

VASTALUX ENERGY BERHAD (Company No: 789373-V)
(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

**INTERIM FINANCIAL REPORTING FOR THE FIRST QUARTER ENDED
31 MARCH 2010**

A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING

A1. Basis of reporting preparation

The interim financial statements is unaudited and has been prepared in accordance with the Financial Reporting Standards 134 (FRS134): "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB") and Appendix 9B part A of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). This is the eight interim financial reports on the consolidated results for the first quarter ended 31 March 2010 announced by the Company in compliance with the Listing Requirements and in conjunction with the admission of the Company to the Main Market of Bursa Securities.

The accounting policies and methods of computation adopted by the Group in this interim financial report are in compliance with the new and revised Financial Reporting Standards ("FRS") issued by the MASB.

A2. Audit qualifications

There was no qualification on the audited financial statements of the Company for the financial year ended 31 December 2009.

A3. Seasonal or cyclical factors

The principal business operations of the Group are not significantly affected by seasonal or cyclical factors during the period under review.

A4. Extraordinary and exceptional items

There were no extraordinary and exceptional items of an unusual nature affecting assets, liabilities, equity, net income or cash flows during the interim financial period under review.

A5. Material changes in estimates

There were no changes in the estimates of amount relating to the prior financial years that have a material effect in the current quarter under review.

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A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING

A6. Issuances, cancellations, repurchase, resale and repayments of debt and equity securities

There have been no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current period and year to date.

A7. Dividends paid

No dividend was paid during the current quarter of the financial period.

A8. Segmental information

By activities

The financial information by industrial segment is not presented as the Group considers to operate in one business segment.

By geographical locations

	Revenue	Profit/(Loss)
	RM	RM
Malaysia operations	2,701,690	(8,323,843)
Overseas operations	-	(12,245)
	<u>2,701,690</u>	<u>(8,336,088)</u>

A9. Valuation of property, plant and equipment

There was no valuation of the property, plant and equipment in the current period under review.

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A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING

A10. Capital commitments

31 March 2010
RM'000

Capital commitment as at end of the current quarter 7,783

A11. Material events subsequent to the end of period reported

Vastalux Energy Berhad had on 15 March 2010 appointed Crowe Horwath Advisory Sdn Bhd (“Horwath”) to undertake the Proposed Debt Restructuring Scheme (“PDRS”) for Vastalux Sdn Bhd (“VSB”) and its subsidiaries. Horwath is in the midst of finalising the said PDRS.

The High Court of Malaya has granted the Restraining Order (“RO”) for a period of ninety (90) days effective from 7 April 2010 until 6 July 2010 to VSB pursuant to Section 176 of the Companies Act, 1965 (“Act”).

The RO was obtained to facilitate VSB in finalising the PDRS.

In addition to the above, VSB is in the process of appealing on the suspension of Petronas license. VSB is not qualified to bid for tenders that are issued by Petronas and its Profit Sharing Contractors.

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A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING

A12. Changes in the Composition of the Group

There were no changes in the composition of the Group in the current quarter.

A13. Contingent Liabilities and Contingent Assets

Contingent Liabilities

Setegap Ventures Engineering Sdn Bhd (“Plaintiff”) v Vastalux Sdn Bhd (VSB)
(“Defendant”)

The total amount claimed against VSB is RM2,624,241.00 for manpower services and hire of scaffolding. Writ of Summon which was filed in Kuala Lumpur High Court (“Court”) and Order 14 Application for Summary Judgment fixed for hearing on 4.11.2009 had been dismissed by the Court. Since then, no further steps have been taken by the Plaintiff.

Contingent Assets

Nil

A14. Significant related party transactions

The Group had no significant related party transactions with related parties during the financial quarter.

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**INTERIM FINANCIAL REPORTING FOR THE FIRST QUARTER ENDED
31 MARCH 2010**

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES' LISTING REQUIREMENT

B1. Review of performance of the Company and its principal subsidiaries

For the current quarter, the Group recorded a loss before tax of RM8.3 million on the back of RM2.7 million revenue.

The loss before tax for the quarter under review was mainly due to excess operational capacity that led to higher overhead and project cost.

B2. Material changes in the quarterly results compared to the results of the preceding quarter

	Current Year Quarter Ended 31 March 2010 RM	Preceding Quarter Ended 31 December 2009 RM	Variance RM	%
Revenue	2,701,690	32,297,531	(29,595,841)	(91.6)
Profit/(loss) before tax	(8,336,088)	(47,318,214)	(38,982,126)	(82.4)

Significant decreased in revenue was mainly due to the lack of work order as compared to the preceding quarter.

B3. Prospects for the current financial year

It is foreseeable that the Group will face bigger challenges this year due to the suspension of its Petronas licence which result to its inability to bid for new Petronas related projects during the suspension period. However as a mitigating measure, the Group is currently pursuing the contracts that are not within Petronas' domain. In this respect, the Group has been invited and participated to bid several projects that do not require Petronas licence.

The immediate focus for the Group is to improve its operational efficiency and continue to pursue the appeal for the suspension of its Petronas licence to be uplifted. Further, the formalisation and implementation of the PDRS is imperative for the Group to move forward in order to achieve better results.

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31 MARCH 2010**

**B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'
LISTING REQUIREMENT**

B4. Variance between Actual Profit and Estimate Profit

The Group has not issued any profit forecast for the current quarter.

B5. Taxation

Current tax:

	Current year quarter RM	Current year to date RM
Malaysia income tax	(137,000)	(137,000)
Deferred tax	2,330,878	2,330,878
	<u>2,193,878</u>	<u>2,193,878</u>

The difference between the statutory tax rate and effective tax rate in 2010 was mainly arising from recognition of unabsorbed business losses.

B6. Profit from sale of unquoted investments and/ or properties

There were no disposal of unquoted investment and properties for the current quarter and financial year to date.

B7. Quoted securities

There were no purchase or disposal of quoted securities for the current quarter and financial year to date and the Group did not hold any quoted securities as at the end of the financial year to date.

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**INTERIM FINANCIAL REPORTING FOR THE FIRST QUARTER ENDED
31 MARCH 2010**

**B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'
LISTING REQUIREMENT**

B8. Deposits with licensed bank

Inclusive in the fixed deposits is an amount of RM20,988,400 currently being placed in fixed deposits and repo placements originated from the Bank Accounts below maintained by Vastalux Capital Sdn Bhd (“VCSB”) prior to their intended utilization as per Notes A, B, and C below:

	RM
a) Disbursement account (“DA”) (Note A)	-
b) Sinking fund account (“SFA”) (Note B)	19,611,799
c) Finance service reserves account (“FSRA”) (Note C)	1,376,601
d) Others	315,236
	<hr/> <hr/> 21,303,636

Note A

• Disbursement Account (“DA”)

The account is opened and jointly operated and managed by the Facility Agent (KAF Investment Bank Bhd) and Trustee (KAF Trustee Bhd) to capture the total proceeds of RM100 million from the issuance of the Sukuk Musyarakah for the purposes of financing the Contracts (“TMM PCSB-PMO Contract, HUC Umbrella Contract, Murphy Contract and any other future contracts awarded to Vastalux Sdn Bhd (the Obligor) and other approved expenses including the Sukuk Musyarakah issue expenses and Finance Service Reserve Account (“FSRA”) initial funding requirements.

The available fund, if any can be used to finance future contract(s) awarded to the Obligor. Any unutilised amount can also be used towards repayment of the capital (principal portion) of the Sukuk Musyarakah, subject to bondholders’ approval.

Note B

• Sinking Fund Account (“SFA”)

The account is opened and jointly operated or managed by the Facility Agent (KAF Investment Bank Bhd) and Trustee (KAF Trustee Bhd). The required amount to be maintained in the SFA shall be progressively built up until it is sufficient to pay the next repayment of capital (principal portion) of the Sukuk Musyarakah.

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**INTERIM FINANCIAL REPORTING FOR THE FIRST QUARTER ENDED
31 MARCH 2010**

**B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'
LISTING REQUIREMENT**

B8. Deposits with licensed bank

Note C

- Finance Service Reserve Account (“FSRA”)

The account is opened and jointly operated or managed by the Facility Agent (KAF Investment Bank Bhd) and Trustee (KAF Trustee Bhd). The required amount to be maintained in the FSRA shall be progressively built up and fully deposited into the account six (6) months before the respective due dates of the expected profit portion under the Sukuk Musyarakah.

B9. Group borrowings and debt securities

The Group’s borrowings as at 31 March 2010 are as follows:-

	Limit	Outstanding
	RM	RM
Bank overdrafts	5,889,792	5,908,216
Bills payable	723,549	723,549
Term loan	6,000,000	5,498,613
Finance creditors	400,000	375,919
Bonds	100,000,000	25,000,000
Total	<u>113,013,341</u>	<u>37,506,297</u>

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**INTERIM FINANCIAL REPORTING FOR THE FIRST QUARTER ENDED
31 MARCH 2010**

**B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'
LISTING REQUIREMENT**

B10. Trade Payables

	31 March 2010 RM
Trade payables	112,773,935
Accrued cost	7,254,931
	<u>120,028,866</u>

B11. Other Payables and Accruals

The amount includes RM3,881,611 due to director which is unsecured, interest-free and has no fixed term of repayment.

B12. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off-balance sheet risk.

B13. Material Litigation

1. ECIS (M) Sdn. Bhd (Ecis) v Vastalux Sdn. Bhd (“VSB”)

The total amount claimed by Ecis is RM2,196,097.76 for goods sold and delivered. The hearing of the Winding- Up Petition is re-scheduled from 14.6.2010 to 15.7.2010 by Kuantan High Court. VSB is undergoing a debt restructuring exercise and pursuant thereto had obtained Restraining Order dated 7.4.2010 from Kuala Lumpur High Court, restraining further proceedings and actions against VSB. The Company is taking steps to settle the debt pursuant to the PDRS currently undertake by VSB.

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**INTERIM FINANCIAL REPORTING FOR THE FIRST QUARTER ENDED
31 MARCH 2010**

**B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'
LISTING REQUIREMENT**

B13. Material Litigation

2. Coral Alliance Sdn. Bhd (Coral) v Vastalux Sdn. Bhd (“VSB”)

The total amount claimed by Coral against VSB is RM1,000,045.77 for equipments and personnel supplied. Winding –Up Petition is presented in Miri High Court and Hearing date is re-scheduled to 22.7.2010 due to an application to set aside Judgment in Default filed by VSB solicitors, fix for hearing on 22.7.2010. Due to the debt restructuring exercise by VSB, further proceedings and actions against VSB is restrained. The Company is taking steps to settle the debt pursuant to the PDRS currently undertake by VSB.

3. Petrousaha Engineering Services Sdn. Bhd (Petrousaha) v Vastalux Sdn. Bhd (“VSB”)

The total amount claimed by Petrousaha against VSB is RM3,592,260.00 for equipments and personnel supplied. Winding –Up Petition is presented in Kuala Lumpur High Court and the hearing date is on 22.4.2010. Due to the debt restructuring exercise by VSB, further proceedings and actions against VSB is restrained. The Company is taking steps to settle the debt pursuant to the PDRS currently undertake by VSB.

4. New Wing Energy Sdn. Bhd (New Wing) v Vastalux Sdn. Bhd (“VSB”)

The total amount claimed by New Wing against VSB is RM1,452,206.33 for equipments and personnel supplied. Winding –Up Petition is presented in Kuala Lumpur High Court and the hearing date is on 22.4.2010. Due to the debt restructuring exercise by VSB, further proceedings and actions against VSB is restrained. The Company is taking steps to settle the debt pursuant to the PDRS currently undertake by VSB.

5. Nubayu Offshore Company Sdn. Bhd (Nubayu) v Vastalux Sdn. Bhd (“VSB”)

The total amount claimed by Nubayu against VSB is RM1,255,190.30 for Charter hire of a vessel. Winding –Up Petition is presented in Kuala Lumpur High Court and the hearing date is on 29.4.2010. Due to the debt restructuring exercise by VSB, further proceedings and actions against VSB is restrained. The Company is taking steps to settle the debt pursuant to the PDRS currently undertake by VSB.

VASTALUX ENERGY BERHAD (Company No: 789373-V)
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**INTERIM FINANCIAL REPORTING FOR THE FIRST QUARTER ENDED
31 MARCH 2010**

**B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'
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B13. Material Litigation

6. SBN Industries Sdn. Bhd (SBN) v Vastalux Sdn. Bhd (“VSB”)

The total amount claimed by SBN against VSB is RM41,796.28 for goods sold and delivered. Winding –Up Petition is presented in Johor Bahru High Court and the hearing date is on 6.5.2010. Due to the debt restructuring exercise by VSB, further proceedings and actions against VSB is restrained. The Company is taking steps to settle the debt pursuant to the PDRS currently undertake by VSB.

7. Aegis Venture (M) Sdn. Bhd (Aegis) v Vastalux Sdn. Bhd (“VSB”)

The total amount claimed by Aegis against VSB is RM654,360.09 for hire of Industrial machinery. Winding –Up Petition is presented in Kuala Lumpur High Court and the hearing date is on 6.5.2010. Due to the debt restructuring exercise by VSB, further proceedings and actions against VSB is restrained. The Company is taking steps to settle the debt pursuant to the PDRS currently undertake by VSB.

8. M.S Time Sdn. Bhd (M.S Time) v Vastalux Sdn. Bhd (“VSB”)

The total amount claimed by M.S Time against VSB is RM62,760.32 for goods sold and delivered. Winding –Up Petition is presented in Kuala Lumpur High Court and the hearing date is on 13.5.2010. Due to the debt restructuring exercise by VSB, further proceedings and actions against VSB is restrained. The Company is taking steps to settle the debt pursuant to the PDRS currently undertake by VSB.

9. Kejuteraan Gemilang Jaya Sdn. Bhd (Kejuteraan Gemilang) v Vastalux Sdn. Bhd (“VSB”)

The total amount claimed by M.S Time against VSB is RM26,599.10 for services rendered. Winding –Up Petition is presented in Bintulu High Court and the hearing date is on 20.5.2010. Due to the debt restructuring exercise by VSB, further proceedings and actions against VSB is restrained. The Company is taking steps to settle the debt pursuant to the PDRS currently undertake by VSB.

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31 MARCH 2010**

**B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'
LISTING REQUIREMENT**

B13. Material Litigation

10. Hot – Hed (M) Sdn Bhd (Hot- Hed) v Vastalux Sdn. Bhd (“VSB”)

The total amount claimed by Hot-Hed against VSB is RM1,468,329.50 for services rendered. Winding –Up Petition is presented in Kuala Lumpur High Court and the hearing date is on 3.6.2010. Due to the debt restructuring exercise by VSB, further proceedings and actions against VSB is restrained. The Company is taking steps to settle the debt pursuant to the PDRS currently undertake by VSB.

11. Hempel (Malaysia) Sdn. Bhd (Hempel) v Vastalux Sdn. Bhd (“VSB”)

The total amount claimed by Hempel against VSB is RM106,155.00 for goods sold and delivered Winding –Up Petition is presented in Kuala Lumpur High Court and the hearing date is on 27.5.2010. Due to the debt restructuring exercise by VSB, further proceedings and actions against VSB is restrained. The Company is taking steps to settle the debt pursuant to the PDRS currently undertake by VSB.

12. Setegap Ventures Engineering Sdn. Bhd v Vastalux Sdn. Bhd (“VSB”)

The total amount claimed against VSB is RM2,624,241.00 for manpower services and hire of scaffolding. Writ of Summons is filed in Kuala Lumpur High Court and Order 14 Application for Summary Judgment fix for hearing on 4.11.2009 was dismissed by court. No further steps been taken by the Plaintiff’s solicitors. However, due to the debt restructuring exercise by VSB, further proceedings and actions against VSB is restrained. The Company is taking steps to settle the debt pursuant to the PDRS currently undertake by VSB.

13. Next Petroleum Sdn Bhd v Vastalux Sdn. Bhd (“VSB”)

The total amount claimed against VSB is RM8,972,160.15 for supplying Project materials. Winding –Up Petition is presented in Kuala Lumpur High Court on 5.3.2010, fix for hearing on 3.6.2010. Due to the debt restructuring exercise by VSB, further proceedings and actions against VSB is restrained. The Company is taking steps to settle the debt pursuant to the PDRS currently undertake by VSB.

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**INTERIM FINANCIAL REPORTING FOR THE FIRST QUARTER ENDED
31 MARCH 2010**

**B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'
LISTING REQUIREMENT**

B14. Proposed Dividend

There was no dividend proposed or declared in respect of the current quarter and the financial year to date.

B15. Earnings/(loss) per share

(a) Basic earnings/(loss) per share

The basic earnings/(loss) per share is calculated based on the Group's profit/(loss) attributable to equity holders of the Company of (RM6.10) million for the current year quarter and (RM6.10) million for current year to date as at 31 March 2010 and based on the number of shares of 206,240,000.

(b) Fully diluted earnings/(loss) per share

Fully diluted earnings/(loss) per share were not computed as there were no outstanding potential ordinary shares to be issued as at the end of the reporting period.

By Order of the Board,

Date: 25 May 2010