

**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 2012**

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**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 sixteenth interim financial reports on the consolidated results for the first quarter ended 31 March 2012 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:-

Amendment to FRS 5	Non-Current Assets Held for Sale and Discontinued Operations
Amendment to FRS 101	Presentation of Financial Statements
Amendment to FRS 107	Statement of Cash Flow
FRS 112	Income Taxes
Amendment to FRS 118	Revenue
Amendment to FRS 127	Consolidated and Separate Financial Statements
Amendment to FRS 134	Interim Financial Reporting
FRS 137	Provision, Contingent Liabilities and Contingent Assets
Amendment to FRS 139	Financial Instruments: Recognition and Measurements

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 an Emphasis of Matter in the Company’s audited financial statements for the financial year ended 31 December 2011.

The basis of the Emphasis of Matter is in respect of the preparation of the financial statements of the Group and the Company by applying the going concern assumption, notwithstanding that the Group and the Company reported loss net of tax of RM79,796,226 during the financial year ended 31 December 2011 and as of that date, the Group’s and Company’s current liabilities exceeded its current assets by RM3,717,089 and the Group’s and Company’s shareholders’ deficit was RM2,216,505.

These conditions indicated the existence of a material uncertainty as to whether the Group and Company can continue as a going concern and therefore, realise their assets and discharge their liabilities in the normal course of business.

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**A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134: INTERIM FINANCIAL REPORTING**

**A2. Auditors' Report on Preceding Annual Financial Statements (Cont'd)**

The appropriateness of the going concern of the Company and Group is dependent on the approvals from the shareholders, regulatory authorities and sanction and confirmation of the court in respect of the conditional restructuring agreement entered into by the Company on 20 January 2012, which involves the acquisition of a new business, a scheme of arrangement with the shareholders, the issuance of shares, offer for sale of listing status of the Company and the disposal of the Company.

**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**

There has not been any extraordinary and exceptional item recorded during the quarter under review.

**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.

**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.

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**A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134: INTERIM FINANCIAL REPORTING**

**A11. Material Events Subsequent to the End of Period Reported**

There have been no occurrences of material events subsequent to the current quarter under review.

**A12. Significant Events**

**(a) Heads of Agreement entered into between Vastalux Energy Berhad and Nik Hamdan Bin Daud**

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

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.

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.

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**A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134: INTERIM FINANCIAL REPORTING**

**A12. Significant Events (Cont'd)**

**(a) Heads of Agreement entered into between Vastalux Energy Berhad and Nik Hamdan Bin Daud (Cont'd)**

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.
3. VEB and PBJV Controlling Shareholder agree to procure that all such definitive agreements, documents and instruments as may be necessary for the Proposed Restructuring Scheme be executed on a timely basis in order to facilitate the submission of the applications to the relevant authorities for approval within the time period and the implementation, execution and completion of the Proposed Restructuring Scheme.
4. VEB and PBJV Controlling Shareholder declared it is to be their intention and to ensure that the Restructuring Agreement shall operate between them with fairness and without detriment to any of them, and if, in the course of this Agreement, unfairness to any party is disclosed or anticipated or if, by any reason of any unforeseen occurrence or development, the operation of this Agreement is likely to cause any inequitable hardship to one or more parties contrary to the spirit of this Agreement, the parties hereto shall negotiate immediately in good faith and use their best endeavours to agree upon such action as may be necessary and equitable to remove the cause or causes of the same

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**A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134: INTERIM FINANCIAL REPORTING**

**A12. Significant Events (Cont'd)**

**(b) Extension of Time Granted by Bursa Malaysia Securities Berhad to Submit Regularisation Plan**

Bursa Malaysia Securities Berhad ("Bursa Securities") vide its letter dated 14 February 2012 granted VEB an extension of time up to 24 May 2012 to submit the Regularisation Plan to the relevant authorities ("Extended Timeframe").

Bursa Securities has further decided to de-list the securities of the Company from the Official List of Bursa Securities pursuant to paragraph 8.04 of the Bursa Securities Main Market Listing Requirements ("Main LR") in the event:-

- (i) the Company fails to make the Requisite Announcement on or before 7 March 2012;
- (ii) the Company fails to submit the Regularisation Plan to the relevant authorities for approval within the Extended Timeframe;
- (iii) the Company fails to obtain the approval for the implementation of its Regularisation Plan and does not appeal within the timeframe (or extended timeframe, as the case may be) prescribed to lodge an appeal;
- (iv) the Company does not succeed in its appeal; or
- (iv) the Company fails to implement its Regularisation Plan within the timeframe or extended timeframes stipulated by the relevant authorities.

Upon occurrence of any of the events set out in (i) to (v) above, the securities of the Company shall be removed from the Official List of Bursa Securities upon the expiry of 2 market days from the date the Company is notified by Bursa Securities or such other date as may be specified by Bursa Securities.

**(c) Requisite Announcement on Regularisation Plan**

VEB had on 6 March 2012 entered into a conditional restructuring agreement with Nik Hamdan Bin Daud, Azman Shah Bin Mohd Zakaria and Nik Suriani Binti Daud (collectively referred to as the "Vendors") as well as Barakah Offshore Petroleum Berhad ("BOP") to undertake the Proposed Restructuring Scheme which involves a series of proposals as part of a regularization plan of VEB pursuant to Practice Note 17 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and which will involve *inter-alia* the proposed share exchange of the entire issued and paid-up share capital of VEB for shares of BOP and the eventual transfer of the listing status of VEB to BOP.

The Requisite Announcement was made on 7 March 2012.

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**A. NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134: INTERIM FINANCIAL REPORTING**

**A13. Changes in the Composition of the Group**

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

**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”), then, 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.

On 17 February 2012, a judgment was obtained by RHB against VEB for the Claim.

Currently VEB together with the other six (6) defendants are currently communicating with RHB towards settlement of the Claim as has been principally agreed earlier by RHB.

**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**

The Company recorded a loss before taxation of RM90,041 at the back of revenue of RM154,799 during the quarter under review.

The losses of RM90,041 is attributable by the administrative expenses incurred.

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

	<b>Current Year Quarter Ended 31.3.2012 RM</b>	<b>Preceding Quarter Ended 31.12.2011 RM</b>	<b>Variance RM</b>
Revenue	154,799	154,808	(9)
Loss before taxation	(90,041)	(80,634,918)	(80,544,877)

The decrease in loss before taxation is due to substantial extraordinary losses incurred in the preceding quarter arising from impairment in investment in subsidiaries and correspondingly write off of amounts owing by subsidiaries as well as loss in legal claim totalling RM80,419,874.

**B3. Prospects for the Current Financial Year**

The prospects of the Company for the current financial year hinges on the outcome of the Proposed Restructuring Scheme. A detailed announcement on the Proposed Restructuring Scheme will be made in due course.

**B4. Variance between Actual Profit and Estimate Profit**

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

**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.

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

**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**

Pursuant to the requisite announcement made on 7 March 2012 on the Regularisation Plan, the Company is in the process of formulating its Regularisation Plan.

**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.

**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 RM90,041 for the current quarter and current year to date as at 31 March 2012 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.



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

**B16. Disclosure of Realised and Unrealised Profit**

The breakdowns of accumulated losses of the Company as at 31 March 2012, into realised and unrealised are as follows:-

	<b>31.3.2012</b>
	<b>RM</b>
Accumulated losses of the Company	
- Realised	(5,563,491)
- Unrealised	<u>(74,337,081)</u>
	<u>(79,900,572)</u>

By Order of the Board,

Date: 16 May 2012