

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

INTERIM FINANCIAL REPORTING FOR THE SECOND QUARTER ENDED 30 JUNE 2012

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 seventeenth interim financial reports on the consolidated results for the second quarter ended 30 June 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:-

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 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.

INTERIM FINANCIAL REPORTING FOR THE SECOND QUARTER ENDED 30 JUNE 2012

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.

INTERIM FINANCIAL REPORTING FOR THE SECOND QUARTER ENDED 30 JUNE 2012

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) Acquisition of the Entire Equity Interest in PBJV Group Sdn Bhd (“PBJV”) from Nik Hamdan bin Daud, Azman Shah Bin Mohd Zakaria and Nik Suriani Binti Daud (“the Vendors”) by Barakah Offshore Petroleum Berhad

On 22 May 2012, the acquisition of the entire equity interest in PBJV (“Acquisition SSA”) from the Vendors by Barakah Offshore Petroleum Berhad (formerly known as Barakah Offshore Petroleum Sdn Bhd) (“BOP”) pursuant to the Acquisition SSA was completed and PBJV is now a wholly-owned subsidiary of BOP.

Apart from that, BOP has undertaken a share consolidation involving the consolidation of every 2 existing ordinary shares of RM0.10 each in BOP into 1 ordinary share of RM0.20.

(b) Submission of Regularisation Plan and De-listing of Securities from Official List of Bursa Malaysia Securities Berhad (“Bursa Securities”)

ECM Libra Investment Bank Berhad has submitted applications on behalf of Vastalux Energy Berhad (“VEB”), in respect of its Proposed Restructuring Scheme pursuant to paragraph 5 of Practice Note 17 of the Main Market Listing Requirements of Bursa Securities to Bursa Securities on 28 May 2012.

Subsequent to that, Bursa Securities had via its letter dated 12 June 2012, informed the Company that in view that the Company had submitted its regularization plan to the Securities Commission for approval on 28 May 2012, Bursa Securities has decided to await the outcome of the submission and to de-list the securities of the Company from the Official List of Bursa Securities pursuant to paragraph 8.04 of the Main Market Listing Requirements in the event:

- (i) the Company fails to obtain the approval for the implementation of its regularisation plan and does not appeal within the timeframe (or the extended timeframe, as the case may be) prescribed to lodge an appeal;
- (ii) the Company does not succeed in its appeal; or
- (iii) the Company fails to implement its regularisation plan within the timeframe or extended timeframes stipulated by the relevant authorities.

INTERIM FINANCIAL REPORTING FOR THE SECOND QUARTER ENDED 30 JUNE 2012

NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134: INTERIM FINANCIAL REPORTING

A12. Significant Event (Cont'd)

(b) Submission of Regularisation Plan and De-listing of Securities from Official List of Bursa Securities (Cont'd)

Upon occurrence of any of the events set out in (i) to (iii) 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

BOP had on 25 May 2012 entered into a conditional share sale agreement with Squid Ink Sdn Bhd (“SISB”) (“**the Disposal SSA**”) for the Proposed Disposal of VEB.

SISB was incorporated in Malaysia on 18 April 2007 as a private limited company under the Act. As at the date of this announcement, SISB has an authorised share capital of RM100,000 comprising of 100,000 ordinary shares of RM1.00 each, of which 100,000 ordinary shares have been credited as fully paid-up.

The salient terms of the Disposal SSA include the following:

- (i) BOP as the legal and beneficial owner of the entire equity interest in VEB (upon completion of the Proposed Share Exchange) agrees to sell and SISB agrees to purchase the entire equity interest in VEB for a nominal cash consideration of RM1.00.
- (ii) The Disposal SSA is conditional upon the requisite approvals being obtained. In the event that any of the requisite approvals are not obtained by, or the application for any of such requisite approvals are rejected before the date which is nine (9) months from the date of the Restructuring Agreement (the “**Cut-Off Date**”), then the Disposal SSA shall cease to have any effect and none of the parties thereto shall have any claim whatsoever against each other.
- (iii) Subject to the requisite approvals being obtained by the Cut-off Date, completion of the Disposal SSA shall take place on the day following completion of the Proposed Transfer of Listing Status or such later date as the parties may mutually agree in writing.
- (iv) In the event of default after fulfillment of the conditions precedent, the non-defaulting party shall be entitled to either:-
 - (i) claim for specific performance of the Disposal SSA; or

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NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134: INTERIM FINANCIAL REPORTING

A12. Significant Event (Cont'd)

(c) Requisite Announcement on Regularisation Plan (Cont'd)

- (ii) terminate the agreement and claim against the other party for all costs, expenses, claims, losses and damages the non-defaulting party may suffer directly as a result of such termination.

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"), 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.

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NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134: INTERIM FINANCIAL REPORTING

A15. Significant Related Party Transaction

The Company has not entered into any significant related party transactions during the quarter under review.

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES' LISTING REQUIREMENT

B1. Review of Performance of the Company

The Company recorded a loss before taxation of RM85,686 at the back of revenue of RM154,799 during the quarter under review.

The loss is attributable by the administrative expenses incurred.

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

	Current Year Quarter Ended 30.6.2012 RM	Preceding Quarter Ended 30.3.2012 RM	Variance RM
Revenue	154,799	154,799	-
Loss before taxation	(85,686)	(90,041)	4,355

There is no material changes in the quarterly result compared to the results of the preceding quarter.

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.

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.

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B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES' LISTING REQUIREMENT

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

Pursuant to the requisite announcement made on 7 March 2012 on the Regularisation Plan, the Company is currently awaiting the outcome of its application from Bursa Securities and Securities Commission Malaysia respectively.

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 RM64,265 and RM131,795 for the current quarter and current year to date as at 30 June 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.

B16. Disclosure of Realised and Unrealised Profit

The breakdowns of accumulated losses of the Company as at 30 June 2012, into realised and unrealised are as follows:-

	30.6.2012
	RM
Accumulated losses of the Company	
- Realised	(5,627,755)
- Unrealised	<u>(74,337,081)</u>
	<u><u>(79,964,836)</u></u>

By Order of the Board,

Date: 27 August 2012