



**Interim Report for the 1st Quarter Ended  
31 March 2012**

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

Condensed Consolidated Financial Statements  
For the Three Months Ended 31 March 2012

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**IAAG 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
	3 Months Ended	3 Months Ended	3 Months Ended	3 Months Ended
	31 Mar 2012	31 Mar 2011	31 Mar 2012	31 Mar 2011
	RM'000	RM'000	RM'000	RM'000
<b>Continuing operations</b>				
Revenue	12,040	13,201	12,040	13,201
Costs of sales	(8,052)	(10,236)	(8,052)	(10,236)
Gross profit	3,988	2,965	3,988	2,965
Other operating expenses	(15,494)	(10,167)	(15,494)	(10,167)
Other income	10,980	5,534	10,980	5,534
(Loss)/Profit from operations	(526)	(1,668)	(526)	(1,668)
Finance costs	(14,068)	(9,941)	(14,068)	(9,941)
Share of results in associates	1,307	298	1,307	298
(Loss)/Profit before taxation	(13,287)	(11,311)	(13,287)	(11,311)
Taxation	(306)	(157)	(306)	(157)
Net (loss)/profit for the period from continuing operations	(13,593)	(11,468)	(13,593)	(11,468)
<b>Discontinued operations</b>				
Net profit for the period from discontinued operations	-	-	-	-
Gain on disposal of discontinued operations	-	-	-	-
Net (loss)/profit for the period	(13,593)	(11,468)	(13,593)	(11,468)
<b>Net (loss)/profit attributable to:</b>				
Owners of the Company				
- from continuing operations	(13,593)	(7,854)	(13,593)	(7,854)
- from discontinued operations	-	-	-	-
	(13,593)	(7,854)	(13,593)	(7,854)
Non-controlling interests	-	(3,614)	-	(3,614)
	(13,593)	(11,468)	(13,593)	(11,468)
<b>Earnings per share (sen)</b>				
• Basic				
- from continuing operations	(0.63)	(0.40)	(0.63)	(0.40)
- from discontinued operations	-	-	-	-
	(0.63)	(0.40)	(0.63)	(0.40)
• Diluted				
- from continuing operations	-	-	-	-
- from discontinued operations	-	-	-	-
	-	-	-	-
<b>Net (loss)/ profit for the period</b>	(13,593)	(11,468)	(13,593)	(11,468)
<b>Other comprehensive income after tax :</b>				
Exchange differences on translation	(3,098)	7,140	(3,098)	7,140
Transaction costs arising from conversion of exchangeable bonds	-	-	-	-
Changes in equity interest in subsidiaries	-	-	-	-
Share issue expenses	-	-	-	-
Dividend paid / payable to minority interests of a subsidiary	-	-	-	-
Total comprehensive income for the period	(16,691)	(4,328)	(16,691)	(4,328)
<b>Total comprehensive income attributable to :</b>				
Owners of the Company				
- from continuing operations	(17,007)	(3,909)	(17,007)	(3,909)
- from discontinued operations	-	-	-	-
	(17,007)	(3,909)	(17,007)	(3,909)
Non-controlling interests	316	(419)	316	(419)
	(16,691)	(4,328)	(16,691)	(4,328)

*The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2011 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 31 Mar 2012 RM'000	As at 31 Dec 2011 RM'000
<b>ASSETS</b>		
<b>Non-Current assets</b>		
Property, plant and equipment	351,436	354,989
Investment properties	2,938	3,166
Investment in associates	13,860	12,553
Intangible assets	2,077	2,075
	<u>370,311</u>	<u>372,783</u>
<b>Current assets</b>		
Amount due from customers for contract works	243,235	243,857
Property development costs	21,950	17,864
Inventories	174,926	223,205
Trade and other receivables	339,375	300,197
Current tax assets	769	1,766
Amount owing by associates	198	195
Cash and cash equivalents	6,823	8,013
	<u>787,276</u>	<u>795,097</u>
<b>TOTAL ASSETS</b>	<b><u>1,157,587</u></b>	<b><u>1,167,880</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	262,843	253,037
Amounts due to customer for contract works	-	24
Hire-purchase creditors	416	755
Borrowings (Interest bearing)	701,892	705,786
Current tax liabilities	366	61
	<u>965,517</u>	<u>959,663</u>
<b>Non-current liabilities</b>		
Hire-purchase creditors	124	240
Deferred tax liabilities	914	914
	<u>1,038</u>	<u>1,154</u>
<b>Total Liabilities</b>	<b><u>966,555</u></b>	<b><u>960,817</u></b>
<b>Equity</b>		
Share capital	217,179	217,179
Accumulated losses	(144,199)	(130,606)
Other reserves	116,799	119,852
<b>Issued capital and reserves attributable to owners of the company</b>	<b>189,779</b>	<b>206,425</b>
<b>Non-controlling interests</b>	<b>1,253</b>	<b>638</b>
<b>Total Equity</b>	<b><u>191,032</u></b>	<b><u>207,063</u></b>
	<b><u>1,157,587</u></b>	<b><u>1,167,880</u></b>
Net Assets per share (RM)	0.09	0.09

*The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2011 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	Exchange translation reserve RM'000	Capital reserve RM'000	Retained earnings/ (Accumulated losses) RM'000	Total RM'000	Non-Controlling Interests RM'000	Total equity RM'000
<b>At 1 January 2011</b>	197,465	125,832	-	(1,767)	(4,859)	840	30,590	348,101	486	348,587
Total comprehensive income for the period	-	-	-	-	3,945	-	(7,854)	(3,909)	(419)	(4,328)
<b>At 31 March 2011</b>	<u>197,465</u>	<u>125,832</u>	<u>-</u>	<u>(1,767)</u>	<u>(914)</u>	<u>840</u>	<u>22,736</u>	<u>344,192</u>	<u>67</u>	<u>344,259</u>
<b>At 1 January 2012</b>	217,179	125,832	2,208	(1,767)	(7,261)	840	(130,606)	206,425	638	207,063
Total comprehensive income for the period	-	-	45	-	(3,098)	-	(13,593)	(16,646)	615	(16,031)
<b>At 31 March 2012</b>	<u>217,179</u>	<u>125,832</u>	<u>2,253</u>	<u>(1,767)</u>	<u>(10,359)</u>	<u>840</u>	<u>(144,199)</u>	<u>189,779</u>	<u>1,253</u>	<u>191,032</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 2011 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)

	<b>3 months ended 31 Mar 2012 RM'000</b>	<b>3 months ended 31 Mar 2011 RM'000</b>
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Loss before tax	(13,287)	(11,311)
Adjustments for:		
Depreciation of investment property	78	-
Depreciation of property, plant and equipment	3,060	3,231
Interest expense	14,068	9,941
Interest income	(135)	-
Inventories written down to net realisable values	178	(169)
Allowance for/ (reversal of) doubtful debts	-	7,424
Loss/(gain) on disposal of property, plant & equipment	-	2
Impairment loss on property, plant and equipment	-	(4,290)
Share of profit of associates	(1,307)	(298)
Unrealised gain on foreign exchange	(7,612)	(4,143)
Unrealised loss on foreign exchange	3,486	-
Operating Loss Before Working Capital Changes	<u>(1,471)</u>	<u>387</u>
(Increase)/ decrease in amount due from customers for contract works	1,243	(29,523)
(Increase)/ decrease in development cost incurred	(4,086)	527
(Increase)/ decrease in inventories	48,101	(1,152)
(Increase)/ decrease in trade and other receivables	(35,520)	(31,465)
(Increase)/ decrease in amount owing by associates	(3)	(25)
Increase/ (decrease) in trade and other payables	10,303	(5,258)
Increase/ (decrease) in amount due to customers for contract works	(24)	34,851
Cash Used in Operations	<u>18,543</u>	<u>(31,658)</u>
Interest paid	-	(1,230)
Income tax refund	998	-
Net Cash Used in Operating Activities	<u>19,541</u>	<u>(32,888)</u>
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		
Interest received	136	-
Purchase of investment property	-	527
Purchase of property, plant and equipment	-	9,202
Proceeds from disposal of property, plant & equipment	-	-
Net Cash From/(Used In) Investing Activities	<u>136</u>	<u>9,729</u>
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		
Interest paid	(14,068)	(9,772)
Repayment of borrowings	(3,619)	(1,439)
Repayment of hire-purchase creditors	(455)	-
Repayment to directors	-	-
Share application money received	45	-
Withdrawal of fixed deposits pledged	3,482	2,933
Net Cash From/(Used in) Financing Activities	<u>(14,615)</u>	<u>(8,278)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>5,062</b>	<b>(31,437)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>(25,751)</b>	<b>(7,512)</b>
Effects of changes in exchange rates	(2,453)	12,963
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u><b>(23,142)</b></u>	<u><b>(25,986)</b></u>
<b>Cash and cash equivalents comprise the following balance sheet amounts:</b>		
Cash on hand and at banks	4,568	3,222
Bank overdrafts	(27,710)	(31,772)
Fixed deposits with licensed banks	2,256	29,383
	<u>(20,887)</u>	<u>833</u>
Less: Fixed deposit pledged	(2,256)	(26,819)
	<u><b>(23,142)</b></u>	<u><b>(25,986)</b></u>

The condensed consolidated cashflow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

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

Interim report for the quarter ended 31 March 2012

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

#### **PART A – EXPLANATORY NOTES PURSUANT TO 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 applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and FRS 134 “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board (“MASB”). The report should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2011.

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 2011.

###### **Changed in Accounting Policies**

The Group falls within the scope definition of Transitioning Entities. Transitioning Entities will be allowed to defer adoption of the new Malaysian Financial Reporting Standards (“MFRS”) Framework for an additional one year. Adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

Accordingly, the Group will be required to prepare financial statements using the MFRs Framework in its first MFRS financial statements for the year ending 31 December 2013. For the financial year ending 31 December 2012, the Group will continue to prepare financial statements using Financial Reporting Standards (“FRS”).

The significant accounting policies adopted by the Group in this interim financial report are consistent with those of the audited financial statements for the financial year ended 31 December 2011, except for the adoption of the following Financial Reporting Standards (FRS), Issues Committee (IC) Interpretations and amendments to FRS and IC Interpretations which are relevant to the Group’s operations with effect from 1 January 2012: -.

Revised FRS 124	Related Party Disclosures
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
Amendments to FRS 7	Financial Instruments: Disclosures on Transfers of Financial Assets

The adoption of the above standards and interpretations are not expected to have any significant impact on the financial statements of the Group in the year of initial application.

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

The latest audited financial statements for the financial year ended 31 December 2011 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.

## SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 March 2012

### Notes to the Interim Report

#### 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.

#### A6. 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 Exercise of Private Placements	-	-	-	-
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 and overhaul</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 and support, ownership, construction and operations</b>	Provision of shipbuilding, ship chartering, repair & maintenance, maritime transportation and logistics provider for the oil & gas and shipping industries.
<b>Construction, infrastructure and project management</b>	Engineering, procurement, project management, construction and commissioning of projects related to power generation / infrastructure / civil works.
<b>Manpower consultancy, design and engineering services</b>	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 March 2012

**Notes to the Interim Report**

Segment information for 3-month period ended 31 March 2012 is as follows:

	Investment holding	Trading, maintenance, repair and overhaul	Rig services	Manpower consultancy, design and engineering services	Maritime logistics and support, ownership, construction and operations	Construction, infrastructure and project management	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	<u>-</u>	<u>3,366</u>	<u>-</u>	<u>-</u>	<u>695</u>	<u>7,979</u>	<u>-</u>	<u>12,040</u>
Segment results	<u>6,536</u>	<u>(128)</u>	<u>(2,003)</u>	<u>(1,012)</u>	<u>(1,405)</u>	<u>(2,453)</u>	<u>(61)</u>	<u>(526)</u>
Unallocated corporate income								-
Unallocated corporate expenses								<u>-</u>
Loss from operations								(526)
Finance costs								(14,068)
Share of results in associates								<u>1,307</u>
Loss before tax								(13,287)
Tax expense								<u>(306)</u>
Loss after taxation								(13,593)
Non - controlling interests								<u>-</u>
Net loss for the period								<u>(13,593)</u>

**SAAG CONSOLIDATED (M) BHD**

Interim report for the quarter ended 31 March 2012

**Notes to the Interim Report**

Segment information for 3-month period ended 31 March 2011 is as follows:

	Investment holding	Trading, maintenance, repair & overhaul	Rig services	Manpower consultancy, design and engineering services	Maritime logistics and support, ownership, construction and operations	Construction, infrastructure and project management	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	-	2,250	50	-	1,316	9,585	-	13,201
Segment results	6,906	(915)	(2,105)	(1,415)	(645)	(3,600)	(64)	(1,838)
Unallocated corporate income								170
Unallocated corporate expenses								-
Loss from operations								(1,688)
Finance costs								(9,941)
Share of results in associates								298
Loss before tax								(11,311)
Tax expense								(157)
Loss after taxation								(11,468)
Non - controlling interests								3,614
Loss for the period								(7,854)

## SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 March 2012

### 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 31 March 2012.

#### 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 31 March 2012 in respect of purchase of property, plant and equipment are as follows:

Approved and contracted for	<b>RM</b>
	-

#### A14. RELATED PARTY TRANSACTIONS

	<b>Current Year 1<sup>st</sup> Quarter 31 March 2012r 2011 RM'000</b>	<b>Current Year To date 31 March 2012 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 31 March 2012

### 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

	Current Year 1 <sup>st</sup> Quarter 31 March 2012 RM'000	Preceding Year 1 <sup>st</sup> Quarter 31 March 2011 RM'000
Revenue	12,040	13,201
Loss before taxation	<u>(13,287)</u>	<u>(11,311)</u>

For the current quarter ended 31 March 2012 (Q1 2012), the Group registered revenue of RM12.0 million, a decrease of 8.8% from RM13.2 million recorded in 31 March 2011 (Q1 2011). The drop in revenue was mainly due to the Construction, Infrastructure and Project Management segment, whereby there was lower revenue recognition based on the progressive percentage of completion method for contracts that were either completed or near completion in the current quarter as compared to previous year corresponding quarter.

The loss before taxation for Q1 2012 increased to RM13.3 million as compared to RM11.3 million posted in Q1 2011. The higher loss was mainly attributable to higher finance costs of RM14.1 million compared to RM9.9 million in Q1 2011. This was due to all finance costs being expensed to the income statement in Q1 2012 whereas finance costs were partially capitalised to assets under construction in the previous year corresponding quarter.

Loss attributable to owners of the company increased from RM7.9 million to RM13.6 million in Q1 2012. This is also because non-controlling interests' share of losses is limited to the amount of their investment in the subsidiary companies which has reached the maximum due to losses incurred in the previous years. Arising therefrom the entire losses of subsidiaries with non-controlling interests such as an Indian listed entity has to be consolidated and absorbed by SAAG Consolidated (M) Bhd despite holding effective equity interest of only 31.76% in the listed entity.

##### B2. QUARTERLY RESULTS COMPARISON

	Current Year 1 <sup>st</sup> Quarter 31 March 2012 RM'000	Preceding Year 4 <sup>th</sup> Quarter 31 December 2011 RM'000
Revenue	12,040	11,287
Loss before taxation	<u>(13,287)</u>	<u>(105,304)</u>

Revenue of RM12.0 million in the current quarter was approximately the same as in the preceding quarter.

However, the loss before tax of RM13.3 million in the current quarter was far less than the loss of RM105.3 million in the preceding quarter as there were provisions made at year end 2011 for impairment of values of Property, Plant and Equipment, Inventories and Receivables.

## SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 March 2012

### Notes to the Interim Report

#### B3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2012

The Group is in negotiations with/ submitting bids to three oil majors currently for its work over rig services.

The tanker has been on spot charter regularly and efforts to procure a time charter has been ongoing for a one year charter for deployment of tanker to a charterer.

The Company is currently awaiting clearance of its draft Circular submitted to Bursa Malaysia Securities Berhad which details a fund raising, debt restructure and approval for financial assistance. The fund raising exercise and restructure is expected to benefit the Group to reassure its creditor banks of future growth with capability to meet its borrowings and at the same time position itself to generate earnings thereby creating value to shareholders in form of capital and dividend returns in the foreseeable future. This exercise will ensure that the Group as a going concern can continue to remain in businesses and use its core competencies to deliver to its clients. Being in a capital intensive rig owner-operator segment of the oil and gas upstream service segment, additional equity will provide the base for future earnings and optimise economic value of its underlying assets.

#### 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 1 <sup>st</sup> Quarter 31 March 2012	Preceding 1 <sup>st</sup> Quarter 31 March 2011
	RM'000	RM'000
<u>Current year</u>		
Income tax	306	157
Deferred Tax	-	-
	<u>306</u>	<u>157</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 March 2012, the Company had not purchased nor disposed off any quoted shares.

## SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 March 2012

### Notes to the Interim Report

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

##### (a) On 13 February 2012, the Company announced that it entered into the following Agreements:

- i) Subscription Agreement with Garisan Etika Bangladesh (Pvt) Ltd ("GEB") to subscribe for 281,250 new ordinary shares of Taka 100.00 each ("Subscription Shares") at an issue price of Taka 100.00 per ordinary share for an aggregate subscription consideration of Bangladesh TK 28,125,000 only representing 36% of the enlarged issued and paid up capital of GEB ; and
- ii) A Shareholders Agreement with Dato' Mohd Tuffile bin Nawab Din, Kondapuram Raghuram, Garisan Etika (M) Sdn Bhd and Garisan Etika Bangladesh (Pvt) Ltd ("GEB") to agree and set forth and record the terms and conditions to govern the relationship in their mutual capacity as the shareholders and to agree to their respective rights and obligations in relation to the management and functioning of GEB and other matters incidental thereto.

On 15 March 2012, the Company announced that SAAG has on even date entered into a Supplemental Shareholders Agreement with Dato' Mohd Tuffile bin Nawab Din, Raghuram, Garisan Etika (M) Sdn Bhd and Garisan Etika Bangladesh (Pvt) Ltd ("GEB") ("Supplement Agreement") (collectively, the Shareholders" or the "Parties") wherein the Parties hereby agree and intend to set forth and record the terms and conditions to govern the terms and conditions of the Advances as defined in the Supplemental Agreement and the repayment thereof in their mutual capacity as the Shareholders.

On 24 May 2012, the Company announced that SAAG has on even date received approval from GEB for an additional extension commencing from 13 April 2012 and expiring in 30 September 2012 to enable SAAG and GEB to fulfill the outstanding conditions precedent as set out in clause 2.1 of the Subscription Agreement entered into between SAAG and GEB.

##### (b) On 13 February 2012, the Company announced that it proposes to undertake the following:

- (i) proposed restricted issue of a value of RM100 million new ordinary shares of RM0.10 each in SAAG ("Restricted Issue Shares") at an issue price to be determined later with entitlement to free warrants ("Warrants A") on the basis of one (1) free Warrant A for every five (5) Restricted Issue Shares to investor(s) to be identified by the Company ("Proposed Restricted Issue");
- (ii) proposed issuance of up to 1,380,000,000 free warrants ("Warrants B") to loan creditors ("Proposed Issuance of Warrants B to Loan Creditors");
- (iii) proposed renounceable rights issue of up to 3,035,906,443 new ordinary shares of RM0.10 each in SAAG ("Rights Shares") at an issue price of RM0.10 per Rights Share on the basis of seven (7) Rights Shares for every five (5) existing ordinary shares of RM0.10 each held in SAAG ("SAAG Shares" or "Shares") at an entitlement date to be determined ("Entitlement Date"), together with up to 607,181,289 free detachable warrants ("Warrants C") on the basis of one (1) Warrant C for every five (5) Rights Shares subscribed ("Proposed Rights Issue with Warrants C");
- (iv) proposed provision of financial assistance by SAAG to its proposed associate company, Garisan Etika Bangladesh (Pvt) Ltd ("GEB") (a company which SAAG will be holding 36% equity interest) by way of advances for an amount of up to RM170 million and by way of corporate guarantee for an amount of USD72 million ("Proposed Provision of Financial Assistance"); and
- (v) proposed establishment of an Employees' Share Option Scheme ("ESOS") of up to fifteen percent (15%) of the issued and paid-up share capital of SAAG at any point in time for the Directors (including Non-Executive Directors) of SAAG and eligible employees of SAAG and its subsidiaries ("SAAG Group" or "Group") ("Proposed ESOS").

## SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 March 2012

### Notes to the Interim Report

On 21 March 2012, the Company announced that the warrants to be issued in relation to the Proposed Restricted Issue will be constituted under a separate deed poll with the salient terms as provided in Section 2.4 of the announcement dated 13 February 2012.

On 22 March 2012, the Company announced that the following has been submitted to the relevant authorities for their approvals and clearance:-

- (i) the listing application of additional new shares and warrants to be issued pursuant to the Proposals to Bursa Securities in relation to:-
  - (a) RM100 million value of Restricted Issue Shares. The number of Restricted Issue Shares to be determined later depending on the issue price:-
  - (b) up to 3,035,906,443 Rights Shares;
  - (c) new issue of up to 200,000,000 Warrants A and up to 1,987,181,289 Warrants B and Warrants C ("Warrants") collectively;
  - (d) up to 2,187,181,289 new SAAG shares to be issued pursuant to the exercise of the Warrants A, Warrants B and Warrants C; and
  - (e) new shares to be issued pursuant to the exercise of the ESOS options granted under the Proposed ESOS.
- (ii) circular to shareholders of SAAG to Bursa Securities pursuant to Chapter 9.30 (1) of the Main Market Listing Requirements of Bursa Securities;
- (iii) the application to the Director of Foreign Exchange Administration Department, Bank Negara for the issuance of:-
  - (a) up to 2,187,181,289 warrants to non-resident shareholders and non-resident loan creditors (if applicable) of the Company and/or renouces consisting of:-
    - up to 200,000,000 Warrants A pursuant to the Proposed Restricted Issue; and
    - up to 1,987,181,289 Warrants pursuant to the Proposed Issuance of Warrants B to Loan Creditors and Proposed Rights Issue with Warrants C.
  - (b) any additional Warrants A and Warrants A and Warrants B to non-resident shareholders from time to time arising from any adjustments made in accordance with the provisions of Deed Poll A and Deed Poll B constituting the Warrants A and Warrants B to be executed by SAAG.
  - (c) Proposed Provision of Financial Assistance in relation to the proposed advances of up to USD56.7 million to its proposed associated company, GEB.

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

Interim report for the quarter ended 31 March 2012

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

On 9 April 2012, the Company announced that Bank Negara Malaysia (“BNM”), vide its letter dated 5 April 2012 (which was received on 9 April 2012), granted the approval to SAAG on the Proposed Provision of Financial Assistance in relation to the proposed advances of up to USD56.7 million (“Advances”) to its proposed associated company, GEB. The Advances of up to USD56.7 million are subject to the following requirements from BNM:-

- (i) SAAG is required to inform BNM in writing within seven (7) working days if:-
  - remittance of funds has not been made on or before October 2013. The approval is considered null and SAAG is required to seek prior approval from BNM before remitting the funds after the said date; and
  - any subsequent change in the information provided in respect of Advances, including abortion of the said Advances.
- (ii) Should SAAG entered into a hedging contract to manage the foreign exchange risk exposure of the Advances, the said contract has to be:-
  - execute with local licensed banks (commercial bank, Islamic bank or local licensed Investment bank); and
  - to be terminated by SAAG upon full settlement/ termination of the Advances.

On 13 April 2012, the Company announced that BNM had vide its letter dated 12 April 2012 (which was received on 13 April 2012) approved the issuance of warrants to non-resident shareholders of the Company pursuant to the Proposed Restricted Issue, Proposed Issuance of Warrants B to Loan Creditors and Proposed Rights Issue with Warrants C.

#### **(c) The Proposed Debt Restructuring**

On 13 February 2012, the Company announced on the proposed debt restructuring in respect of facilities from AmBank (M) Berhad (“AmBank”), Export-Import Bank Malaysia Berhad (“EXIM Bank”) and Collateral Loan Obligations Holders as at 31 July 2011. On 31 January 2012, SAAG had accepted a letter of offer from EXIM Bank to restructure its existing debt with EXIM Bank.

On 22 February 2012, the Company announced that AmBank has vide its offer letter dated 16 February 2012 approved the proposed debt restructuring subject to terms and conditions stated in the said offer letter.

On 24 May 2012, the Company announced that the CLO Holders, vide a letter from TMF Trustee Malaysia Berhad (“Trustees”) dated 23 May 2012, have consented to the proposed debt restructuring subject to terms and conditions therein. The Board of Directors of SAAG are agreeable to the terms contained therein and a debt settlement agreement shall be executed between Idaman Capital Berthed (“Issuer”), Trustees and SAAG Drilling and Well Services Sdn Bhd, a wholly-owned subsidiary of SAAG on or before 31 July 2012.

Apart from the above Proposals, there was no new proposal announced as at 29 May 2012, the latest practicable date which is not earlier than seven (7) days from the date of this report.



**SAAG CONSOLIDATED (M) BHD**

Interim report for the quarter ended 31 March 2012

**Notes to the Interim Report****B9. GROUP BORROWINGS**

Details of the Group's bank borrowings as at 31 March 2012 are as follows:

	<b>As at 31 March 2012 RM'000</b>	<b>As at 31 December 2011 RM'000</b>
<b>Current</b>		
Unsecured	68,426	67,972
Secured	633,466	637,814
	<u>701,892</u>	<u>705,786</u>
<b>Non Current</b>		
Unsecured	-	-
Secured	-	-
	<u>-</u>	<u>-</u>
Bank borrowings denominated in foreign currency – United States Dollar	171,223	175,601
Indian Rupee	<u>33,478</u>	<u>33,444</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.

**B12.EARNINGS PER SHARE****Basic earnings per share**

	<b>Current Year 1<sup>st</sup> Quarter 31 March 2012</b>	<b>Preceding 1<sup>st</sup> Quarter 31 March 2011</b>
Net loss for the quarter (RM'000)	(13,593)	(7,854)
Weighted average number of ordinary shares in issue ('000)	2,171,792	1,974,655
Basic earnings per share (sen)	<u>(0.63)</u>	<u>(0.40)</u>

**SAAG CONSOLIDATED (M) BHD**

Interim report for the quarter ended 31 March 2012

**Notes to the Interim Report****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>As at 31 March 2012 RM'000</b>	<b>As at 31 December 2011 RM'000</b>
Total retained profits / (accumulated losses) of the Company and its subsidiaries :		
- Realised profits/ (losses)	(214,518)	(163,532)
- Unrealised gains (on foreign exchange)	7,612	1,739
- Unrealised losses (on foreign exchange)	(3,486)	(7,208)
- Unrealised losses (impairment)	-	(26,492)
	<hr/>	<hr/>
	(210,392)	(195,493)
Total share of retained profits / (accumulated losses) from associated companies :		
- Realised gain	4,718	3,412
- Realised losses	(1,409)	(1,409)
Total share of retained profits / (accumulated losses) from jointly controlled entities :		
- Realised losses	(4,609)	(4,608)
	<hr/>	<hr/>
	(211,692)	(198,098)
Add : Consolidation adjustments	67,493	67,493
	<hr/>	<hr/>
Total group retained profits as per the Consolidated Financial Statements	<b><u>(144,199)</u></b>	<b><u>(130,605)</u></b>

BY ORDER OF THE BOARD

ANAND SUBRAMANIAN

**EXECUTIVE DIRECTOR / GROUP CHIEF EXECUTIVE OFFICER**