

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

INTERIM FINANCIAL REPORTING FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011

**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 fifteenth interim financial reports on the consolidated results for the fourth quarter ended 31 December 2011 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
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. Auditors’ Report on Preceding Annual Financial Statements

The Company’s auditors, Messrs Adam & Co. have expressed Disclaimer of Opinion and Emphasis of Matter in the Company’s audited financial statements for the financial year ended 31 December 2010.

INTERIM FINANCIAL REPORTING FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011

**A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134:
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A2. Auditors' Report on Preceding Annual Financial Statements (Cont'd)

The Basis of Disclaimer of Opinion is in respect of the followings:-

(i) Practice Note 17

Vastalux Energy Berhad ("VEB") is an affected listed user pursuant to Paragraph 8.04 and Paragraph 2.1 (c) and (e) of Practice Note 17 ("PN 17") of the Listing Requirement.

The PN 17 criteria were triggered as a result of:-

- (a) an expressed modified opinion with emphasis on VEB's going concern on the audited consolidated financial statements for the financial year ended 31 December 2009 and the shareholders' equity of VEB on a consolidated basis as at 30 September 2010 (unaudited) is less than 50% of the issued and paid-up capital on even date; and
- (b) the winding up of Vastalux Sdn Bhd ("VSB"), a major subsidiary of VEB, as elaborated in item (iii) below.

(ii) Audited financial statements of subsidiaries were not made available

The audited financial statements of all subsidiaries were not made available to the auditors. As such, the auditors were unable to ascertain the possible adjustments, if any; to the consolidated financial statements that might have been necessary should the audited financial statements of the subsidiaries have been made available.

Under Section 174 (3) of the Companies Act, 1965 ("the Act"), the audited financial statements of the subsidiaries are required for the purpose of preparation of the consolidated financial statements. As such, this represents a non-compliance to the said Act.

(iii) Winding up petition

On 16 December 2010 the Company was informed by its solicitors that the High Court of Malaya ("the Court") had ordered that the major subsidiary of the Company, VSB be wound up by the Court under the provisions of the Act. The Company has also a legal proceeding initiated by an unsecured creditor.

INTERIM FINANCIAL REPORTING FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011

**A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134:
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A3. Seasonal or Cyclical Factors

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

A4. Extraordinary and Exceptional Items

During the quarter under review, the Company recorded losses from the followings:-

- (i) Write off of investment and amounts owing by subsidiaries

Pursuant to the winding up of VSB, the major subsidiary of the Company, the investment as well as the amounts owing by subsidiaries of RM19,873,280 and RM55,307,756 respectively are written off accordingly; and

- (ii) Loss from legal suit

The Company recognised a loss from a legal suit amounting to RM4,763,091, being the principal and interest claim of a third party.

A5. Material Changes in Estimates

There are 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 under review.

A8. Segmental Information

There is no segmental information during the current quarter under review to be disclosed.

**A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134:
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A9. Valuation of Property, Plant and Equipment

There is no valuation of property, plant and equipment during the current quarter under review.

A10. Capital Commitments

The Company has no capital commitment during the quarter under review and as at the end of the financial period.

A11. Material Events Subsequent to the End of Period Reported

The Company had on 19 January 2012, entered into an agreement with Nik Hamdan Bin Daud (the controlling shareholder of PBJV Group Sdn Bhd (“PBJV”) (“PJBV Controlling Shareholder”)) for the corporate restructuring scheme of VEB (“the Restructuring Agreement”) pursuant to the Practice Note 17 of the Bursa Securities’s Main Market Listing Requirements.

VEB and PBJV Controlling Shareholder have agreed in principal to their respective participation in the corporate restructuring scheme (“the Proposed Restructuring Scheme”) within the parameters and upon the terms set out in the Restructuring Agreement and have further agreed to implement the Proposed Restructuring Scheme in accordance with the terms of the Restructuring Agreement.

PBJV is involved in the upstream development of oil and gas industry, offering various services, namely pipeline pre-commissioning, commissioning, de-commissioning and operation support, offshore construction and installation, fabrication and construction, operation and maintenance and professional project management services.

**A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134:
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A11. Material Events Subsequent to the End of Period Reported (Cont'd)

The following are the salient terms of the Restructuring Agreement:-

1. The Proposed Restructuring Scheme shall entail the followings:-
 - (i) the proposed scheme of arrangement with VEB's shareholders;
 - (ii) the proposed acquisition of PBJV by a new company (incorporated / to be incorporated for the purpose of the Proposed Restructuring Scheme ("New Co"));
 - (iii) the proposed exemption from making a mandatory offer;
 - (iv) the proposed disposal of VEB by New Co
 - (v) the proposed offer for sale by the holders of the entire share capital of PBJV; and
 - (vi) the proposed transfer of the listing status of VEB to New Co.
2. The Proposed Restructuring Scheme is conditional upon the following condition precedents being fulfilled:-
 - (i) the approval of Securities Commission Malaysia and other related regulatory bodies;
 - (ii) the approval of VEB Shareholders;
 - (iii) if required, the sanction and confirmation of the High Court of Malaya;
 - (iv) the due execution and delivery of all agreement, documents and necessary instruments;
 - (v) satisfactory findings by both parties on due diligence reviews to be done on VEB and PBJV respectively; and
 - (vi) if required, the separate written approval of each or any creditors.

A12. Significant Events

There have been no occurrences of significant events during the current quarter under review.

A13. Changes in the Composition of the Group

There are no changes in the composition of the Group during the current quarter under review.

**A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134:
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A14. Contingent Liabilities

RHB Bank Berhad vs Vastalux Offshore Sdn Bhd and Six (6) Others

VEB had on 22 August 2011, received a sealed copy of a Writ Summons dated 4 August 2011 together with a Statement of Claim dated 3 August 2011, by a way of service to VEB as a Second Defendant. The Write Summons and Statement of Claims were also served to six (6) other defendants.

The above suit arose from a Corporate Guarantee dated 7 September 2009 provided by VEB to RHB Bank Berhad (“RHB”) for banking facilities extended by RHB to Vastalux Offshore Services Sdn Bhd (“VOSSB”), a subsidiary of the Company. The banking facilities comprise of overdraft, trade and bank guarantee facilities totalling RM7,834,487.10 (“the Facilities”).

In addition to the Corporate Guarantee provided by VEB, the Facilities are also secured by others, a property, namely HS (D) 4265 PT No. 7610 Mukin Teluk Kalong, Daerah Kemaman, Negeri Terengganu (“the Property”) owned by Vastalux Sdn Bhd.

RHB is making a claim against VEB and six other defendants a sum of RM3,066,883.46 (“the Principal Sum”) being the outstanding banking facilities together with interest rate of 3.5% per annum on the Principal Sum, from 1 June 2011 until the date of full settlement, costs and other such relief (“the Claim”).

RHB has principally agreed for the Claim to be settled via the sale of the Property, whereby the proceeds from the sale will be utilised towards the settlement of the Claim.

Currently VEB together with the other six (6) defendants are currently communicating with RHB towards settlement of the Claim.

A15. Significant Related Party Transaction

The Company has not entered into any 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

The Company recorded a loss before taxation of RM79,322,589 at the back of revenue of RM154,808 during the quarter under review.

The losses of RM79,322,589 is attributable mainly to the write off of investment and amounts owing to subsidiaries as well as the loss in legal suit of RM79,944,127 and RM4,763,091 respectively as disclosed in Note A4 above. The losses is partly offset by the deferred tax asset recognised from the losses amounting to RM1,312,329.

B2. Material Changes in the quarterly Results Compared to the Results of the Preceding Quarter

	Current Year Quarter Ended 31.12.2011 RM	Preceding Quarter Ended 30.9.2011 RM	Variance RM
Revenue	154,808	154,798	10
Loss before taxation	(79,322,589)	(52,436)	(79,270,153)

The increase in loss before taxation recorded during the quarter is due to the losses incurred as disclosed in Note B1 above.

B3. Prospects for the Next Financial Year

The prospects of the Company for the next financial year hinges on the outcome of the Proposed Restructuring Scheme as disclosed in Note A11. The Company shall be making a detailed announcement on the Proposed Restructuring Scheme in due course.

B4. Variance between Actual Profit and Estimate Profit

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

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES' LISTING REQUIREMENT

B5. Taxation

The provision for taxation during the current quarter under review is in respect of deferred tax assets arising from the business losses.

B6. Profit from Sale of Unquoted Investments and / or Properties

There are no disposals of unquoted investment and properties during the current quarter under review.

B7. Quoted Securities

There is no purchase or disposal of quoted securities during the current quarter under review and the Company does not hold any quoted securities as at the end of the financial period.

B8. Corporate Proposals

There has been no corporate proposal announced but not completed as at 23 February 2012.

B9. Borrowings and Debt Securities

There are no borrowings and debt securities during the current quarter under review and as at the end of the financial period.

B10. Derivatives Financial Instruments

There are no derivative financial instruments for the current quarter under review.

B11. Off Balance Sheet Financial Instruments

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

B13. Material Litigation

The material litigation of the Company is as disclosed in Note A14.

B14. Proposed Dividend

No dividend has been proposed during the quarter under review.

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B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES' LISTING REQUIREMENT

B15. Loss per Share

(a) Loss per share

The basic loss per share is calculated based on the Company's loss attributable to the equity holders of the Company of RM79,322,589 for the current quarter and RM79,768,226 for the current year to date as at 31 December 2011 respectively and over the number of issued and paid-up share capital 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.

B16. Disclosure of Realised and Unrealised Profit

The breakdowns of accumulated losses of the Company as at 31 December 2011, into realised and unrealised are as follows:-

	31.12.2011
	RM
Accumulated losses of the Company	
- Realised	(79,722,410)
- Unrealised	<u>(110,631)</u>
	<u>(79,833,041)</u>

By Order of the Board,

Date: 29 February 2012