



Interim Report for the 3rd Quarter Ended

30 September 2012

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

Condensed Consolidated Financial Statements
For the Nine (9) Ended 30 September 2012

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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
	3 Months Ended	3 Months Ended	9 Months Ended	9 Months Ended
	30 Sep 2012	30 Sep 2011	30 Sep 2012	30 Sep 2011
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Revenue	7,037	15,179	27,088	39,313
Costs of sales	(6,450)	(14,232)	(22,329)	(33,346)
Gross profit	587	947	4,759	5,967
Other operating expenses	(65,482)	(16,905)	(93,269)	(37,633)
Other income	3,545	1,543	16,249	7,465
Loss from operations	(61,350)	(14,415)	(72,261)	(24,201)
Finance costs	(13,507)	(14,072)	(41,940)	(31,881)
Share of results in associates	-	527	1,373	1,069
Loss before taxation	(74,857)	(27,960)	(112,828)	(55,013)
Taxation	3	-	6	(158)
Net loss for the period from continuing operations	(74,854)	(27,960)	(112,822)	(55,171)
Discontinued operations				
Net profit for the period from discontinued operations	-	-	-	-
Gain on disposal of discontinued operations	-	-	-	-
Net loss for the period	(74,854)	(27,960)	(112,822)	(55,171)
Net loss attributable to:				
Owners of the Company				
- from continuing operations	(74,854)	(25,741)	(112,822)	(47,693)
- from discontinued operations	-	-	-	-
	(74,854)	(25,741)	(112,822)	(47,693)
Non-controlling interests	-	(2,219)	-	(7,478)
	(74,854)	(27,960)	(112,822)	(55,171)
Earnings per share (sen)				
• Basic				
- from continuing operations	(3.45)	(1.21)	(5.19)	(2.25)
- from discontinued operations	-	-	-	-
	(3.45)	(1.21)	(5.19)	(2.25)
• Diluted				
- from continuing operations	-	-	-	-
- from discontinued operations	-	-	-	-
	-	-	-	-
Net loss for the period	(74,854)	(27,960)	(112,822)	(55,171)
Other comprehensive income after tax :				
Exchange differences on translation	(1,039)	(538)	(4,157)	7,320
Transaction costs arising from conversion of exchangeable bonds	-	-	-	-
Changes in equity interest in subsidiaries	-	-	-	-
Share issue expenses	(96)	4	(96)	-
Dividend paid / payable to minority interests of a subsidiary	-	-	-	-
Total comprehensive income for the period	(75,989)	(28,494)	(117,075)	(47,851)
Total comprehensive income attributable to :				
Owners of the Company				
- from continuing operations	(76,537)	(26,569)	(117,670)	(45,302)
- from discontinued operations	-	-	-	-
	(76,537)	(26,569)	(117,670)	(45,302)
Non-controlling interests	548	(1,925)	595	(2,549)
	(75,989)	(28,494)	(117,075)	(47,851)

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 30 Sep 2012 RM'000	As at 31 Dec 2011 RM'000
ASSETS		
Non-Current assets		
Property, plant and equipment	207,272	354,989
Investment properties	2,828	3,166
Investment in associates	13,926	12,553
Intangible assets	2,129	2,075
	<u>226,155</u>	<u>372,783</u>
Current assets		
Amount due from customers for contract works	241,834	243,857
Property development costs	22,122	17,864
Inventories	336,404	223,205
Trade and other receivables	161,830	300,197
Current tax assets	28	1,766
Amount owing by associates	190	195
Cash and cash equivalents	2,115	8,013
	<u>764,523</u>	<u>795,097</u>
	<u>990,678</u>	<u>1,167,880</u>
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables	197,452	253,037
Amounts due to customer for contract works	-	24
Hire-purchase creditors	243	755
Borrowings (Interest bearing)	701,797	705,786
Current tax liabilities	331	61
	<u>899,823</u>	<u>959,663</u>
Non-current liabilities		
Hire-purchase creditors	10	240
Deferred tax liabilities	857	914
	<u>867</u>	<u>1,154</u>
	<u>900,690</u>	<u>960,817</u>
Total Liabilities		
Equity		
Share capital	217,179	217,179
Accumulated losses	(243,428)	(130,606)
Other reserves	115,004	119,852
	<u>88,755</u>	<u>206,425</u>
Issued capital and reserves attributable to owners of the company		
Non-controlling interests	1,233	638
Total Equity	<u>89,988</u>	<u>207,063</u>
	<u>990,678</u>	<u>1,167,880</u>
Net Assets per share (RM)	0.04	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									Total equity RM'000
	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	
At 1 January 2011	197,465	125,832	-	(1,767)	(4,859)	840	30,590	348,101	486	348,587
Issue of share capital arising from private placement	14,688	-	-	-	-	-	-	14,688	-	14,688
Total comprehensive income for the period	-	-	-	-	2,391	-	(47,693)	(45,302)	(2,549)	(47,851)
At 30 September 2011	<u>212,153</u>	<u>125,832</u>	<u>-</u>	<u>(1,767)</u>	<u>(2,468)</u>	<u>840</u>	<u>(17,103)</u>	<u>317,487</u>	<u>(2,063)</u>	<u>315,424</u>
At 1 January 2012	217,179	125,832	2,208	(1,767)	(7,261)	840	(130,606)	206,425	638	207,063
Translation adjustment for the period	-	-	-	-	-	-	-	-	-	-
Net loss for the period	-	-	(96)	-	(4,752)	-	(112,822)	(117,670)	595	(117,075)
Total comprehensive income for the period	-	-	(96)	-	(4,752)	-	(112,822)	(117,670)	595	(117,075)
At 30 September 2012	<u>217,179</u>	<u>125,832</u>	<u>2,112</u>	<u>(1,767)</u>	<u>(12,013)</u>	<u>840</u>	<u>(243,428)</u>	<u>88,755</u>	<u>1,233</u>	<u>89,988</u>

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

	9 months ended 30 Sep 2012 RM'000	9 months ended 30 Sep 2011 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Loss before tax	(112,828)	(55,013)
Adjustments for:		
Depreciation of property, plant and equipment	9,619	(9,589)
Interest expense	41,940	31,879
Interest income	(660)	(386)
Inventories written down to net realisable values	258	-
Allowance for/ (reversal of) doubtful debts	40,150	3,495
Loss/(gain) on disposal of property, plant & equipment	432	1,151
Impairment loss on property, plant and equipment	6,702	(50)
Property, plant and equipment written off	590	-
Share of profit of associates	(1,373)	(1,069)
Unrealised gain on foreign exchange	(11,634)	-
Unrealised loss on foreign exchange	5,431	4,916
Operating Loss Before Working Capital Changes	<u>(21,373)</u>	<u>(24,666)</u>
(Increase)/ decrease in amount due from customers for contract works	2,660	(6,429)
(Increase)/ decrease in development cost incurred	(4,258)	1,038
(Increase)/ decrease in inventories	16,434	(11,216)
(Increase)/ decrease in trade and other receivables	104,501	(10,484)
(Increase)/ decrease in amount owing by associates	5	5,115
Increase/ (decrease) in trade and other payables	(54,902)	(7,243)
Increase/ (decrease) in amount due to customers for contract works	(24)	(44)
Cash From/(Used in) Operations	<u>43,043</u>	<u>(53,929)</u>
Income tax refund	1,738	-
Net Cash From/(Used in) Operating Activities	<u>44,781</u>	<u>(53,929)</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Interest received	660	386
Purchase of property, plant and equipment	-	69
Proceeds from disposal of property, plant & equipment	-	384
Net Cash From/(Used in) Investing Activities	<u>660</u>	<u>839</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Interest paid	(41,940)	(31,879)
Drawdown / (Repayment) of borrowings	(15,467)	3,641
Repayment of hire-purchase creditors	(742)	(568)
Proceeds from shares issued	-	14,688
Share application money received	(96)	-
Withdrawal of fixed deposits pledged	4,949	7,706
Repayment to Directors	(3)	(531)
Net Cash From/(Used in) Financing Activities	<u>(53,299)</u>	<u>(6,943)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(7,858)	(60,033)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	(25,751)	1,189
Effects of changes in exchange rates	(4,527)	33,430
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>(38,136)</u>	<u>(25,414)</u>
Cash and cash equivalents comprise the following balance sheet amounts:		
Cash on hand and at banks	1,326	2,861
Bank overdrafts	(39,463)	(30,070)
Fixed deposits with licensed banks	788	17,704
	<u>(37,348)</u>	<u>(9,505)</u>
Less: Fixed deposit pledged	(788)	(15,909)
	<u>(38,136)</u>	<u>(25,414)</u>

The condensed consolidated Statement of Cash Flows 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 30 September 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 SAAG Consolidated (M) Bhd (“SAAG”) and its subsidiaries (“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 30 September 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:

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 and support, ownership, construction and operations	Provision of shipbuilding, ship chartering, repair & maintenance, maritime transportation and logistics provider for the oil & gas and shipping industries.
Construction, infrastructure and project management	Engineering, procurement, project management, construction and commissioning of projects related to power generation / infrastructure / civil works.
Manpower consultancy, design and engineering services	Provision of engineering consultancy and specialist manpower services to the oil and gas, power generation and infrastructure based industries

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Interim report for the quarter ended 30 September 2012

Notes to the Interim Report

Segment information for the 9-month period ended 30 September 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>5,921</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,138</u>	<u>-</u>	<u>27,088</u>
Segment results	<u>(37,474)</u>	<u>(17,319)</u>	<u>(1,233)</u>	<u>(7,100)</u>	<u>(2,384)</u>	<u>(6,661)</u>	<u>(90)</u>	<u>(72,261)</u>
Unallocated corporate income								-
Unallocated corporate expenses								-
Loss from operations								(72,261)
Finance costs								(41,940)
Share of results in associates								1,373
Loss before tax								(112,828)
Tax expense								6
Loss after taxation								(112,822)
Non - controlling interests								-
Net loss for the period attributable to owners of the Company								<u>112,822</u>

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Interim report for the quarter ended 30 September 2012

Notes to the Interim Report

Segment information for 9-month period ended 30 September 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	<u>-</u>	<u>11,705</u>	<u>184</u>	<u>19</u>	<u>4,172</u>	<u>23,233</u>	<u>-</u>	<u>39,313</u>
Segment results	<u>1,090</u>	<u>(1,837)</u>	<u>(7,214)</u>	<u>(2,728)</u>	<u>(3,210)</u>	<u>(8,362)</u>	<u>(147)</u>	<u>(24,588)</u>
Unallocated corporate income								387
Unallocated corporate expenses								-
Loss from operations								(24,201)
Finance costs								(31,881)
Share of results in associates								1,069
Loss before tax								(55,013)
Tax expense								(158)
Loss after taxation								(55,171)
Non - controlling interests								7,478
Net loss for the period attributable to owners of the Company								<u>(47,693)</u>

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Interim report for the quarter ended 30 September 2012

Notes to the Interim Report

A9. PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment ("PPE") of the Group were not revalued since the previous audited financial statements. In the previous quarter, a unit of work-over-rigs and equipment (WOR") for an amount of RM162.15 million belonging to a foreign subsidiary was classified as PPE. This WOR was subsequently reclassified as Inventories for sale in the current quarter.

A10. SIGNIFICANT EVENTS SUBSEQUENT TO THE QUARTER UNDER REVIEW

There were no significant events subsequent to the end of the current quarter except for the following:-

(i) Proposed Disposal

On 3 October 2012, the Board of Directors SAAG ("Board") announced that SAAG had on 2 October 2012 entered into an Equity Transfer Agreement ("Agreement") with Flowserve International Inc, a limited liability company with its principal offices at 5125 N. O'Connor Blvd, Suite 2300, Irving, Texas 75039 ("Purchaser") to dispose off its entire 1,100,000 ordinary shares of RM1.00 each held in the capital of Flowserve-SAAG Sdn Bhd ("Flowserve-SAAG") representing 30 per cent of the issued and paid-up share capital of Flowserve-SAAG to the Purchasers for a total cash consideration of Ringgit Malaysia Seven Million One Hundred and Fifty Thousand (RM7,150,000) ("Disposal"). The expected gain arising from the Disposal is RM537,000.

(ii) Practice Note ("PN") 1 Announcement, Appointment of Receivers and Managers and Notice of Default

Pursuant to PN 1 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board had on 12 October 2012 announced that SAAG, SAAG Oil And Gas Sdn Bhd ("SOG"), SAAG Drilling And Well Services Sdn Bhd ("SDWS"), SAAG RR Infra Ltd ("SAAG RR"), Jelang Fajar Sdn. Bhd. ("JFSB") and SAAG Shipping Sdn. Bhd. ("SSSB") (collectively "SAAG Group" or "Group") have pending the finalisation of an acceptable debt restructure, deferred the repayment of principal and interest of the respective banking facilities as at 1 October 2012:-

No	Purpose of Loan	Amount
Ambank (M) Berhad		
1	SAAG-ESU (Ambank)	90,048,000
2	SAAG-Gen Set (Ambank)	83,200,000
3.	SOG-SAAG SAFFRON (Ambank)	136,225,000
4.	SAAG Shipping- SAAG Sirius (Ambank)	83,882,500
5.	AmlInvest- Ambank	30,000,000
6.	Ambank-SOG- Telaga Usaha- RM75 million TL (Ambank)	28,125,000
	Total	451,480,500
Exim Bank Malaysia		
7	SAAG Pacific (Exim)- TL 2 Total loan due: USD28,693,453.25@RM3.067 Original loan amount: USD 32,693,453.63	88,002,821
8.	Gen Set (Exim)- 4 units- TL 1 Total loan due: USD28,657,462.25@RM3.067 Original loan amount: USD 37,657,418.65	87,892,438
	Total	175,895,259
Others		
9.	Alliance Investment Bank Berhad SAAG Drilling & Well Services Sdn Bhd CLO – Alliance	36,000,000
10.	State Bank of India SAAG RR Infra Limited, India- Inr 47.5cr @ RM17.17	27,465,000

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No	Purpose of Loan	Amount
11.	MayBank	
	Jelang Fajar Sdn Bhd	7,900,000
	Total	71,545,000
	Total all loans	698,920,759

The SAAG Group of companies has also suspended payments to creditors in the ordinary course of business with immediate effect. Any decision on the course of action to liquidate or restructure the Group will depend on the decision following meeting with the Group's Loan Creditors namely AmBank (M) Berthed ("AmBank"), Export-Import Bank of Malaysia Berhad ("EXIM Bank") and Idaman Capital Berhad (CLO Holders) and meetings to be held with Malayan Banking Berhad ("MBB") and State Bank of India ("SBI")

On 17 October 2012, the Board had met and reassessed the Company's solvency position and made attempts to seek a preliminary proposal from a potential investor which has not been forthcoming so far and hence are of the opinion that the Company will not be able to pay all the debts as and when they fall due and payable in the next 12 months from the date of this announcement. However should an amicable debt reduction/restructure exercise be reached with the help of fresh investment/investor, it would be possible to improve the SAAG Group's cash position. In line with this decision taken by the Board, the Company has issued a separate announcement under PN 17 of the MMLR on 17 October 2012.

The Board had on 24 October 2012 announced that SAAG Shipping (M) Sdn Bhd ("SSSB"), a subsidiary of the Company had on 24 October 2012 received a Notice to submit Statement of Affairs pursuant to Section 188 of the Companies Act, 1965 ("Notice"). Pursuant to the Notice, AmBank has appointed Dato' Narendra Kumar a/ Chunilai Ragnath of Grant Thornton Consulting Sdn Bhd as a Receiver and Receiver & Manager of SSSB pursuant to the powers contained under the Debenture instruments dated 1 July 2008 and 15 June 2009 entered into between AmBank and SSSB.

On 29 October 2012, the Board further announced that the Company and its subsidiary, SOG had on 25 October 2012 received Notice of Default from AmBank for the following default sum:-

A. The Company

- (i) the sum of RM93,045,204.12 as at 30 September 2012, together with interest thereon in respect of the Facility Agreement dated 2 June 2006 read with the Supplemental Agreement dated 16 July 2009;
- (ii) the sum of RM96,673,177.10 as at 30 September 2012, together with interest thereon in respect of Facility Agreement dated 14 March 2007 read with the Supplemental Agreement dated 12 July 2010; and
- (iii) the sum of RM34,951,741.38 as at 30 September 2012, together with interest thereon in respect of letters dated 6 November 2007, 14 August 2008 and 24 February 2010.

B. SAAG Oil And Gas Sdn Bhd

- (i) the sum of RM151,780,028.86 as at 30 September 2012, together with interest thereon in respect of the Facility Agreement dated 18 October 2006 read with the Supplemental Agreement dated 25 January 2010; and
- (ii) the sum of RM32,767,336.87 as at 30 September 2012, together with interest thereon in respect of the Facility Agreement dated 25 June 2007.

With the abovementioned default, this will immediately trigger cross default for the facilities with EXIM Bank, Idaman Capital Berhad (CLO Holders), MBB and SBI.

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Interim report for the quarter ended 30 September 2012

Notes to the Interim Report

On 5 November 2012, the Board announced that the quantum of Corporate Guarantee given in relation to SSSB is RM83,882,000.00. Upon the above Corporate Guarantee crystallising due to default by the borrowing subsidiary, the Company becomes liable for the quantum of the debt in default which will allow the financial institution calling on the Corporate Guarantee to institute recovery proceedings including winding up of the Company. In view of the above the Board of Directors believes that it will have an adverse effect on the financial and operations of the Group.

On 5 November 2012, the Board also announced that SAAG had on 5 November 2012 received a Notice of Appointment of Receivers ("Notice"). Pursuant to the Notice, EXIM Bank has appointed Mak Kum Choon together with Yeoh Siew Ming both of Deloitte Corporate Solutions Sdn Bhd as the Joint and Several Receivers over the assets which are specifically charged to Exim Bank pursuant to the powers contained in the respective Deed of Debentures created between Exim Bank and the Company.

On 8 November 2012, the Board announced that the Company and its subsidiary, SDWS had on 6 November 2012 received Notice of Default from the Collateral Loan Obligation Holders ("CLO Holders") vide TMF Trustee Malaysia Berhad for the default sum of RM37,489,906.85 being the principal and interest payment together with late interest charges. SAAG has provided a Corporate Guarantee.

On 19 November 2012, the Board announced that SAAG, SOG and SDWS have on 19 November 2012 received Notice of Appointment of Receiver and Manager ("Notice"). Pursuant to the Notice, AmBank has appointed Mr. Duar Tuan Kiat of Ernst & Young as the Receiver and Manager of SAAG, SOG and SDWS pursuant to the terms of the respective debentures.

Further to the announcements made on 24 October 2012, 5 November 2012 and 19 November 2012 in relation to the appointment of Receiver and Manager (collectively referred to as "Announcements"), the Board had on 22 November 2012 announced that based on SAAG unaudited report for the second quarter ended 30 June 2012 and audited accounts for the year ended 31 December 2011, the total Assets Ratio for total affected assets as disclosed in the Announcements are 61.95% and 62.65% respectively.

On 26 November 2012, the Board announced that the Company had on 23 November 2012 received Notice of Default from AmBank for default sum of RM94,227,069.36 as at 30 September 2012, together with interest thereon in respect of Facility Agreement dated 1 July 2008 between SSSB, a subsidiary of SAAG and AmBank and Supplemental Agreement dated 12 July 2008 between SSSB and AmBank. SAAG has provided a Corporate Guarantee.

(iii) Admission to PN 17

SAAG has triggered one of the prescribed criteria pursuant to Paragraph 8.04 and Paragraph 2.1 (b) and (f) of PN 17 of the MMLR of Bursa Securities and hence SAAG is considered as a PN 17 Company with effect from 17 October 2012.

(iv) Striking off subsidiary company

On 20 November 2012, the Board announced that the Company had on 19 November 2012 received notification that Sepworth Investments Limited ("Sepworth"), a wholly owned subsidiary of the Company has been struck off the BVI Government Register with effect from 1 November 2012 as a result of non-payment of BVI Annual Licence Fees and Registered Office/Agent Fees.

Due to the current financial constraints and the purpose for which Sepworth was formed does not exist anymore due to downsizing of operations, SAAG Group decided not to pay the BVI Annual Licence Fees and as a result Sepworth has been struck off from the register of companies. Sepworth has been dormant and the Management has no intention to carry on its business or operation in the future

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Sepworth's wholly owned subsidiary, SAAG Oil Rigs Services Ltd ("SORS"), a company incorporated in BVI will also be strike off the BVI Government Register as a result of non-payment of BVI Annual Licence Fees. However SAAG had yet to receive the said notification for SORS. The Company will make the necessary announcement upon receiving the notification for the striking off of SORS.

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 September 2012 save and except those disclosed in **Section A10**.

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 save and except those disclosed in **Section A10**.

A13. CAPITAL COMMITMENTS

Capital expenditure not provided for in the financial statements as at 30 September 2012 in respect of purchase of property, plant and equipment are as follows:

	RM
Approved and contracted for	-

A14. RELATED PARTY TRANSACTIONS

	Current Year 3rd Quarter 30 September 2012 RM'000	Current Year To date 30 September 2012 RM'000
With an associated company :		
- rental income	-	5

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

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

B1. REVIEW OF PERFORMANCE

	Current Year 3 rd Quarter 30 September 2012 RM'000	Preceding Year 3 rd Quarter 30 September 2011 RM'000
Revenue	7,037	15,179
Loss before taxation	<u>(74,857)</u>	<u>(27,960)</u>

For the current quarter ended 30 September 2012 (Q3 2012), the Group registered revenue of RM7.0 million, a decrease of 53.64% from RM15.2 million recorded for the quarter ended 30 September 2011 (Q3 2011).

For the 9 months ended 30 September 2012, revenue reduced by RM12.2 million compared to the corresponding period in 2011, which was mainly due to a reduction in the Trading, Maintenance, Repair and Overhaul and the Maritime Logistics and Operations segment respectively and no projects undertaken due to financial constraints of the Group. The loss before taxation for Q3 2012 increased substantially from RM27.96 million in Q3 2011 to RM74.86 million in Q3 2012, mainly attributable to the following:-

- (i) an impairment of receivables of RM40.15 million, of which RM39 million is in respect of work in progress ("WIP") costs accumulated for a proposed power plant with capacity up to 40/50 MW ("Power Plant") at Bangladesh Export Processing Zone ("BEPZA") within Adamjee Export Processing Zone ("EPZ") as the subscription agreement with Garisan Etika Bangladesh (Pvt) Ltd ("GEB") ("Subscription Agreement") has not been renewed after expiration on 30 September 2012;
- (ii) an impairment of RM6.7 million for a Work over rigs ("WOR") known as Telaga Usaha held by a subsidiary; and
- (iii) an amount of RM1.2 million being loss on disposal of PPE and fixed assets written off, which comprises renovation, office equipment and furniture & fittings of the Group as it has downsized its operations due to poor financial condition and challenging business environment.

Pursuant to PN 1 of MMLR of Bursa Securities the Board had on 12 October 2012 announced that the Group had deferred the repayment of principal and interest of all banking facilities, pending the finalisation of an acceptable debt restructuring scheme with all the financial institution creditors.

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B2. QUARTERLY RESULTS COMPARISON

	Current Year 3 rd Quarter 30 September 2012 RM'000	Current Year 2 nd Quarter 30 June 2012 2012 RM'000
Revenue	7,037	8,011
Loss before taxation	<u>(74,857)</u>	<u>(24,684)</u>

Revenue of RM7.0 million in the current quarter was approximately RM1.0 million lower than the preceding quarter mainly due to the continued slowdown in the Trading, Maintenance, Repair and Overhaul segment.

The loss before taxation for Q3 2012 increased substantially from RM27.96 million in Q3 2011 to RM74.86 million in Q3 2012. This was mainly attributable to reasons as stated in **Section B1** above.

B3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2012

SAAG has triggered the prescribed criteria pursuant to Paragraph 8.04 and Paragraph 2.1 (b) and (f) of PN 17 of the MMLR of Bursa Securities and hence SAAG is considered as a PN 17 Company with effect from 17 October 2012.

The Board of Directors of SAAG wishes to announce that the Company is in the midst of identifying a potential investor to support and thereafter formulate a regularisation plan to regularise its financial condition ("Regularisation Plan"). An announcement will be made once a Regularisation Plan has been finalised.

The Company has approximately another eleven (11) months to submit its Regularisation Plan to the authorities for approval.

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 3 rd Quarter 30 September 2012 RM'000	Current Year To date 30 September 2011 RM'000
<u>Current year</u>		
Income tax	3	-
Deferred Tax	-	-
	<u>3</u>	<u>-</u>

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

The Company did not purchase nor dispose off any quoted shares during the financial period under review.

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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 (“GESB”) and 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, GESB and 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) Multiple Proposals announced on 13 February 2012

The Company announced that it proposes to undertake the following proposals:-

- (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”).

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With reference to the announcement made on 13 February 2012 in relation to the Proposals and subsequent to the announcements made on 12 October 2012 and 17 October 2012 in relation to PN 1 and PN 17 respectively, the Board had on 24 October 2012, announced that the Company no longer seeks to implement the Proposals.

(c) The Proposed Acquisition of the Entire Equity Interest in Beta Asset Sdn Bhd (“Proposed Acquisition”)

On 11 July 2012, the Company announced that it had entered into a sale of shares agreement (“SSA”) with Norhisham bin Mohamad Noor and Muhamad Nazrul Akmam bin Norhisham (“Vendors”) for the acquisition of their entire equity interest in Beta Asset Sdn Bhd for a consideration of RM110 million, to be satisfied by the issuance of 916,666,667 new SAAG shares at an issue price of RM0.12 per new SAAG share. The SSA is entered into between SAAG and the Vendors to make provision for, and to record their respective rights and obligations and their mutual agreement of the terms and conditions of the proposed acquisition.

On 9 November 2012, the Board announced that the Company is still exploring the Proposed Acquisition as part of its regularisation plan. At this juncture, the Concession Agreement has not been executed. The Company expects to make relevant announcement to Bursa Securities once the Concession Agreement is executed.

Apart from the above Proposals, there was no new proposal announced as at 30 November 2012, the latest practicable date which is not earlier than seven (7) days from the date of this report.

B9. GROUP BORROWINGS

Details of the Group’s bank borrowings as at 30 September 2012 are as follows:

	As at 30 September 2012 RM’000	As at 31 Dec 2011 RM’000
Current		
Unsecured	77,008	67,972
Secured	624,789	637,814
	<u>701,797</u>	<u>705,786</u>
Non Current		
Unsecured	-	-
Secured	-	-
	<u>-</u>	<u>-</u>
Bank borrowings denominated in foreign currency –		
United States Dollar	175,895	175,601
Indian Rupee	34,1147	33,444
	<u>175,895</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 save and except those disclosed in **Section A10**.

B11.MATERIAL LITIGATION

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

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

	Current Year 3 rd Quarter 30 September 2012	Current Year To date 30 September 2012
Net loss for the quarter (RM'000)	(74,854)	(112,822)
Weighted average number of ordinary shares in issue ('000)	<u>2,171,792</u>	<u>2,171,792</u>
Basic earnings per share (sen)	<u>(3.45)</u>	<u>(5.19)</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.

	As at 30 Sept 2012 RM'000	As at 31 Dec 2011 RM'000
Total retained profits / (accumulated losses) of the Company and its subsidiaries :		
- Realised profits/(losses)	(316,824)	(163,532)
- Unrealised gains (on foreign exchange)	11,633	1,739
- Unrealised losses (on foreign exchange)	(5,431)	(7,208)
- Unrealised losses (impairment)	<u>-</u>	<u>(26,492)</u>
	(310,622)	(195,493)
Total share of retained profits / (accumulated losses) from associated companies :		
- Realised gain	5,718	3,412
- Realised losses	(1,409)	(1,409)
Total share of retained profits / (accumulated losses) from jointly controlled entities :		
- Realised losses	(4,608)	(4,608)
	<u>(310,921)</u>	<u>(198,098)</u>
Add : Consolidation adjustments	67,493	67,492
Total group retained profits as per the Consolidated Financial Statements	<u>(243,428)</u>	<u>(130,606)</u>

BY ORDER OF THE BOARD

ANAND SUBRAMANIAN

EXECUTIVE DIRECTOR / GROUP CHIEF EXECUTIVE OFFICER