

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

**INTERIM FINANCIAL REPORTING FOR THE FORTH QUARTER ENDED
31 DECEMBER 2010**

**A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 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 (“FRS”) 134: 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 eleventh interim financial reports on the consolidated results for the fourth quarter ended 31 December 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 FRS issued by the MASB.

The adoption of the relevant new or revised FRS, that are effective for the financial year beginning on or after 1 January 2010 and have been applied in preparing these financial statements are as follows:-

FRS 5	Non-Current Assets Held For Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
Amendment to FRS 121	The Effect of Changes in Foreign Exchanges Rates - Net Investment in a Foreign Operation
FRS 127	Consolidated and Separate Financial Statements
FRS 134	Interim Financial Reporting
FRS 137	Provision, Contingent Liabilities and Contingent Assets

The adoption of the above FRSs does not have significant financial impact on the Group except as disclosed in the Notes to the financial statements.

A2. Audit qualification

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

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**A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134:
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A3. Seasonal or cyclical factors

There are no significant variations to the level of profit due to seasonal or cyclical effects of operations.

A4. Extraordinary and exceptional items

During the quarter, a Company received a Court Order to wind up Vastalux Sdn Bhd (“VSB”). The powers of the Board of Directors and Officers of VSB have ceased following the appointment of liquidator.

The financial impact resulting from the Court Order is expected to be substantial as there would be loss of future income from VSB. The operational impact is also expected to be significant as the VEB Group would not be able to undertake any activities under VSB.

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.

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 quarter and year to date.

A7. Dividends paid

No dividend was paid during the current quarter and year to date.

A8. Segmental information

There was no segmental information during the current period under review.

A9. Valuation of property, plant and equipment

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

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**A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134:
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A10. Capital commitments

The Company has no capital commitment during the quarter under review.

A11. Material events subsequent to the end of period reported

There was no material events subsequent to the current quarter ended 31 December 2010.

A12. Significant events

On 26 November 2010, the Company announced that VEB has been classified as a PN17 Company pursuant to Paragraph 8.04 and Paragraph 2.1(e) of PN17 of the Main Market Listing Requirements. The Company has yet to finalise a complete Regularisation Plan. An announcement shall be made upon the completion of the said Regularisation Plan.

On 3 December 2010, the Company announced that the scheme for Unsecured Creditors Scheme Class 2 was not approved by a majority representing more than seventy-five (75%) in value and more than fifty percent (50%) in number of the creditors present and voting.

On 29 December 2010, the Company announced that the Company was informed by its solicitors that the High Court of Malaya had ordered that :

- i. VSB be wound up by the Court under the provisions of the Companies Act 1965;
- ii. the Director General of Insolvency has been appointed as Provisional Liquidator of VSB; and
- iii. the costs of the petition be paid out of the assets of VSB.

The powers of the Board of Directors and Officers of VSB have ceased following the appointment of the liquidator.

On 23 February 2011, the Company announced that pursuant to the Winding-Up of Vastalux Sdn. Bhd., the Company had triggered an additional criteria under Paragraph 2.1 (c) of the PN 17 of the Main Market Listing Requirements.

The Company has approximately nine (9) months to submit its Regularisation Plan to the relevant authorities for approval.

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**A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134:
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A13. Changes in the composition of the Group

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

A14. Contingent liabilities

Contingent liability for the quarter is as follows:-

TA First Credit Sdn. Bhd (“TA”) is claiming a sum of RM4,014,053.56 pursuant to a summary judgment against VEB by The High Court of Malaya obtained by TA.

The suit arose from a loan extended by TA to employees of VEB for purchase of shares under the Initial Public Offering and listing of VEB’s Shares on Bursa Malaysia Securities Berhad which VEB had allegedly given an Irrevocable and unconditional Undertaking to settle all shortfall or losses together with any interest and other charges arising from the loan extended by TA to the employees for the purchase of the said shares.

The Company had filed in an appeal to the Court of Appeal to appeal against the Judgment.

A15. Significant related party transaction

The Company had no significant related party transactions during the quarter under review.

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**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 Company recorded a loss before taxation of RM228,208.

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

	Current Year Quarter Ended 31.12.2010 RM	Preceding Quarter Ended 30.09.2010 RM	Variance RM
Revenue	-	2,426,337	(2,426,337)
Loss before taxation	228,208	2,666,725	(2,438,517)

B3. Prospects for the current financial year

The winding up of (“VSB”) by its creditor, Hot-Hed (M) Sdn Bhd has resulted in the loss of the Company’s major subsidiary as well as its main business activities.

The Board of Directors is of the view that, the prospect of the Company for the current financial year hinge on the Regularisation Plan pursuant to the PN17 status. The Company is currently in the midst of formulating the said Regularisation Plan.

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**B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'
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B4. Variance between Actual Profit and Estimate Profit

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

B5. Taxation

There were no provisions for taxation for the current quarter under review.

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.

B8. Deposits with licensed bank

There were no deposits with licensed bank during the current quarter.

B9. Group borrowings and debt securities

There were no borrowings and debt securities for the current quarter under review.

B10. Trade Payables

There were no trade payables during the current quarter.

B11. Other Payables and Accruals

Included in other payables and accruals is the amount of RM269,000 due to directors 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.

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

B13. Discontinued Operation and Disposal Group Classified as Held for Sale

As at 31 December 2010, the assets and liabilities related to VSB have been presented in the statement of financial position as “Assets of disposal group classified as held for sale” and “Liabilities directly associated with disposal group classified as held for sale”, and its results are presented separately on the statement of comprehensive income as “Loss from discontinued operation, net of tax”.

Statement of financial position disclosures

The major classes of assets and liabilities of VSB classified as held for sale as at 31 December 2010 are as follows:

	Group RM'000
Assets:	
Property, plant and equipment	10,200
Prepaid land lease	19,432
Goodwill on consolidation	55
Deferred expenditure	4
Deferred tax assets	20,582
Amount due from customers	120,116
Trade and other receivables	13,257
Amount due from VEB	7,518
Tax recoverable	1,370
Deposits with licensed banks	58
Cash and bank balances	1,305
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Assets of disposal group classified as held for sale	193,897

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B13. Discontinued Operation and Disposal Group Classified as Held for Sale

	Group <u>RM'000</u>
Liabilities:	
Long term borrowings	(312)
Deferred tax liabilities	(573)
Short term borrowings	(14,532)
Trade and other payables	(140,272)
Amount due to VEB	(62,826)
Provision for taxation	<u>(3,908)</u>
Liabilities directly associated with disposal group classified as held for sale	<u>(222,423)</u>
Net liabilities directly associated with disposal group classified as held for sale	<u>(28,526)</u>
The non-current asset classified as held for sale on the Company's statement of financial position as at 31 December 2010	
	Group <u>RM'000</u>
Assets:	
Investment in subsidiary	<u>19,873</u>

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**B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'
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Statement of comprehensive income disclosures

The result of VSB for the year ended 31 December 2010 as follows:

	Group RM'000
Revenue	10,987
Cost of sales	(21,785)
Gross Loss	<u>(10,798)</u>
Other operating income	486
Finance cost	(1,111)
Administrative expenses	(6,112)
Other operating expenses	(3,561)
Loss before tax from discontinued operation	<u>(21,096)</u>
Taxation:	
Related to loss from ordinary activities of the discontinued operation	<u>3,681</u>
	(17,415)
Minority interest	<u>29</u>
Loss for the period, net of tax	<u><u>(17,386)</u></u>

Statement of cash flows disclosures

The cash flows attributable to VSB as follows:

	Group RM'000
Operating	4,265,109
Investing	(1,173,878)
Financing	(1,972,205)
Net cash (outflows)/inflows	<u><u>1,119,026</u></u>

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

B14. Material Litigation

1. TA First Credit Sdn. Bhd. vs Vastalux Energy Berhad ("VEB")

The Board of VEB had announced that VEB has been advised by its solicitors on 8 December 2010 that the High Court of Malaya had dismissed its application for stay of execution of the summary judgment obtained by TA First Credit Sdn. Bhd. ("TA") on 25 October 2010 ("Judgment").

The Judgment requires VEB to pay TA, the plaintiff, a sum of RM4,014,053.56 as at 21 October 2009 together with interest at a rate of 9.8% per annum on the principal amount of RM3,527,649.99 (principal amount owing as at 21 October 2009) from 22 October 2009 until the date of full settlement together with Roll Over Fees at a rate of 1% per month on the amount of RM3,786,545.56 (comprising Principal and interest owed as at 21 October 2009) from 22 October 2009 to full settlement and cost of RM1,000.

The suit arose from a loan extended by TA to employees of VEB for purchase of shares under the Initial Public Offering and listing of VEB's Shares on Bursa Malaysia Securities Berhad which VEB had allegedly given an Irrevocable and unconditional Undertaking to settle all shortfall or losses together with any interest and other charges arising from the loan extended by TA to the employees for the purchase of the said shares.

The Company had filed in an appeal to the Court of Appeal to appeal against the Judgment.

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**B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'
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B15. Proposed Dividend

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

B16. Loss per share

(a) Loss per share

The basic loss per share is calculated based on the Group's loss attributable to equity holders of the Company of RM228,208 for the current year quarter and RM21,842,565 for current year to date as at 31 December 2010 and based on the number of shares of 206,240,000.

(b) Fully diluted loss per share

Fully diluted loss per share was 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: 28 February 2011