



**Interim Report for the 4th Quarter Ended
31 December 2012**

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

Condensed Consolidated Financial Statements
For the Twelve (12) Months Ended 31 December 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 3 Months Ended 31 Dec 2012 RM'000	Preceding Year 31 Dec 2011 RM'000	Current Year 12 Months Ended 31 Dec 2012 RM'000	Preceding Year 31 Dec 2011 RM'000
Discontinuing operations				
Revenue	2,179	27,727	29,267	50,600
Costs of sales	(2,195)	(29,183)	(24,524)	(45,150)
Gross profit	(17)	(1,456)	4,742	5,450
Other operating expenses	(256,382)	(118,784)	(349,651)	(133,163)
Other income	(841)	1,865	15,408	14,359
Loss from operations	(257,240)	(118,375)	(329,501)	(113,354)
Finance costs	(13,105)	(23,591)	(55,045)	(55,632)
Share of results in associates	0	2,870	1,373	3,412
Loss before taxation	(270,345)	(139,096)	(383,173)	(165,574)
Taxation	(3)	3	3	5,099
Net loss for the period				
from discontinued operations	(270,348)	(139,093)	(383,170)	(160,475)
Gain on disposal of discontinued operations	-	4,450	-	-
Net loss for the period	<u>(270,348)</u>	<u>(134,643)</u>	<u>(383,170)</u>	<u>(160,475)</u>
Net loss attributable to:				
Owners of the Company				
- from continuing operations	-	-	-	-
- from discontinued operations	(269,421)	(130,047)	(382,243)	(161,196)
	(269,421)	(130,047)	(382,243)	(161,196)
Non-controlling interests	(927)	(4,597)	(927)	721
	<u>(270,348)</u>	<u>(134,644)</u>	<u>(383,170)</u>	<u>(160,475)</u>
Earnings per share (sen)				
• Basic				
- from discontinued operations	(12.41)	(5.99)	(17.60)	(7.85)
	<u>(12.41)</u>	<u>(5.99)</u>	<u>(17.60)</u>	<u>(7.85)</u>
• Diluted				
- from discontinued operations	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net loss for the period	<u>(269,421)</u>	<u>(134,643)</u>	<u>(382,243)</u>	<u>(161,196)</u>
Other comprehensive income after tax :				
Exchange differences on translation	(6,396)	(7,346)	(10,553)	(2,402)
Transaction costs arising from				
Shares issue	(3,293)	-	(3,293)	-
Changes in equity interest in subsidiaries	-	4	-	-
Share issue expenses	(3)	-	(99)	-
Dividend paid / payable to minority interests of a subsidiary	-	-	-	-
Total comprehensive income for the period	<u>(279,113)</u>	<u>(141,985)</u>	<u>(396,188)</u>	<u>(163,598)</u>
Total comprehensive income attributable to :				
Owners of the Company				
- from continuing operations	-	-	-	-
- from discontinued operations	(278,518)	(135,559)	(396,188)	(163,598)
	(278,518)	(135,559)	(396,188)	(163,598)
Non-controlling interests	(29)	(6,426)	566	103
	<u>(278,547)</u>	<u>(141,985)</u>	<u>(395,622)</u>	<u>(163,495)</u>

Notes

The condensed consolidated statements 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 Dec 2012 RM'000	As at 31 Dec 2011 RM'000
CURRENT ASSETS		
Property, plant and equipment	128,387	354,989
Investment properties	2,717	3,166
Investment in associates	-	12,553
Intangible assets	2,131	2,075
Property development costs	15,190	17,864
Inventories	430,283	467,062
Trade and other receivables	103,864	300,197
Deferred tax assets	52	1,766
Current tax assets	28	
Amount owing by associates	181	195
Cash and cash equivalents	1,815	8,013
TOTAL ASSETS	<u>684,648</u>	<u>1,167,880</u>
EQUITY AND LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	171,583	253,037
Amounts due to customer for contract works	-	24
Hire-purchase creditors	179	995
Borrowings (Interest bearing)	700,145	705,786
Current tax liabilities	391	61
Deferred tax liabilities	908	914
	<u>873,206</u>	<u>960,817</u>
Equity		
Share capital	217,179	217,179
Accumulated losses	(512,849)	(130,606)
Other reserves	105,907	119,852
Issued capital and reserves attributable to owners of the company	(189,763)	206,425
Non-controlling interests	<u>1,204</u>	<u>638</u>
Total Equity	<u>(188,559)</u>	<u>207,063</u>
	<u>684,648</u>	<u>1,167,880</u>
Net Assets per share (RM)	(0.0001)	0.0001

Notes

The condensed consolidated statements 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
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	19,714	-	-	-	-	-	-	19,714	-	19,714
Money received towards application for shares in a subsidiary pending allocation	-	-	2,208	-	-	-	-	2,208	-	2,208
Realisation of exchange reserve from disposal of subsidiaries	-	-	-	-	-	-	-	-	49	49
Total comprehensive income for the period	-	-	-	-	(2,402)	-	(161,196)	(163,598)	103	(163,495)
At 31 December 2011	<u>217,179</u>	<u>125,832</u>	<u>2,208</u>	<u>(1,767)</u>	<u>(7,261)</u>	<u>840</u>	<u>(130,606)</u>	<u>206,425</u>	<u>638</u>	<u>207,063</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 losses for the period	-	(3,293)	(99)	-	(10,553)	-	(382,243)	(396,188)	566	(395,622)
Total comprehensive income for the period	-	(3,293)	(99)	-	(10,553)	-	(382,243)	(396,188)	566	(395,622)
At 31 December 2012	<u>217,179</u>	<u>122,539</u>	<u>2,109</u>	<u>(1,767)</u>	<u>(17,814)</u>	<u>840</u>	<u>(512,849)</u>	<u>(189,763)</u>	<u>1,204</u>	<u>(188,559)</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 STATEMENT OF CASH FLOWS
(The figures have not been audited)

	12 months ended 31 Dec 2012 RM'000	12 months ended 31 Dec 2011 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Loss before tax	(383,173)	(165,574)
Adjustments for:		
Depreciation of property, plant and equipment	12,940	12,644
Depreciation of investment properties	105	63
Interest expense	55,045	55,632
Interest income	(288)	(484)
Inventories written down to net realisable values	286	28,159
Bad debts written off	5,082	26,689
Loss/(gain) on disposal of property, plant & equipment	383	1,146
Loss/(gain) on disposal of subsidiaries	-	(4,450)
Loss/ (gain) on disposal of associates	926	-
Property, plant and equipment written off	21,051	699
Impairment loss on trade and other receivables	42,808	12,678
Impairment loss on contract work in progress	66,490	-
Impairment loss on property, plant and equipment	38,165	5,406
Impairment loss on intellectual property	-	6,727
Impairment loss on inventories	111,132	-
Impairment loss on amount owing by an associates	-	1,682
Share of profit of associates	(1,373)	(3,412)
Unrealised gain on foreign exchange	(11,594)	(1,739)
Unrealised loss on foreign exchange	6,435	7,208
Operating Loss Before Working Capital Changes	<u>(35,580)</u>	<u>(16,926)</u>
(Increase)/ decrease in amount due from customers for contract works	(27,169)	4,774
(Increase)/ decrease in property development cost	2,675	(5,851)
(Increase)/ decrease in inventories	48,965	(10,178)
(Increase)/ decrease in trade and other receivables	(14,631)	5,071
(Increase)/ decrease in amount owing by associates	14	(303)
Increase/ (decrease) in trade and other payables	(125,426)	12,884
Increase/ (decrease) in amount due to customers for contract works	(24)	(20)
Cash From/(Used in) Operations	<u>(151,178)</u>	<u>(10,549)</u>
Income tax paid	-	(106)
Income tax refund	1,738	-
Net Cash From/(Used in) Operating Activities	<u>(149,439)</u>	<u>(10,655)</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Interest received	288	484
Purchase of property, plant and equipment	-	(4,861)
Proceeds from disposal of property, plant & equipment	129,891	1,633
Proceeds from disposal of subsidiaries	-	1,497
Proceeds from disposal of associates	7,150	-
Dividend from associates	5,850	-
Proceeds from issuance of shares to non-controlling shareholders	-	2,208
Net Cash From/(Used in) Investing Activities	<u>143,179</u>	<u>961</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Finance cost paid	(7,680)	(33,088)
Transaction cost arising from private placement	(3,293)	-
Repayment of borrowings	(12,347)	(18,327)
Repayment of hire-purchase creditors	(826)	(959)
Proceeds from shares issued	-	19,714
Share application money received	(99)	-
Uplift of fixed deposits pledged	5,186	26,579
Repayment to Directors	18	(533)
Net Cash From/(Used in) Financing Activities	<u>(19,041)</u>	<u>(6,614)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(25,301)	(16,308)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	(25,752)	(7,512)
Effects of changes in exchange rates	13,963	(1,932)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>(37,090)</u>	<u>(25,752)</u>
Cash and cash equivalents comprise the following balance sheet amounts:		
Cash on hand and at banks	1,263	2,275
Bank overdrafts	(38,353)	(28,027)
Fixed deposits with licensed banks	552	5,738
	<u>(36,538)</u>	<u>(20,014)</u>
Less: Fixed deposit pledged	(552)	(5,738)
	<u>(37,090)</u>	<u>(25,752)</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 31 December 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 of the Group and of the Company which is unaudited and has been prepared on break-up basis have been properly drawn up in accordance with Financial Reporting Standards (“FRSs”), generally accepted principles and the Companies Act, 1965 in Malaysia.

As at the date of these financial statements, the Directors have no intention to liquidate the Company. However, as the Company has yet to formulate any regularization plan as required by Bursa Securities, facts and circumstances at this material time suggest that the Company will not be able to continue as a going concern as per Notes mentioned in A10 and A11 below.

On 15 January 2013, Messrs GanPartnership as solicitors of Ambank (M) Bhd has served a winding petition Notice pursuant to Section 218 against SAAG and its subsidiary, SAAG Shipping (M) Sdn Bhd (“SSSB”), demanded from SAAG to pay the sum due and owing from SAAG pursuant to an Order of High Court dated 21 December 2012. SAAG and its SSSB may be wound up due to failure to pay the said debt.

Therefore, these interim financial statements have been prepared on break-up basis. In the preparation of the financial statements using break-up basis, all non-current assets and non-current liabilities are reclassified and presented as current assets and current liabilities accordingly. In addition, all assets are stated at the lower of their carrying value and realizable value, any additional liabilities that will be incurred for the break-up are provided for. Realizable value for certain assets have been determined based on FSV as per valuation reports. Attention is drawn to Para A9 and B1 of this interim financial report.

The quarterly financial statements are to 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.

The Company is classified as an Affected Listed Issuer pursuant to Practice Note 17 of the Main Market Listing Requirements of Bursa Securities as has been announced on 17 October 2012.

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.

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.

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 31 December 2012

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	-	-	-	-
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

As SAAG is presently classified as an Affected Listed Issuer pursuant to Practice Note 17 of the Main Market Listing Requirements of Bursa Securities as has been announced on 17 October 2012. All other operations have been downsized and/or closed down save and except for workover rig and power plant construction businesses. The Group has also secured the patent protection for its Spirallay technology which has to be commercialised which again has been shelved presently for want of capital.

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 December 2012

Notes to the Interim Report

Segment information for the 12-month period ended 31 December 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	-	6,578	-	-	-	22,689	-	29,267
Segment results	(168,683)	(124,539)	(19,131)	(5,132)	(2,345)	(9,581)	(90)	(329,501)
Unallocated corporate income								-
Unallocated corporate expenses								-
Loss from operations								(329,501)
Finance costs								(55,045)
Share of results in associates								1,373
Loss before tax								(383,173)
Tax expense								3
Loss after taxation								(383,173)
Non - controlling interests								-
Net loss for the period attributable to owners of the Company								(383,173)

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 December 2012

Notes to the Interim Report

Segment information for 12-month period ended 31 December 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>14,151</u>	<u>-</u>	<u>131</u>	<u>9,945</u>	<u>26,373</u>	<u>-</u>	<u>50,600</u>
Segment loss before taxation	<u>(23,532)</u>	<u>(21,996)</u>	<u>(12,479)</u>	<u>(3,965)</u>	<u>(17,745)</u>	<u>(13,875)</u>	<u>(136)</u>	<u>(93,728)</u>
Unallocated expenses								(14,626)
Finance costs								<u>(55,632)</u>
Share of results in associates								<u>165,574</u>
Loss before tax								(165,574)
Tax expense								<u>5,099</u>
Loss after taxation								(160,475)
Non - controlling interests								<u>-</u>
Net loss for the period attributable to owners of the Company								<u>(160,475)</u>

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 December 2012

Notes to the Interim Report

A9. PROPERTY, PLANT AND EQUIPMENT (“PPE”), INVENTORIES AND OTHER ASSETS

The property, plant and equipment (“PPE”), Inventories and other assets of the Group are stated at net realizable value based on professional valuation on the forced sale value (“FSV”) basis performed by professional consulting firm specializing in the valuation of work over rigs, tankers and power generator sets. Other property, plant and equipment are stated at costs less impairment loss as assessed by the Board of Directors. There was no revaluation of PPE, inventories and other assets for the period ended 31 December 2012.

Assets held at FSV comprise the following:-

	RM'000
Work over rigs	
2 units of work over rigs held for resale	225,000
1 unit of work over rigs held as PPE	82,000
	<u>307,000</u>
1 unit of tanker	42,000
6 units of power generator sets	162,000
	<u>204,000</u>
Total	<u>511,000</u>

The impairment losses provided for in this interim report for the quarter ended 31 December 2012 reflect the FSV as per valuation reports dated 31 March 2011. The condition of the assets during storage are not the same as at the time of valuation and due to lack of maintenance, refurbishment and certification, the actual value would be lower than the FSV indicated in the valuation reports. Maintenance, refurbishment and certifications could not be conducted due to lack of funds. The Group cannot afford a new valuation to be conducted on all these assets which are substantially charged to Banks who have appointed receivers and managers (“R&M”) for the said charged assets as announced and set out in Para A10 below.

Despite Workover Rigs (India) Limited (“WRIL”) securing contracts from Oil and Natural Gas Commission (“ONGC”) to deploy two (2) workover rigs, the existing rigs would be unsuitable “as is where is” and require substantial refurbishment costs. Hence, the Directors do not consider appropriate to assess the values of the existing rigs based on the potential from the two (2) contracts and hence the break-up basis adopted.

The power generator sets which were valued based on the Bangladesh Independent Power Plant (“IPP”) for Garisan Etika Bangladesh (Pvt) Ltd (“GEB”) also cannot be realized due to lack of funds for refurbishment and maintenance and due to the cancellation of agreement with GEB. Hence, the value of these assets would also be substantially lower than their FSV.

A10. SIGNIFICANT EVENTS DURING 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 at Group level arising from the Disposal is RM537,000.

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Interim report for the quarter ended 31 December 2012

Notes to the Interim Report

(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.	AmInvest- 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	27,465,000
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) Berhad (“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.

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Notes to the Interim Report

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.

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.

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Notes to the Interim Report

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.

A11. SIGNIFICANT EVENTS SUBSEQUENT AFTER THE QUARTER UNDER REVIEW

- (i) On 2 January 2013, the Board of Directors of SAAG announced that they are currently in discussions with potential investors/partners for the workover rig and other continuing businesses in view of a good prospect of securing the Oil and Natural Gas Commission ("ONGC") contract. The operations which currently are on-going are in Workover Rigs (India) Limited ("WRIL"), SAAG RR Infra Limited, TPS Builders Ltd and Jelang Fajar Sdn. Bhd. All other operations have been downsized and/or closed down in view of cashflow requirements. All on-going negotiations have been centered around reviving the workover rig and power plant construction businesses. The Group has also secured the patent protection for its Spirallay technology which has to be commercialised which again has been shelved presently for want of capital.
- (ii) On 14 January 2013, the Board of Directors of SAAG announced that SAAG's wholly-owned subsidiary, WRIL has on 11 January 2013 received a firm order dated 10 January 2013 for charter hire of offshore modular workover from ONGC, Well Services, Mumbai Region, Materials Management, India. The order is for a firm period of 3 years from the commencement date which is 270 days from 10 January 2013. The approximate value of the Order after service tax is equivalent of RM106.9 million for the 3 year tenure including mobilisation fee considering full year operations during the said period. The order is expected to commence on or before 15 October 2013. This Order is not renewable.
- (iii) On 16 January 2013, the Board of Directors of SAAG, announced that after taking into consideration feedback and response from potential investors over meetings by the Management and after due deliberation is of the view that a significant change in business may not be appropriate as part of the regularisation exercise of SAAG in view of the size of its debts. The existing businesses primarily constituting of provision of workover rig services, civil and power plant construction activities will be of interest to potential investors and any regularisation plan would therefore be possible only through a "self-rescue" scheme.

Nevertheless, the Board has also taken note that such self-rescue would require creditors' settlement, substantial capital reduction and fresh injection of capital whereby should there be a single investor involved in the injection of fresh capital provisions under reverse takeover may be triggered.

The Management of SAAG is putting all efforts to procure contracts which would be crucial to attract investors subject to a comprehensive settlement proposal involving all stakeholders.

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 December 2012

Notes to the Interim Report

The Board at this juncture is also aware of legal action envisaged and/or being enforced which could involve the Company being wound up due to default in its debt obligations to creditors and creditor banks. The Management of SAAG will endeavour to engage such parties should there be potential by way of investors as part of the comprehensive proposal under a regularisation plan.

- (iv) On 4 February 2013, the Board of Directors of SAAG announced that SAAG's wholly-owned subsidiary, WRIL has received a second firm order for charter hire of offshore modular workover rig. However, the contract price awarded by ONGC was lower than price which was tendered for by WRIL. As such WRIL is in negotiations with ONGC on the pricing and an appropriate announcement will be made once the pricing issue is resolved with ONGC.

The Board of Directors of SAAG are currently in discussion with potential investors/partners and those who provided the Bid Bond for the Bid (as two of the three Banks of SAAG Group has communicated in writing their unwillingness to help provide the necessary guarantees whilst the other Bank has yet to revert), for the performance guarantee to be given to ONGC following the receipt of the firm order dated 10 January 2013 and 18 January 2013 (second order which is currently not finalized and under negotiations) for charter hire of offshore modular worker rig ("Order") by WRIL. WRIL has requested from ONGC for an extension time to furnish the said performance guarantee due to financial condition of the Company.

A12. 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**.

A13. 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**.

A14. 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:

Approved and contracted for	RM -
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A15. RELATED PARTY TRANSACTIONS

	Current Year 3 rd 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 4 th Quarter 31 December 2012 RM'000	Preceding Year 4 th Quarter 31 December 2011 RM'000
Revenue	2,179	27,727
Loss before taxation	<u>(270,345)</u>	<u>(139,096)</u>

For the current quarter ended 31 December 2012 (Q4 2012), the Group registered revenue of RM2.1 million, a decrease of 92.1% from RM27.7 million recorded for the quarter ended 31 December 2011 (Q4 2011).

For the 12 months ended 31 December 2012, revenue reduced by RM21.33 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 Q4 2012 increased substantially from RM139.10 million in Q4 2011 to RM270.35 million in Q4 2012, mainly attributable to the following:-

- (i) an impairment loss of RM115.94 million provided for 3 units of work over rigs;
- (ii) an impairment loss of RM66.49 million provided for 6 units of generation sets; and
- (iii) an impairment loss of RM26.66 million provided for 1 unit of tanker.

The impairment losses provided for in this interim report for the quarter ended 31 December 2012 reflect the FSV as per valuation reports dated 31 March 2011. The conditions of the assets during storage are not the same as at the time of valuation and due to lack of maintenance, refurbishment and certification. The actual value would be lower than the FSV indicated in the valuation reports. Maintenance, refurbishment and certifications could not be conducted due to lack of funds. The Group cannot afford a new valuation be conducted on all these assets which are substantially charged to Banks who have appointed receivers and managers ("R&M") for the said charged assets as announced and set out in Section A10 herein.

Despite Workover Rigs (India) Limited ("WRIL") securing contracts from ONGC to deploy two (2) workover rigs, the existing rigs would be unsuitable "as is where is" and require substantial refurbishment costs. Hence, the Directors do not consider appropriate to assess the values of the existing rigs based on the potential from the two (2) contracts. Furthermore, the valuation of the power generator sets reflected value as a going concern based on the Independent Power Plant of GEB, which agreement has since been aborted as GEB failed conditions precedent as per agreement. Hence, the value of the power generator sets which have no projects to back a going-concern valuation could be lower than FSV as per the valuation report.

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.

SAAG CONSOLIDATED (M) BHD

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B2. QUARTERLY RESULTS COMPARISON

	Current Year 4 th Quarter 31 December 2012 RM'000	Current Year 3 rd Quarter 30 September 2012 RM'000
Revenue	2,179	7,037
Loss before taxation	<u>(270,345)</u>	<u>(74,857)</u>

Revenue of RM2.2 million in the current quarter was approximately RM5.0 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 Q4 2012 increased substantially from RM74.86 million in Q3 2012 to RM270.35 million in Q4 2012. This was mainly attributable to reasons as stated in **Section B1** above.

B3. CURRENT YEAR PROSPECTS

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 after taking into consideration feedback and response from potential investors over meetings by the Management and after due deliberation is of the view that a significant change in business may not be appropriate as part of the regularisation exercise of SAAG in view of the size of its debts. The existing businesses primarily constituting of provision of workover rig services, civil and power plant construction activities will be of interest to potential investors and any Regularisation Plan ("RP") would therefore be possible only through a "self-rescue" scheme.

Nevertheless, the Board has also taken note that such self-rescue would require creditors' settlement, substantial capital reduction and fresh injection of capital whereby should there be a single investor involved in the injection of fresh capital provisions under reverse takeover may be triggered.

The Management of SAAG is putting all efforts to procure contracts which would be crucial to attract investors subject to a comprehensive settlement proposal involving all stakeholders. Workover Rigs (India) Limited, which is a subsidiary of SAAG has procured two contracts for workover services from Oil And Natural Gas Corporation Limited (ONGC). However the Bangladesh project has been aborted as Garisan Etika (Bangladesh) Pvt Ltd (GEB) failed to deliver its conditions precedent as per agreement.

The Board at this juncture is also aware of legal action envisaged and/or being enforced which could involve the Company being wound up due to default in its debt obligations to creditors and creditor banks. The Management of SAAG will endeavour to engage such parties should there be potential by way of investors as part of the comprehensive proposal under a RP.

As at to-date, the Company has yet to formalise a RP to address PN 17 status. Appropriate announcement on the regularisation plan shall be announced by the Company in due course.

The Company has approximately another eight (8) months to submit its RP 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.

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Notes to the Interim Report

B5. TAXATION

	Current Year 4 th Quarter 3 rd December 2012 RM'000	Current Year To date 31 December 2011 RM'000
<u>Current year</u>		
Income tax	(3)	3
Deferred Tax	-	-
	<hr/>	<hr/>
	3	-

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.

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.

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Interim report for the quarter ended 31 December 2012

Notes to the Interim Report

(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").

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 28 February 2013, the latest practicable date which is not earlier than seven (7) days from the date of this report.

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B9. GROUP BORROWINGS

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

	As at 31 December 2012 RM'000	As at 31 Dec 2011 RM'000
Current		
Unsecured	68,150	67,972
Secured	631,995	637,814
	<u>700,145</u>	<u>705,786</u>
Non Current		
Unsecured	-	-
Secured	-	-
	<u>-</u>	<u>-</u>
Bank borrowings denominated in foreign currency – United States Dollar	175,952	175,601
Indian Rupee	32,783	33,444

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

The details of material litigations of the Group are as follows:-

(i) **SAAG Infrastructure (M) Sdn Bhd (“SAAG Infra”) vs Bumi Hiway (M) Sdn Bhd (“BHSB”)- Kuala Lumpur High Court Writ Summons No: S5-22-772-2008**

SAAG Infra has initiated legal proceedings against BHSB (“Defendant”) to recover the contractual proceeds of RM1,648,767 (“Claim”) on 26 August 2005. SAAG Infra (“Messrs Heng & Co”) informed us that the Defendant has been wound up on 9 March 2011 and proof of debts of SAAG Infra’s Claim has been filed with the Department of Insolvency on 20 October 2011. The Directors of Insolvency are holding a creditors’ meeting on 22 February 2012. The creditors have appointed an independent liquidator, Wong Weng Foo & Co and awaiting report from the liquidator.

(ii) **Mainland Harvest Sdn Bhd (“MHSB”) vs SAAG Infra-
Shah Alam Session Court Summons No: 52-1727-2011**

MHSB (“Plaintiff”) has made a claim against SAAG Infra (“Defendant”) for outstanding payments of RM212,357 (“Claim”) due for completion of water reticulation (infrastructure) works and sewerage works on 19 July 2011. The Claim is disputed and the Defendant has quantified the claim to RM169,097. Certificate of practical completion still not obtained, hence, further grounds to dispute the claim made by the Plaintiff.

A consent judgment entered on 29 May 2012 with a proposed settlement sum of RM185,000 in six (6) installments of RM26,000 and last installment of RM29,000 commencing from 1 July 2012.

The Company has paid two (2) installments and has defaulted the balance sum of RM104,000.

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**(iii) Axis Circle Sdn Bhd (“ACSB”) vs. SAAG Oil & Gas Sdn Bhd (“SOG”)
Kuala Lumpur Sessions Court Summons No. 52-29101-2011**

On 3 August 2011, ACSB (“Plaintiff”) has made a claim against SOG (“Defendant”) for RM95,200 (“Claim”), being the balance sum owing for supply of Offshore Electrical Cable. The Claim is disputed by SOG on the premise that Offshore Electrical Cable supplied did not conform to specifications and was rejected.

A consent judgment was recorded on 17 April 2012 with a proposed settlement sum of RM85,000 in five (5) equal installments of RM17,000 commencing from 1 June 2012 to 1 October 2012. The Company has paid three (3) installment and has defaulted the balance of RM34,000.

**(iv) Specom Engineering Sdn Bhd (“SESB”) vs SAAG Infra-
Shah Alam High Court No: 22NCVC-303-03/ 2012**

On 7 March 2012, SESB (“Plaintiff”) has made a claim against SAAG Infra (“Defendant”) for a sum of RM256,335.82 being the balance sum owing for subcontract works for the relocation of telecommunication system (“Claim”). The Claim is disputed by the Defendant as there was a subsequent payment made by Bumi Hiway (M) Sdn Bhd directly and subject by final measurement being agreed by SAAG Infra and SESB.

A consent judgment received with a proposed settlement of RM96,084 in six (6) equal installments starting from 1 June 2012 to 1 November 2012. The Company has paid three (3) installment of RM53,042 and has defaulted the balance of RM48,042.

A sealed copy of winding up petition has been served to SAAG Infra on 29 November 2012 by SESB, the Petitioner. The said petition was presented to the High Court on 27 November 2012 and is scheduled for hearing on 25 February 2013. The Petitioner states inter-alia, SAAG Infra is indebted to the Petitioner for the sum of RM49,314.63 being the amount due as at 9 November 2012 on an consent order entered on 8 May 2012 in the High Court at Shah Alam together with interest at 4% per annum on the sum of RM48,042.27 from 10 November 2012 to the date of full realization.

The Group does not envisage remedying due to financial constraints in the Group as announced under PN 17.

**(v) International Paint Sdn Bhd (“IPSB”) vs SAAG Shipping (M) Sdn Bhd (“SSSB”)
Kuala Lumpur Session Court Summon no: 52-20783-06/2012**

On 6 June 2012, IPSB (“Plaintiff”) has made a claim against SSSB (“Defendant”) for a sum of RM126,176 with interest, being the balance sum owing in respect of goods sold and delivered. Letter of demand was received from the claimant solicitors on 15 May 2012 for the amount outstanding.

A consent judgment received on 19 July 2012 for the proposed settlement of RM118,176 in five (5) installments with the first installment of RM18,176 and subsequent 4 equal installments of RM25,000 starting from 30 August 2012. As at to-date, no payment has been made to the Plaintiff.

On 3 December 2012, SSSB has been served with a Notice pursuant to Section 218 dated 29 November 2012. Receivers and Managers (“R&M”) has been appointed on 23 October 2012.

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**(vi) Baniyamin Bin Mohd Khalid (“BK”) vs SOG
Kuala Lumpur Industrial Court Case No: 19/4-226/2011**

On 5 May 2011, BK has made a claim against SOG (“Defendant”) for a sum of RM90,000 being damages for wrongful termination of contract of employment. The Claim was disputed by the Defendant on ground that the employment was based strictly on the Project in Jeddah continuing. Since the Project has been terminated, the termination of the Claimant’s employment was justified.

Parties have settled matter for a sum of RM45,000 which is payable on or by 1st August 2012. The company has paid RM20,000.00 and the outstanding balance is RM25,000.00

(vii) Anthony Kettlewell (“AK”) vs SAAG Oilfield Engineering (S) Private Limited (“SOE”) Subordinate Courts of the Republic of Singapore Case No: DC1822/2012/ A

On 27 June 2012, AK has made a claim against SOE (“Defendant”) for a sum of S\$132,355 and US\$67,500 being arrears of salaries, housing and car allowances etc. Writ of Summon has been issued to SOE on 27 June 2012.

SOE has appointed Tito Isaac & CO LLP as its solicitors. Tito Isaac has filed a defence to the Court. The next step is (as per parties’ earlier agreement) to try and resolve this case by Mediation at the Subordinate Courts’ Primary Dispute Resolution Centre. As at to-date, SOE is still awaiting Court to inform as to the exact date for Mediation.

(viii) New West Coast Maritime Pte Ltd (NWCM” or “Claimant”) vs 1. SOE and SAAG (S) Pte Ltd (‘SAAGS’)- High Court of Republic of Singapore

On 31 August 2012, NWCM has rented a premises re yard from the Claimant and has failed to pay the rent from October 2011 to May 2012. SAAGS has executed a Deed of Guarantee dated 29 September 2010 to guarantee the sum due and owing by SOE to the Claimant.

The Claimant has claimed from SOE as the 1st Defendant, the sum of S\$305,502.07 being the rent outstanding and contractual interest that is due on the unpaid rent and the sum of S\$675,938.06 being the continuing damages as the Claimant has not been able to get a replacement tenant. SAAGS as the 2nd Defendant, by way of a letter dated 21.06.12, the Claimant has called on the guarantee for the said sum owing by SOE.

SOE has appointed Tito Isaac & Co LLP as its solicitors. An Order for Examination of Judgment Debtor was served on Mr. Anand pursuant to an Order of the Court dated 2 November 2012. Mr. Anand has filed an Affidavit on 22 January 2013 to set out the answers to the Examination of Judgement Debtor Questionnaire serve on him. The Examination of Judgement Debtor hearing is on 5 March 2013

(ix) Kerajaan Malaysia vs SAAG Consolidated (M) Berhad (“SAAG”)- Shah Alam High Court No: 21NCVC-124-07/2012

On 30 July 2012, Kerajaan Malaysia has issued a writ of summon to SAAG and claim for a sum of RM458,588 being outstanding income tax payment for the year of assessment (“YA”) 2008.

SAAG has filed an affidavit on 26 October 2012. On the case management hearing on 5 December 2012, the income tax officer informed that they have filed an affidavit in reply to SAAG’s affidavit. The appeal by SAAG on the tax payable has been fixed for hearing before the Special Commissioner for Tax on 16.02.2013. As such, Case Management is fixed for hearing on 07.03.2013 (after decision of the appeal before the Commissioner).

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On 5 November 2012, SAAG 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 19 November 2012, SAAG 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.

(x) Ambank (M) Berhad vs 1. SAAG Shipping (M) Sdn Bhd ("SSSB") and 2. SAAG-Kuala Lumpur High Court No: 22NCC-147-02/2013

On 23 November 2012, SAAG and SSSB 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.

A copy of the Writ and Statement of Claim dated 3 December 2012 has been served to SSSB as the 1st Defendant and SAAG as the 2nd Defendant.

The case management has been fixed on 17 December 2012. SSSB has on 16 January 2013 received a copy of the Notice pursuant to Section 218 dated 15 January 2013 by way of service on SAAG as a judgment debtor.

Messrs GanPartnership as solicitors of Ambank hereby demand from SAAG and require SAAG to pay the sum being the amount due and owing from SAAG pursuant to an Order of High Court dated 21 December 2012. In the event SAAG failed and/or neglected to make payment of the said sum to Ambank or to secure or compound for it to the reasonable satisfaction of Ambank within three (3) weeks of the receipt of this Notice, SAAG shall be deemed unable to pay its debts within the meaning of Section 218 of the Companies Act, 1965.

SAAG Shipping (M) Sdn Bhd ("SSSB"), a subsidiary of SAAG 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.

**(xi) Ambank (M) Bhd (M) Bhd vs 1. SOG and 2. SAAG
Kuala Lumpur High Court No: 22NCC-147-02/2013**

On 5 February 2013, SOG received a notice of default from Ambank for the default sum of RM184,547,365.73 as at 30 September 2012 together with interest in respect of the facility granted to SOG. SAAG has provided a Corporate Guarantee. A copy of the Writ and Statement of Claim dated 5 February 2013 has been served to SOG as the 1st Defendant and SAAG as the 2nd Defendant.

The case management has been fixed on 21 March 2013.

On 19 November 2012, SAAG 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.

SAAG CONSOLIDATED (M) BHD

Interim report for the quarter ended 31 December 2012

Notes to the Interim Report

(xii) **Technoservice Maintenance & Service Centre (“TMSC”) vs SSSB
Shah Alam High Court No. 52-312-01/2013**

On 31 January 2013, TMSC has served a copy of the Writ and Statements of Claim dated 31 January 2013 against SSSB, claimed for a sum of S\$55,311.76.

The case management has been fixed on 7 March 2013. Pursuant to the Notice dated 24 October 2012, 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.

(xiii) State Bank of India (“SBI”) has demanded from SAAG Group the entire amount due from all facilities granted to SAAG RR. SAAG RR has delayed repayment for its term loan with interest as at 31 December 2012. However, SAAG RR continues its day-to-day banking operations with SBI.

B12.EARNINGS PER SHARE

Basic earnings per share

	Current Year 4 th Quarter 31 December 2012	Current Year To date 31 December 2012
Net loss for the quarter (RM'000)	(270,348)	(383,170)
Weighted average number of ordinary shares in issue ('000)	2,171,792	2,171,792
Basic earnings per share (sen)	<u>(12.41)</u>	<u>(17.60)</u>

SAAG CONSOLIDATED (M) BHD

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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.

	As at 31 December 2012 RM'000	As at 31 Dec 2011 RM'000
Total retained profits / (accumulated losses) of the Company and its subsidiaries :		
- Realised profits/(losses)	(578,557)	(163,532)
- Unrealised gains (on foreign exchange)	11,594	1,739
- Unrealised losses (on foreign exchange)	(6,435)	(7,208)
- Unrealised losses (impairment)	-	(26,492)
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	(573,398)	(195,493)
Total share of retained profits / (accumulated losses) from associated companies :		
- Realised gain	-	3,412
- Realised losses	(2,335)	(1,409)
Total share of retained profits / (accumulated losses) from jointly controlled entities :		
- Realised losses	(4,608)	(4,608)
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	(580,341)	(198,098)
Add : Consolidation adjustments	67,492	67,492
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Total group retained profits as per the Consolidated Financial Statements	(512,849)	(130,606)

BY ORDER OF THE BOARD

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