30 Jun 2011	30 Jun 2010	30 Jun 2011	30 Jun 2010
	RM'000	RM'000	RM'000	RM'000
<b>Continuing operations</b>				
Revenue	10,933	43,104	24,134	55,897
Costs of sales	(8,878)	(31,874)	(19,114)	(41,762)
Gross profit	2,055	11,230	5,020	14,135
Other operating expenses	(10,561)	(8,709)	(20,728)	(17,782)
Other income	388	1,212	5,922	12,337
(Loss)/Profit from operations	(8,118)	3,733	(9,786)	8,690
Finance costs	(7,869)	(3,578)	(17,810)	(6,640)
Share of results in associates	244	(195)	542	179
(Loss)/Profit before taxation	(15,743)	(40)	(27,054)	2,229
Taxation	(1)	(32)	(158)	(35)
Net (loss)/profit for the period from continuing operations	(15,744)	(72)	(27,212)	2,194
<b>Discontinued operations</b>				
Net profit for the period from discontinued operations	-	-	-	-
Gain on disposal of discontinued operations	-	-	-	-
Net (loss)/profit for the period	(15,744)	(72)	(27,212)	2,194
<b>Net (loss)/profit attributable to:</b>				
Owners of the Company				
- from continuing operations	(14,098)	1,981	(21,952)	6,876
- from discontinued operations	-	-	-	-
	(14,098)	1,981	(21,952)	6,876
Non-controlling interests	(1,645)	(2,053)	(5,259)	(4,682)
	(15,743)	(72)	(27,211)	2,194
<b>Earnings per share (sen)</b>				
• Basic				
- from continuing operations	(0.68)	0.11	(1.06)	0.40
- from discontinued operations	-	-	-	-
	(0.68)	0.11	(1.06)	0.40
• Diluted				
- from continuing operations	-	-	-	-
- from discontinued operations	-	-	-	-
	-	-	-	-
<b>Net (loss)/ profit for the period</b>	(15,744)	(72)	(27,212)	2,194
<b>Other comprehensive income after tax :</b>				
Exchange differences on translation	719	5,945	7,859	4,188
Transaction costs arising from conversion of exchangeable bonds	-	(3,980)	-	(9,091)
Changes in equity interest in subsidiaries	-	-	-	-
Share issue expenses	(4)	-	(4)	(11)
Dividend paid / payable to minority interests of a subsidiary	-	-	-	-
Total comprehensive income for the period	(15,029)	1,893	(19,357)	(2,720)
<b>Total comprehensive income attributable to :</b>				
Owners of the Company				
- from continuing operations	(14,824)	4,412	(18,733)	2,869
- from discontinued operations	-	-	-	-
	(14,824)	4,412	(18,733)	2,869
Non-controlling interests	(205)	(2,519)	(624)	(5,589)
	(15,029)	1,893	(19,357)	(2,720)

*The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2010 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)

	As at 30 June 2011 RM'000	As at 31 Dec 2010 RM'000
<b>ASSETS</b>		
<b>Non-Current assets</b>		
Property, plant and equipment	399,073	398,829
Investment properties	2,503	3,702
Investment in associates	9,684	9,141
Intangible assets	8,972	8,622
Deferred tax assets	137	124
	<u>420,369</u>	<u>420,418</u>
<b>Current assets</b>		
Amount due from customers for contract works	273,595	273,190
Property development costs	13,240	12,013
Inventories	250,335	241,186
Trade receivables	252,740	259,060
Other receivables, deposits and prepayments	67,015	52,071
Tax recoverable	2,283	2,029
Amount owing by an associate	1,621	1,575
Fixed deposits with licensed bank	23,227	32,317
Cash and bank balances	3,227	22,081
	<u>887,283</u>	<u>895,522</u>
	<u>1,307,652</u>	<u>1,315,940</u>
<b>TOTAL ASSETS</b>		
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Trade payables	32,914	39,364
Other payables and accruals	204,424	194,983
Amounts due to customer for contract works	-	44
Amount owing to directors of subsidiaries	78	582
Hire-purchase creditors	1,001	1,259
Borrowings (Interest bearing)	486,747	467,415
Tax liabilities	125	80
	<u>725,289</u>	<u>703,727</u>
<b>Non-current liabilities</b>		
Hire-purchase creditors	487	615
Borrowings (Interest bearing)	236,903	256,474
Deferred tax liabilities	6,443	6,537
	<u>243,833</u>	<u>263,626</u>
	<u>969,122</u>	<u>967,353</u>
<b>Total Liabilities</b>		
<b>Equity</b>		
Share capital	206,765	197,465
Reserves	131,996	150,636
<b>Issued capital and reserves attributable to owners of the company</b>	<u>338,761</u>	<u>348,101</u>
<b>Non-controlling interests</b>	(232)	486
<b>Total Equity</b>	<u>338,529</u>	<u>348,587</u>
	<u>1,307,651</u>	<u>1,315,940</u>
Net Assets per share (RM)	0.16	0.17

*The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2010 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)

	Attributable to Owners of the Company										
	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	Non-Controlling Interest RM'000	Total equity RM'000
<b>At 1 January 2010</b>	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	8,829	4,775	-	-	-	-	-	-	13,604	-	13,604
- conversion of 5-year Exchangeable Bonds	47,065	26,606	(17,900)	-	-	-	-	-	55,771	-	55,771
Total comprehensive income for the period	-	(9,102)	-	-	-	5,095	-	6,876	2,869	(5,589)	(2,720)
<b>At 30 June 2010</b>	<u>180,952</u>	<u>126,344</u>	<u>-</u>	<u>(1,767)</u>	<u>-</u>	<u>5,050</u>	<u>840</u>	<u>77,599</u>	<u>389,018</u>	<u>17,711</u>	<u>406,729</u>
<b>At 1 January 2011</b>	197,465	125,832	-	(1,767)	-	(4,859)	840	30,590	348,101	486	348,587
Issue of share capital arising from:											
- private placement	9,300	-	-	-	-	-	-	-	9,300	-	9,300
Total comprehensive income for the period	-	(4)	-	-	-	3,223	-	(21,952)	(18,733)	(624)	(19,357)
<b>At 30 June 2011</b>	<u>206,765</u>	<u>125,828</u>	<u>-</u>	<u>(1,767)</u>	<u>-</u>	<u>(1,636)</u>	<u>840</u>	<u>8,638</u>	<u>338,668</u>	<u>(138)</u>	<u>338,530</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 2010 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)

	<b>6 months ended 30 Jun 2011 RM'000</b>	<b>6 months ended 30 Jun 2010 RM'000</b>
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Profit / (loss) before taxation		
Continuing operations	(27,054)	2,229
Discontinued operations	-	-
Adjustments for:-		
Non-cash items	(5,197)	(4,780)
Non-operating items	16,987	5,759
Operating profit before working capital changes	<u>(15,264)</u>	<u>3,208</u>
Net change in current assets	(23,914)	(133,440)
Net change in current liabilities	2,946	(10,289)
Cash used in operations	<u>(36,232)</u>	<u>(140,521)</u>
Net cash used in operating activities	<u>(36,232)</u>	<u>(140,521)</u>
<b>CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES</b>		
Net change in property, plant and equipment	453	(82,716)
Development costs	(1,227)	1,395
Net cash (used in)/ generated from investing activities	<u>(774)</u>	<u>(81,321)</u>
<b>CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES</b>		
Proceeds from shares issued	9,300	60,668
Decrease in fixed deposit pledged	-	-
Borrowings	1,831	5,609
Interest paid	(1,160)	161,412
Net cash from financing activities	<u>(7,558)</u>	<u>221,750</u>
Net change in cash & cash equivalents	(44,564)	(92)
Effect of foreign exchange fluctuations	13,486	4,708
Cash & cash equivalents brought forward	1,189	(25,896)
Cash & cash equivalents carried forward	<u>(29,889)</u>	<u>(21,280)</u>
<b>Cash and cash equivalents comprise the following amounts:</b>		
Cash and bank balances	3,227	5,403
Bank overdrafts	(34,558)	(32,148)
Fixed deposits with licensed banks	<u>23,227</u>	<u>103,541</u>
Less: Fixed deposit pledged	(8,104)	76,796
	<u>(21,785)</u>	<u>(98,076)</u>
	<u>(29,889)</u>	<u>(21,280)</u>

*The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.*

## SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 30 June 2011

### Notes to the Interim Report

#### PART A – EXPLANATORY NOTES IN COMPLIANCE WITH FINANCIAL REPORTING STANDARDS (“FRS”) 134, INTERIM FINANCIAL REPORTING

##### A1. 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 2010.

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 2010.

###### 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 2010 except for the adoption of the following new/revised FRSS, Amendments to FRS and Interpretations which were effective for financial periods beginning 1 January 2011: -

Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosure for First Time Adopters
Amendments to FRS 1	Additional Exemptions for First Time Adopters
Amendments to FRS 1	Amendments to FRS 1 First Time Adoption of Financial Reporting Standards [Improvements to FRSS (2010)]
Amendments to FRS 3	Amendments to FRS 3 Business Combinations [Improvements to FRSS (2010)]
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 7	Amendments to FRS 7 Financial Instruments: Disclosures [Improvements to FRSS (2010)]
Amendments to FRS 101	Amendments to FRS 101 Presentation of Financial Statements [Improvements to FRSS (2010)]
Amendments to FRS 121	Amendments to FRS 121 Effects of changes to foreign exchange rates [Improvements to FRSS (2010)]
Amendments to FRS 128	Amendments to FRS 128 Investment in Associates [Improvements to FRSS (2010)]
Amendments to FRS 131	Amendments to FRS 131 Interest in joint ventures [Improvements to FRSS (2010)]
Amendments to FRS 132	Amendments to FRS 132 Financial Instruments: Presentation [Improvements to FRSS (2010)]
Amendments to FRS 134	Amendments to FRS 134 Interim Financial Reporting [Improvements to FRSS (2010)]
Amendments to FRS 139	Amendments to FRS 139 Financial Instruments: Recognition & Measurement [Improvements to FRSS (2010)]
IC interpretation 4	Determining whether an arrangement contains a lease
IC interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (amendments)
IC interpretation 19	Extinguishing Financial Liabilities with Equity Instruments

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

Interim report for the quarter ended 30 June 2011

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

#### **A1. ACCOUNTING POLICIES (con't)**

The application of new FRSs, Amendments to FRSs and IC Interpretations that are effective for the financial statements commencing from 1 January 2011 did not result in any significant changes in the accounting policies and presentation of financial results of the Group.

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.

#### **A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The latest audited financial statements for the financial year ended 31 December 2010 were not subject to any qualification.

#### **A3. 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.

#### **A4. 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.

#### **A5. CHANGES IN ESTIMATES**

There were no changes in estimates that have a material effect in the current quarter.



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Interim report for the quarter ended 30 June 2011

**Notes to the Interim Report****A6. 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	93,000	9,300	93,000	9,300
Issuance of new ordinary shares of RM0.10 each pursuant to conversion of Exchangeable Bonds	-	-	-	-

**A7. DIVIDENDS**

There were no dividends paid during the current quarter.

**A8. SEGMENTAL REPORTING**

The Group is organised into six main business segments and the revenue and result of each business segment is reported as follows:

<b>Investment holding</b>	Provision of group management and shared services and investment holding
<b>Trading, maintenance, repair</b>	Supply, repair and maintenance of engineering equipment and spare parts of oil and gas and energy industries
<b>Rig services</b>	Provision of platform rigs as owner / operator and consultancy services for petroleum and related upstream activities
<b>Maritime logistics &amp; support : Ownership, construction &amp; operations</b>	Provision of shipbuilding, ship chartering, repair & maintenance, maritime transportation and logistics provider for the oil & gas and shipping industries.
<b>Construction, infrastructure &amp; project management</b>	Engineering, procurement, project management, construction and commissioning of projects related to power generation / infrastructure / civil works.
<b>Manpower consultancy, design, engineering and fabrication services</b>	Provision of engineering consultancy and specialist manpower services to the oil and gas, power generation and infrastructure based industries

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Interim report for the quarter ended 30 June 2011

**Notes to the Interim Report**

Segment information for the current financial period to 30 June 2011 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	-	6,427	50	8	2,352	15,297	-	24,134
Segment results	3,636	(40)	(5,098)	(1,362)	(1,974)	(5,112)	(117)	(10,067)
Unallocated corporate income								281
Unallocated corporate expenses								-
Profit from operations								(9,787)
Finance costs								(17,809)
Share of results in associates								542
Profit before tax								(27,054)
Tax expense								(158)
Profit after taxation								(27,212)
Non - controlling interests								5,259
Net profit for the period								(21,953)

**SAAG CONSOLIDATED (M) BHD**  
 Interim report for the quarter ended 30 June 2011  
**Notes to the Interim Report**

**A9. PROPERTY, PLANT AND EQUIPMENT**

The property, plant and equipment of the Group were not revalued since the previous audited financial statements.

**A10. SIGNIFICANT EVENTS SUBSEQUENT TO THE QUARTER UNDER REVIEW**

There were no significant events subsequent to the end of the current quarter.

**A11. CHANGES IN THE COMPOSITION OF THE GROUP**

There was no material changes in the composition of the Group during the financial period ended 30 June 2011 except for the following internal restructuring which has no material impact to the financial statements:

		<b>Effective Equity Interest As At</b>	
	<b>Principal activity</b>	<b>30.6.2011</b>	<b>31.3.2011</b>
		%	%
SAAG RR Infra Limited (Incorporated in India)	Construction of infrastructure and housing development project.	21.77	24.82

**A12. 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.

**A13. CAPITAL COMMITMENTS**

Capital expenditure not provided for in the financial statements as at 30 June 2011 in respect of purchase of property, plant and equipment are as follows:

Approved and contracted for	<b>RM 68,580</b>
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**A14. RELATED PARTY TRANSACTIONS**

	<b>Current Year 1<sup>st</sup> Quarter 30 June 2011 RM'000</b>	<b>Current Year To date 30 June 2011 RM'000</b>
With an associated company : - <i>purchases of inventories</i>	-	-

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

## SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 30 June 2011

### Notes to the Interim Report

#### PART B – ADDITIONAL INFORMATION AS REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD’S MAIN MARKET LISTING REQUIREMENTS

##### B1. REVIEW OF PERFORMANCE

The Group has registered revenue of RM 24.1 million for the six months period ended 30 June 2011 as compared to RM 55.9 million in the preceding year corresponding period. The dropped in revenue by 56.8% was mainly due to the higher revenue recognition based on the progressive percentage of completion method for contracts that were either completed or near completion in the preceding year corresponding period as compared to current period.

The Group achieved a gross profit margin of 20.8% as compared to 25.3% in the preceding year corresponding period. The Group has registered a loss before taxation of RM 15.7 million in the current period as compared to a loss before tax of RM 40,000 in the preceding year corresponding period. The main contributor to the loss in the current period is provision for doubtful debts and under absorption of finance and other operating expenses.

##### B2. QUARTERLY RESULTS COMPARISON

	Current Year 2nd Quarter 30 June 2011 RM'000	Current Year 1st Quarter 31 March 2011 RM'000
Revenue	10,933	13,201
(Loss) before taxation	<u>(15,774)</u>	<u>(11,311)</u>

Revenue has decreased from RM13.2 million in the preceding quarter to RM 10.9 million in the current quarter. The Group in the recent past had not pursued new projects which has negatively affected revenue growth in 2011. The contract bidding for workover rigs are yet to materialize whilst the Bangladesh power project is waiting for financial closure. The decrease in revenue was due to these reasons as revenue during the quarter which reflects the progressive revenue based on percentage completion method of existing contracts.

The Group however, registered a loss before tax of RM 15.8 million in the current quarter as compared to a loss before tax of RM 11.3 million in the preceding quarter. This increase in loss was mainly due to the finance costs, provision for doubtful debts and under absorption of operating expenses due to lack of revenue during the current quarter.

##### B3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2011

The Group's efforts to place out its rigs on contract is still on going. Nevertheless, considering pent up demand for workover services of wells and stable oil prices it is expected that the rigs will be deployed by 2012.

The tanker has been on spot charter regularly and efforts to procure a time charter is not expected to materialise in 2011.

The EPCC contracts to construct a 108MW Power Plant in Bangladesh and 40kms of tramway in Melaka is expected to contribute positively to the Group's profitability though both projects are currently awaiting financial closure.

The Group had also secured a contract for civil and structural works and erection, testing and commissioning of Boiler Ducting, Rotary parts, Mills RC feeders, ESP with duct support structure and Coal piping for Boiler unit for 2 x 660 MW Thermal Power Project in India valued at RM26 million. The Group is currently in negotiations for similar contracts in India for power plant construction and commissioning.

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Interim report for the quarter ended 30 June 2011

### Notes to the Interim Report

For resolving under absorption of finance costs, efforts are underway to restructure debts of the Group and deploy idle assets which would contribute to revenue in the foreseeable future. This will enable the Group to realize the value of the assets over the next few years and reduce pressure on liquidity.

#### B4. VARIANCE OF ACTUAL FROM FORECAST PROFIT

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

#### B5. TAXATION

	Current Year Quarter 30 June 2011	Current Year To date 30 June 2011
	RM'000	RM'000
<u>Current year</u>		
Income tax	1	158
Deferred Tax	-	-
	<u>1</u>	<u>158</u>

The tax liability arose as a result of profits made by one of its subsidiaries. In certain subsidiaries, the effective tax rate was lower than the statutory tax rate of 25% due to utilization of capital allowances and unabsorbed tax losses.

#### B6. SALE/PURCHASE OF UNQUOTED INVESTMENTS AND PROPERTIES

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

#### B7. QUOTED SECURITIES

As at 31 June 2011, the Company had not purchased nor disposed off any quoted shares.

#### B8. 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.

On 23 August 2011, the Company announced that the agreement entered with Keppel Oil has lapsed by reason(s) that the agreement had expired due to effluxion of time and non-performance on the part of Keppel Oil/TOGICO to comply with the terms and conditions of the agreement.

## SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 30 June 2011

### Notes to the Interim Report

#### B8. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

- b) 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");
  - 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.

On 03 March 2011, the Company announced that the application to the relevant authorities will be submitted on a date later than 03 March 2011. The Company expects that the applications for the Proposals are to be submitted within six (6) months from 03 March 2011 of which an announcement will be made accordingly.

On 04 March 2011, the Company announced that notwithstanding the announcement made on 03 March 2011, the Company targets the submission to be made within the next six (6) to eight (8) weeks. Hence, the six (6) months time frame stated in the announcement dated 03 March 2011 was to provide for any unforeseen contingencies. The additional time frame is required to finalise the Proposals and to ensure that all information therein are duly verified.

On 02 August 2011, the Company announced that MIDF Amanah Investment Bank Berhad ("MIDF") has effectively resigned as Adviser to its proposed corporate exercise. The Company intends to appoint an alternative licensed investment bank in place of MIDF as adviser for the Proposals. The Proposals, as envisaged in the earlier announcement dated 3 September 2010, will undergo changes to reflect the financial re-engineering exercise being undertaken by SAAG. The Proposals will have an extended scope arising out of the financial re-engineering. Hence, an alternative adviser will be chosen and a revised announcement on the changes to the Proposals and the appointment of the new adviser will be made immediately upon these items being confirmed.

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

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

#### **B8. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED**

- c) On 14 April 2011, the Company announced that it proposes to undertake a private placement of up to 10% of the issued and paid-up share capital of the Company.

On 25 April 2011, the Company announced a variation to the terms of the Proposed Private Placement. The key variation from the announcement dated 14 April 2011 is the placement quantum of up to 197,465,482 Placement shares only.

On 04 May 2011, the Company announced that an application has been submitted to Bursa Securities Malaysia Berhad ("Bursa Securities) for the additional listing of and quotation for up to 197,465,482 new ordinary shares of RM0.10 each in the Company pursuant to the Proposed Private Placement.

On 10 May 2011, the Company announced that Bursa Securities has approved the listing and quotation of up to 197,136,782 new ordinary shares of RM0.10 each in the Company to be issued pursuant to the Proposed Private Placement vide its letter dated 10 May 2011, subject to the following conditions:-

- (i) the Company and KAF Investment Bank Berhad ("KAF") must fully comply with the relevant provisions under the Main Market Listing Requirements pertaining to the implementation of the Proposed Private Placement;
- (ii) the Company and KAF to inform Bursa Securities upon the completion of the Proposed Private Placement;
- (iii) the Company 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;
- (iv) the Company to furnish Bursa Securities with a certified true copy of the resolution passed pursuant to Section 132D of the Companies Act, 1965, in the event the current authority has expired; and
- (v) 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.

The Company also announced that there is a variance of 328,700 in the quantum of placement shares between the announcement dated 10 May 2011 and the announcement dated 25 April 2011. This variance arises due to the fact that Proposed Private Placement is excluding treasury shares currently held by the Company.

On 16 May 2011, the Company, announced that the Board has fixed the issue price for the first tranche of the placement of 10,000,000 new ordinary shares of RM0.10 each in the Company ("Placement Shares"), to be issued pursuant to the Proposed Private Placement at an issue price of RM0.10 per Placement Share ("Placement Price"). The Placement Price of RM0.10 per Placement Share represents a premium of 16.96% to the five (5)-day weighted average market price of the Company's shares up to and including 13 May 2011 of RM0.0855 per SAAG Share.

On 23 May 2011, the Company announced that 10,000,000 new ordinary shares of RM 0.10 each issued pursuant to the Private Placement will be granted listing and quotation with effect from 24 May 2011.

On 24 May 2011, the Company, announced that the Board has fixed the issue price for the second tranche of the placement of 20,000,000 new ordinary shares of RM0.10 each in the Company ("Placement Shares"), to be issued pursuant to the Proposed Private Placement at an issue price of RM0.10 per Placement Share ("Placement Price"). The Placement Price of RM0.10 per Placement Share represents a premium of 20.05% to the five (5)-day weighted average market price of the Company's Shares up to and including 23 May 2011 of RM0.0833per SAAG Share.

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

Interim report for the quarter ended 30 June 2011

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

On 27 May 2011, the Company announced that 20,000,000 new ordinary shares of RM 0.10 each issued pursuant to the Private Placement will be granted listing and quotation with effect from 30 May 2011.

On 31 May 2011, the Company announced that the Board has fixed the issue price for the third tranche of placement of 18,000,000 new ordinary shares of RM0.10 each in the Company ("Placement Shares"), to be issued pursuant to the Proposed Private Placement at an issue price of RM0.10 per Placement Share ("Placement Price"). The Placement Price of RM0.10 per Placement Shares represents a premium of 26.90% to the five (5)-day weighted average market price of the Company's Shares up to and including 30 May 2011 of RM0.0788 per SAAG Share.

On 02 June 2011, the Company announced that 18,000,000 new ordinary shares of RM 0.10 each issued pursuant to the Private Placement will be granted listing and quotation with effect from 03 June 2011.

On 7 June 2011, the Company announced that the Board has fixed the issue price for the fourth tranche of placement of 15,000,000 new ordinary shares of RM0.10 each in the Company ("Placement Shares"), to be issued pursuant to the Proposed Private Placement at an issue price of RM0.10 per Placement Share ("Placement Price"). The Placement Price of RM0.10 per Placement Shares represents a premium of 33.69% to the five (5)-day weighted average market price of the Company's Shares up to and including 6 June 2011 of RM0.0748 per SAAG Share.

On 09 June 2011, the Company announced that 15,000,000 new ordinary shares of RM 0.10 each issued pursuant to the Private Placement will be granted listing and quotation with effect from 10 June 2011.

On 13 June 2011, the Company announced that the Board has fixed the issue price for the fifth tranche of placement of 15,000,000 new ordinary shares of RM0.10 each in the Company ("Placement Shares"), to be issued pursuant to the Proposed Private Placement at an issue price of RM0.10 per Placement Share ("Placement Price"). The Placement Price of RM0.10 per Placement Shares represents a premium of 34.77% to the five (5)-day weighted average market price of the Company's Shares up to and including 10 June 2011 of RM0.0742 per SAAG Share.

On 15 June 2011, the Company announced that 15,000,000 new ordinary shares of RM 0.10 each issued pursuant to the Private Placement will be granted listing and quotation with effect from 16 June 2011.

On 20 June 2011, the Company announced that the Board has fixed the issue price for the sixth tranche of placement of 15,000,000 new ordinary shares of RM0.10 each in the Company ("Placement Shares"), to be issued pursuant to the Proposed Private Placement at an issue price of RM0.10 per Placement Share ("Placement Price"). The Placement Price of RM0.10 per Placement Shares represents a premium of 40.85% to the five (5)-day weighted average market price of the Company's Shares up to and including 17 June 2011 of RM0.0710 per SAAG Share.

On 22 June 2011, the Company announced that 15,000,000 new ordinary shares of RM 0.10 each issued pursuant to the Private Placement will be granted listing and quotation with effect from 23 June 2011.

On 15 July 2011, the Company announced that the Board has fixed the issue price for the seventh tranche of placement of 14,000,000 new ordinary shares of RM0.10 each in the Company ("Placement Shares"), to be issued pursuant to the Proposed Private Placement at an issue price of RM0.10 per Placement Share ("Placement Price"). The Placement Price of RM0.10 per Placement Shares represents a premium of 42.86% to the five (5)-day weighted average market price of the Company's Shares up to and including 14 July 2011 of RM0.0700 per SAAG Share.

On 19 July 2011, the Company announced that 14,000,000 new ordinary shares of RM 0.10 each issued pursuant to the Private Placement will be granted listing and quotation with effect from 20 July 2011.



## SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 30 June 2011

### Notes to the Interim Report

On 29 July 2011, the Company announced that the Board has fixed the issue price for the eight tranche of placement of 7,375,000 new ordinary shares of RM0.10 each in the Company ("Placement Shares"), to be issued pursuant to the Proposed Private Placement at an issue price of RM0.10 per Placement Share ("Placement Price"). The Placement Price of RM0.10 per Placement Shares represents a premium of 45.77% to the five (5)-day weighted average market price of the Company's Shares up to and including 28 July 2011 of RM0.0686 per SAAG Share.

On 01 August 2011, the Company announced that 7,375,000 new ordinary shares of RM 0.10 each issued pursuant to the Private Placement will be granted listing and quotation with effect from 02 August 2011.

On 3 August 2011, the Company announced that the Board has fixed the issue price for the ninth tranche of placement of 10,000,000 new ordinary shares of RM0.10 each in the Company ("Placement Shares"), to be issued pursuant to the Proposed Private Placement at an issue price of RM0.10 per Placement Share ("Placement Price"). The Placement Price of RM0.10 per Placement Shares represents a premium of 43.27% to the five (5)-day weighted average market price of the Company's Shares up to and including 2 August 2011 of RM0.0698 per SAAG Share.

On 05 August 2011, the Company announced that 10,000,000 new ordinary shares of RM 0.10 each issued pursuant to the Private Placement will be granted listing and quotation with effect from 08 August 2011.

### B9. GROUP BORROWINGS

Details of the Group's bank borrowings as at 30 June 2011 are as follows:

	Current RM'000	Non-current RM'000
Unsecured	76,870	-
Secured	409,877	236,903
	<u>486,747</u>	<u>236,903</u>
	<b>'000</b>	<b>RM '000 equivalent</b>
Bank borrowings denominated in foreign currency –		
United State Dollar	<u>59,580</u>	<u>182,129</u>
Singapore Dollar	<u>-</u>	<u>-</u>
Indian Rupee	<u>245,000</u>	<u>17,045</u>

### B10.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.

### B11.MATERIAL LITIGATION

There was no material litigation since the last annual statement of financial position date to the date of this report.

**SAAG CONSOLIDATED (M) BHD**

Interim report for the quarter ended 30 June 2011

**Notes to the Interim Report****B12. EARNINGS PER SHARE****Basic earnings per share**

	<b>Current Year Quarter 30 June 2011</b>	<b>Current Year To Date 30 June 2011</b>
Net profit for the period (RM'000)	(14,098)	(21,952)
Weighted average number of ordinary shares in issue ('000)	<u>2,067,655</u>	<u>2,067,655</u>
Basic earnings per share (sen)	<u>(0.07)</u>	<u>(0.11)</u>

**B13. 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.

	<b>Current Year 2nd Quarter 30 June 2011 RM '000</b>	<b>Current Year 1st Quarter 31 March '11 RM '000</b>
Total retained profits / (accumulated losses) of the Company and its subsidiaries :		
- Realised	(7,270)	6,184
- Unrealised	3,255	4,143
	<u>(4,015)</u>	<u>10,327</u>
Total share of retained profits / (accumulated losses) from associated companies :		
- Realised	9,737	9,493
- Unrealised	-	-
Total share of retained profits / (accumulated losses) from jointly controlled entities :		
- Realised	(697)	(697)
	<u>5,025</u>	<u>19,123</u>
Add : Consolidation adjustments	3,613	3,613
Total group retained profits as per the Consolidated Financial Statements	<u><b>8,638</b></u>	<u><b>22,737</b></u>

BY ORDER OF THE BOARD

ANAND SUBRAMANIAN

**EXECUTIVE DIRECTOR / GROUP CHIEF EXECUTIVE OFFICER**