

VSOLAR GROUP BERHAD
(Company No: 631995-T)
(FORMERLY KNOWN AS FAST TRACK SOLUTION HOLDINGS BERHAD)
Incorporated in Malaysia under the Companies Act, 1965

Part A - Explanatory notes pursuant to Financial Reporting Standard 134 ("FRS 134") Interim Financial Reporting

A1. Basis of preparation

The accounting policies adopted in the preparation of the Condensed Report are consistent with those followed in the preparation of the Group's audited financial statements for the financial year ended 31 December 2013, except for the adoption of Amendments to Standards and Issue Committee (IC) interpretations effective as of 1 January 2014.

Adoption of Amendments to Standards and IC Interpretations

The Group has adopted the following Amendments to Standards and IC Interpretations, with a date of initial application of 1 January 2014.

Amendments to MFRS 10	Consolidated Financial Statements - Investment Entities
Amendments to MFRS 12	Disclosure of Interests in Other Entities - Investment Entities
Amendments to MFRS 127	Separate Financial Statements - Investment Entities
Amendments to MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

The adoption of the above pronouncements did not have any impact on the financial statements of the Group.

Standards issued but not yet effective

At the date of authorisation of the Condensed Report, the following Standards were issued but not yet effective and have not been adopted by the Group:

Effective date to be announced by MASB

MFRS 9	Financial Instruments (IFRS 9 issued by International Accounting Standards Board (IASB) in November 2009)
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)
MFRS 9	Financial Instruments: Mandatory Effective Date of MFRS 9 and Transition Disclosures (Amendments to MFRS 9 and MFRS 7)
MFRS 9	Financial Instruments (Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139)

Effective for financial periods beginning on or after 1 July 2014

Amendments to MFRS 119
Annual Improvements to MFRSs 2010 - 2012 Cycle
Annual Improvements to MFRSs 2011 - 2013 Cycle

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group upon their initial application, other than for MFRS 9 Financial Instruments. The Group will assess the financial implications of MFRS 9 Financial Instruments when the full standard is issued.

A2. Qualification of financial statements

The audit report of the Company's financial statements for the financial year ended 31 December 2013 was not subject to any audit qualification.

A3. Seasonal or cyclical factors

The results for the period were not affected by any seasonal or cyclical factors.

A4. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence during the current quarter under review.

A5. Material changes in estimates

There were no changes in estimates of amounts reported in prior financial periods, which have a material effect in the current quarter under review.

A6. Debt and equity securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellation, shares held as treasury shares and resale of treasury shares for the current quarter under review.

A7. Dividend paid

There were no dividends paid during the current quarter under review.

A8. Segmental information

All businesses were transacted in Malaysia and generated from information technology related business.

Period to date 31 March 2014	Animation Designing	Servers	Investment Holding	Publishing	Production House	Solar Farm	Total	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	(10)	-	-	62	-	-	52	-	52
Result									
Segment result	(111)	(11)	(393)	(219)	(8)	(58)	(800)	-	(800)
Finance cost									-
Interest income									15
Impairment loss of goodwill									(26)
Profit before tax									(811)
Income tax									-
Net Profit after tax									(811)
Assets									
Segment assets	1,018	115	3,472	1,028	143	10,657	16,433	-	16,433
Liabilities									
Segment liabilities	200	3	84	43	16	4	350	-	350
Period to date 31 March 2013	Animation Designing	Servers	Investment Holding	Others		Solar Farm	Total	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000	RM'000	RM'000
Revenue	-	392	-	-		-	392	-	392
Result									
Segment result	(184)	75	(254)	(3)		-	(366)	-	(366)
Finance cost									(1)
Interest income									107
Profit before tax									(260)
Income tax									-
Net Profit after tax									(260)
Assets									
Segment assets	844	802	13,078	2,098		-	16,822	-	16,822
Liabilities									
Segment liabilities	274	304	70	3		-	651	-	651

A9. Valuation of property, plant and equipment

The Group did not revalue any of its property, plant and equipment during the current quarter under review.

A10. Material events subsequent to the end of the current quarter

Vsolar had on 29 April 2014 announced that the Company had on 28 April 2014 received a letter from its existing external auditors, i.e. Messrs Hasnan THL Wong & Partners, indicating their intention not to seek for re-appointment as the external auditors of the Company and its subsidiaries at the forthcoming Annual General Meeting of the Company and its subsidiaries.

Vsolar had on 8 May 2014 announced that the Company had on 8 May 2014 received a notice of nomination dated 7 May 2014 from Mr. Yee Yit Yang, the shareholder of the Company, pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexured hereto and marked "Annexure A" for the nomination of Messrs Siew Boon Yeong & Associates (AF 0660) to be appointed as Auditors of the Company and of the intention to propose the following ordinary resolution at the forthcoming Eleventh Annual General Meeting of the Company :-

"THAT Messrs Siew Boon Yeong & Associates (AF 0660) be and hereby appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting in place of the retiring Auditors, Messrs Hasnan THL Wong & Partners (AF 0942) who have indicated not to seek for re-appointment AND THAT authority be and is hereby given to the Directors to determine their remuneration."

Vsolar on 19 May 2014 had announced that Bursa Malaysia Securities Berhad had vide its letter dated 16 May 2014, approved the application for an extension of time up to 17 November 2014 to complete the Private Placement.

A11. Changes in the composition of the Group

Vsolar on 2 January 2014 had announced that Mr. Choong Kwai Onn (NRIC No. 640310-08-5579) and Mr. Lee Ying Kheong (NRIC No. 710828-08-5953) (hereinafter collectively referred to as "the Vendor") have obtained the necessary approvals from the Board and the shareholders of Newo Pictures Sdn Bhd ("NPSB") for the transfer and registration of 30,000 ordinary shares of RM1.00 each in NPSB ("the Shares") in the name of the Company. The balance purchase consideration has been made to the Vendor on 2 January 2014. In view of the aforesaid payment, the Acquisition is completed on 2 January 2014.

A12. Contingent liabilities

There are no changes in the contingent liabilities as at the date of this report since the preceding financial year ended 31 December 2013, save as disclosed below :

- (a) Vsolar has given corporate guarantee of RM800,000 to Fast Track Solution Sdn Bhd, a subsidiary company of FTSHB as security against banking facility granted to Fast Track Solution Sdn Bhd as bank overdraft.

A13. Capital commitments

There are no material capital commitments during the current quarter under review.

A14. Significant related party transactions

There were no significant related party transactions during the current quarter under review.

Part B-Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Securities for the ACE Market

B1. Review of performance

The Group recorded a revenue of RM0.052 million with loss before taxation of RM0.811 million for the financial period ended 31 March 2014 as compared to revenue of RM0.392 million with loss before taxation of RM0.260 million in the preceding period correspondence.

The decrease in revenue was due to decrease in servers trading during current quarter of the year. The other income had decreased from RM0.107 million to RM0.015 million due to the lower interest received from fixed deposit during the period. The administrative expenses had been increased by RM0.416 million compared to previous correspondence period due to increase in salary and professional fees and marketing expenses. Consequently, the impact of the increasing in administrative expenses have resulted in the Group to record a loss before taxation of RM0.811 million as compared to the corresponding preceding period of RM0.260 million.

The total assets for the Group amounted to RM16,433 million as at 31 March 2014, a decrease of RM0.951 million from RM17,384 million as recorded in previous financial year.

For the financial period under review, the loss per share attributable to ordinary equity holder increased to RM0.29 cents per share from the loss per share of RM0.07 cents per share for previous financial period due to higher loss incurred during the current period.

B2. Comparison with preceding quarter's results

The revenue in the current quarter ended 31 March 2014 has decrease by 93.95% from RM0.860 million to RM0.052 million as compared to the preceding quarter. Current quarter revenue was decreased due to lower media publishing compare the preceding quarter. The net loss for the current quarter ended 31 March 2014 decreased from RM1.030 million to RM0.811 million compared with the preceding quarter due to impairment of goodwill incurred during the preceding quarter.

B3. Current year prospects

Digital content creation has been identified by the Government as a key growth sector and there are ambitious plans to develop Malaysian companies in this field, which would create more business opportunities for the Group. With the increased Government drive in the digital content development, the Vsolar Group is optimistic that the growing demand will ensure the continued sustainable financial position of its business.

The Group intends to explore more animation market in the media and entertainment industry, recruit more programmers and animation equipment; and secure more high-end server, servicing and maintenance.

Furthermore, the proceeds from the Proposed Rights Issue with Warrants will enhance the capital base of the Company and ensure that the Group's future growth is not impeded by the lack of working capital. The Company plans to do more marketing campaigns and hire more marketing teams and technical staffs for the 24 hours service and maintenance on servers to capture the market opportunities in digital animation. With the enhancement of the existing animation product, the Company would be able to secure more animation projects in the future. Notwithstanding the opportunity is digital content creation, the Group is also considering other various new projects to diversify its business into renewable energy and media publishing. Currently the Group entered into a Renewable Energy Power Purchase Agreement on 1 August 2013 with Tenaga Nasional Berhad ("TNB") for the sale and delivery of 500KW solar renewable energy to Tenaga Nasional Bhd for a concession period of 21 years.

Vsolar also realigning its business strategy along the current Malaysia Government renewable Energy Policy. SEDA is expected to announce and open up more FIT quotas in the coming year. Vsolar is expected to continuously bid in SEDA Malaysia's FIT tender and grow its current solar power generation plant from 500KW to maximum limit allowed by individual company of 10MW.

B4. Variance on forecast profit/profit guarantee

The Group has not provided any profit forecast or profit guarantee and thus this is not applicable to the Group.

B5. Taxation

There is no taxation being provided during the current quarter under review.

B6. Profit on sale of unquoted investments and/or properties

There was no sale of unquoted investments and/or properties during the current quarter under review.

B7. Purchase or disposal of quoted securities

There was no purchase or disposal of any quoted securities during the current quarter under review.

B8. Status of corporate proposals

(a) Vsolar had, on 19 June 2009, submitted an application for an extension of time to meet the 30% Bumiputera shareholding requirement to the Securities Commission("SC").

The SC had vide its letter dated 14 July 2009 approved the extension of time to meet the Bumiputera shareholding requirement ("Approval Letter") as follows :

- (i) Vsolar is to comply with the Bumiputera equity condition by 31 December 2010 via the allocation of 12.5% of its enlarged issued and paid-up share capital to bumiputera investors recognised by the Ministry of International Trade and Industry ("MITI") within 5 years from its listing on the ACE Market of Bursa Securities ("Revised Equity Condition"). In connection thereto, the shares must be allocated to public shareholders (as defined under the Listing Requirements of Bursa Securities for the ACE Market). As such, the equity condition imposed via the SC's letter 7 July 2004 will no longer be applicable;
- (ii) MIMB Investment Bank Bhd("MIMB")/Vsolar is to submit a proposal to the SC to meet the Revised Equity Condition within 6 months from the date of the Approval Letter;
- (iii) MIMB/FTSHB is to submit an application to MITI for purposes of the allocation of shares to Bumiputera investors. In the event the said shares are not fully subscribed by the Bumiputera investors or MITI fails to allocate the shares within 1 year, Vsolar will be exempted from complying with the Revised Equity Condition; and

(iv) MIMB/Vsolar is to submit a quarterly report to the SC on the progress of MITT's share allocation process.

On behalf of Vsolar, M&A Securities Sdn Bhd, the Adviser of Vsolar has on 31 May 2012 applied to the Securities Commission that Datuk Manan Bin Haji Md Said, the Executive Chairman of Vsolar has provided an irrevocable written undertaking to subscribe for up to 50,000,000 rights shares will be issued together with 3,333,333 warrants via 3 excess application, if required, to meet the minimum subscription level (hereinafter referred to as "Undertaking"). In the event of Datuk Manan Bin Haji Md Said subscribes in full for the rights shares pursuant to the Undertaking, Datuk Manan Bin Haji Md Said's shareholding in Vsolar would increase to 32.79%, which meet the Revised Equity Condition. In the event, Datuk Manan is not required to subscribe in full for the rights shares pursuant to the Undertaking, Datuk Manan's shareholding may not fulfill the Revised Equity Condition. If that event arises, Vsolar will submit another proposal to the SC to meet the Revised Equity Condition (hereinafter referred to as "Application to Securities Commission (Equity Compliance Unit)"). On 16 July 2012, M&A Securities Sdn Bhd act on behalf of Vsolar to submit the withdrawal application to SC in relation to the Application to Securities Commission (Equity Compliance Unit).

The approval of the Companies Commission of Malaysia for the proposed name "VSOLAR GROUP BERHAD" has been obtained and dated 8 January 2014.

Vsolar on 2 January 2014 had announced that Mr. Choong Kwai Onn (NHIC No. 640310-08-55/9) and Mr. Lee Ying Kheong (NHIC No. /10828-08-5953) (hereinafter collectively referred to as "the Vendor") have obtained the necessary approvals from the Board and the shareholders of NPSB for the transfer and registration of 30,000 ordinary shares of RM1.00 each in NPSB ("the Shares") in the name of the Company. The balance purchase consideration has been made to the Vendor on 2 January 2014. In view of the aforesaid payment, the Acquisition is completed on 2 January 2014.

Vsolar on 6 January 2014 had announced that the Shareholders of the Company, have at the Extraordinary General Meeting ("EGM") held on today, approved all the resolutions as per the Company's Notice of the EGM dated 13 December, 2013.

Vsolar on 9 January 2014 had announced that the Company has received its Certificate of Change of Company Name ("Form 13") dated 8 January, 2014 from the Companies Commission of Malaysia on 9 January, 2014. As such, the Company's name has been changed from "FAST TRACK SOLUTION HOLDINGS BERHAD" to "VSOLAR GROUP BERHAD" with effect from 8 January, 2014.

Vsolar on 19 May 2014 had announced that Bursa Malaysia Securities Berhad had vide its letter dated 16 May 2014, approved the application for an extension of time up to 17 November 2014 to complete the Private Placement of up to 25,624,500 new ordinary shares of RM0.10 each in Vsolar to independent third party investors to be identified.

B9. Status of utilisation of proceeds

The proceeds from the Private Placement issue of RM0.932 million are to be utilised as follows:

Purpose	Proposed utilisation as per announcement dated 27 June 2011	Actual utilisation as at 31/03/14	Intended timeframe for utilisation	Balance unutilised		Explanation
	RM'000	RM'000		RM'000	%	
Working capital	832	817	21/3/12	15	1.80	Extension of timeframe until 30/9/14
* Estimated expenses in relation to proposed private placement	100	32	Within 1 month	68	68.00	
TOTAL	932	849		83	8.91	

On 31 May 2012, the Board had approved for the extension of time for working capital for up to 31 December 2012.

On 28 November 2012, the Board had approved for the extension of time for working capital for up to 30 March 2013.

On 25 February 2013, the Board had approved for the extension of time for working capital for up to 31 December 2013.

On 25 February 2014, the Board had approved for the extension of time for working capital for up to 30 September 2014.

* The unutilised portion of the proceeds from the private placement estimated expenses in relation to proposed private placement which amounts to RM68,000, has been transferred to working capital as this amount is an excess over the actual listing expenses incurred.

The proceeds from the right issue of RM15,375 million are to be utilised as follows:

Purpose	Proposed utilisation as per announcement dated 5 November 2012	Actual utilisation as at 31/03/14	Intended timeframe for utilisation	Balance unutilised	
	RM'000	RM'000		RM'000	%
Working capital	5,000	2,670	Within 24 months	2,330	46.60
Expansion of Business	5,000	4,993	Within 24 months	7	0.14
Operating Cost	4,783	3,426	Within 24 months	1,357	28.37
Repayment of bank borrowing	192	192	Within 12 months	-	-
* Estimated expenses in relation to proposed right issue	400	344	Within 3 months	56	14.00
TOTAL	15,375	11,625		3,750	24.39

* The unutilised portion of the proceeds from the right issue public issue estimated expenses in relation to proposed right issue which amounts to RM56,000, has been transferred to working capital as this amount is an excess over the actual listing expenses incurred.

B10. Borrowings and debt securities

The Company did not issue any debt securities or long term borrowings during the current quarter under review.

The Group's borrowings which are denominated in Ringgit Malaysia as at 31 March 2014 are as follows:

	Secured RM'000	Total RM'000
Overdraft	-	-

B11. Derivative Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at the date of this report.

B12. Material litigation

There are no pending material litigations involving the Group as at the date of this report.

B13. Dividend

The Board of Directors did not recommend any dividend for the current quarter ended 31 March 2014

B14. Notes to Consolidated Statement of Comprehensive Income

Loss before tax is arrived at after crediting/(charging) :-	CURRENT PERIOD	PRECEDING PERIOD	CURRENT PERIOD	PRECEDING PERIOD
	QUARTER	CORRESPONDING QUARTER	TO DATE	CORRESPONDING YEAR
	31/03/14	31/03/13	31/03/14	31/03/13
	RM'000	RM'000	RM'000	RM'000
Interest income	(15)	(107)	(15)	(107)
Interest expense	-	1	-	1
Depreciation and amortisation	162	133	162	133
Impairment of goodwill	26	-	26	-

B15. Loss per share**(a) Basic**

Basic loss per share is calculated by dividing the net loss for the period by the number of ordinary shares in issue during the period.

	Current Period	Preceding period	Current Period	Preceding period
	quarter	correspondence	period	correspondence
	31/03/14	quarter	to date	year
		31/03/13	31/03/14	31/03/13
Net loss attributable to owners of the parent (RM'000)	(754)	(171)	(754)	(171)
Weighted average number of ordinary shares in issue ('000)	256,245	256,245	256,245	256,245
Basic loss per share attributable to owners of the parent (sen)	<u>(0.29)</u>	<u>0.07</u>	<u>(0.29)</u>	<u>0.07</u>

(b) Diluted

The diluted loss per share for the financial period is based on the loss attributable to the equity holders of the Company divided by number of ordinary shares in issue during the period

	Current period	Preceding period	Current period	Preceding period
	quarter	correspondence	period	correspondence
	31/03/14	quarter	to date	period
		31/03/13	31/03/14	31/03/13
Net loss attributable to owners of the parent (RM'000)	(754)	(171)	(754)	(171)
Weighted average number of ordinary shares in issue ('000)	256,245	256,245	256,245	256,245
Effect of dilution of warrants	102,498	102,498	102,498	102,498
Adjusted weighted average number of ordinary shares in issue ('000)	358,743	358,743	358,743	358,743
Basic loss per share attributable to owners of the parent (sen)	<u>(0.21)</u>	<u>(0.05)</u>	<u>(0.21)</u>	<u>(0.05)</u>

B16. Qualification of financial statements

The audit report of the Company's financial statements for the financial year ended 31 December 2013 was not subject to any audit qualification.

B17. Realised and unrealised profits/losses disclosure

	As at 31.03.2014	As at 31.03.2013
	RM'000	RM'000
Total accumulated losses from the Company and its subsidiaries		
- Realised	(17,128)	(14,073)
- Unrealised	-	-
Consolidated adjustment	(2,372)	(2,808)
Total accumulated losses as per consolidated financial statements	<u>(19,500)</u>	<u>(16,881)</u>