

**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 2013**

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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 twentieth interim financial reports on the consolidated results for the first quarter ended 31 March 2013 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 Company 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 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements
FRS 107	Statements of Cash Flow
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 118	Revenue
FRS 124	Related Party Disclosure
FRS 127	Consolidated and Separate Financial Statements
FRS 132	Financial Instrument: Presentation
FRS 134	Interim Financial Reporting
FRS 139	Financial Instrument: 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 2012.

The basis of the Emphasis of Matter is in respect of the preparation of the financial statements of the Company by applying the going concern assumption, notwithstanding that the Company reported loss net of tax of RM4,292 during the financial year ended 31 December 2012 and as of that date, the Company’s current liabilities exceeded its current assets by RM3,712,377 and the Company’s shareholders’ deficit was RM2,220,797.

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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)**

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

The appropriateness of the going concern of the Company 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 under review.

**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.

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

**A10. Capital Commitments**

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

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

Securities Commission Malaysia had vide its letter dated 3 May 2013 (which was received on 6 May 2013) approved the Proposed Restructuring Scheme comprising the following:-

- (i) Proposed Share Exchange;
- (ii) Proposed Issuance of Shares;
- (iii) Proposed Offer for Sale;
- (iv) Proposed Transfer of Listing Status;
- (v) Proposed Disposal of Vastalux Energy Berhad (“VEB”); and
- (vi) The issuance of up to RM41,604,273 nominal value of Redeemable Convertible Unsecured Loan Stock (“RCULS”) by Barakah Offshore Petroleum Berhad (“BOP”) pursuant to the PRS.

Nevertheless, the approval by the SC is subject to the following conditions:

- (i) Prior to the issuance of the RCULS, BOP to submit a checklist of compliance with the standard approval conditions and continuing obligations as stipulated in the SC’s *Private Debt Securities Guidelines*, and any other condition imposed in any other letter issued in connection with the proposal for issuance of the RCULS; and
- (ii) Kenanga Investment Bank Berhad (“KIBB”) and VEB/BOP to fully comply with the relevant requirements under the SC’s *Equity Guidelines* and *Prospectus Guidelines* – *Equity* pertaining to the implementation of the PRS.

The SC has also informed that:

- (iii) The PRS has been approved under the equity requirement for public companies, whereby the effect on the equity structure of VEB/BOP is as follows:

	VEB	BOP*
	Before the Proposed Restructuring Scheme (%)	After the Proposed Restructuring Scheme# (%)
Bumiputera	69.74	62.92
Non Bumiputera	29.84	37.07
Total Malaysian	99.58	99.99
Foreigners	0.42	0.01
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

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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 (Cont'd)**

*Notes:*

\* *BOP will assume the listing status of VEB*

# *Before conversion of any RCULS and exercise of any options under employee share option scheme*

- (iv) Clearance for issuance of the explanatory statement to shareholders/ circular to shareholders of VEB will be granted only after disclosure enhancements have been made therein to the satisfaction of the SC.

**A12. Significant Events**

There is no significant event of the Group 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.

**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.

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

**A14. Contingent Liabilities (Cont'd)**

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.

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

**B1. Review of Performance of the Company**

The Company recorded a profit before taxation of RM15,947 during the quarter under review.

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

	<b>Current Year Quarter Ended 31.03.2013 RM</b>	<b>Preceding Quarter Ended 31.12.2012 RM</b>	<b>Variance RM</b>
Revenue	154,799	154,799	-
Profit / (Loss) before taxation	15,947	44,955	(29,008)

The profit in the current quarter is attributable by the increase in administrative expenses, namely annual listing and audit fee.

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

Prospect of the current financial year depends on the successful of the implementation of the regularisation scheme

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

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

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

**B5. Taxation**

The provision during the current quarter under review is set off against deferred tax assets arising from unutilised 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**

Pursuant to the announcement made on 7 May 2013 on the Regularisation Scheme, the Securities Commission Malaysia had vide its letter dated 3 May 2013 (which was received on 6 May 2013) approved the Proposed Restructuring Scheme. The details of the Regularisation Scheme are as per disclosed in Notes A11.

**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. Profit / (Loss) per Share**

(a) Profit per share

The basic profit per share is calculated based on the Company's loss attributable to the equity holders of the Company of RM15,947 for the current quarter and current year to date as at 31 December 2012 respectively and over the number of issued and paid-up share capital of 206,240,000.

(b) Fully diluted profit per share

Fully diluted profit 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 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	(5,484,305)
- Unrealised	<u>(74,337,081)</u>
	<u><u>(79,821,386)</u></u>

By Order of the Board,

Date: 15 May 2013