

**Unaudited Condensed Consolidated Statement of Comprehensive Income  
For the Third Quarter ended 30 September 2014**

|  | INDIVIDUAL QUARTER   |  | CUMULATIVE PERIOD  |  |
|--|--|--|--|--|
|  | Current Year<br>Quarter<br>30/09/2014<br>Unaudited<br>RM'000 | Preceding Year<br>Quarter<br>30/09/2013<br>Unaudited<br>RM'000 | Current Year<br>To Date<br>30/09/2014<br>Unaudited<br>RM'000 | Preceding Year<br>To Date<br>30/09/2013<br>Unaudited<br>RM'000 |
| Revenue  | 530  | 128  | 663  | 735  |
| Cost of sales  | (524)  | (55)   | (733)  | (512)  |
| <b>Gross (loss) / profit</b>   | <b>6</b>   | <b>73</b>  | <b>(70)</b>  | <b>223</b>   |
| Other income   | 23   | 57   | 69   | 312  |
| Administrative expenses  | (712)  | (604)  | (1,971)  | (1,576)  |
| Amortisation of Intangible Assets  | (27)   | (83)   | (139)  | (248)  |
| Other operating expenses   | -  | -  | (3)  | (3)  |
| Finance costs  | -  | (1)  | (1)  | (2)  |
| <b>Loss from operation</b>   | <b>(710)</b>   | <b>(558)</b>   | <b>(2,115)</b>   | <b>(1,294)</b>   |
| Tax expense  | -  | -  | -  | -  |
| <b>Net loss for the period</b>   | <b>(710)</b>   | <b>(558)</b>   | <b>(2,115)</b>   | <b>(1,294)</b>   |
| <b>Loss attributable to :</b>  |  |  |  |  |
| Owners of the parent   | (635)  | (496)  | (1,933)  | (1,064)  |
| Non-controlling interests  | (75)   | (62)   | (182)  | (230)  |
|  | <b>(710)</b>   | <b>(558)</b>   | <b>(2,115)</b>   | <b>(1,294)</b>   |
| <b>Total comprehensive expense attributable to :</b>                     |  |  |  |  |
| Owners of the parent   | (635)  | (496)  | (1,933)  | (1,064)  |
| Non-controlling interests  | (75)   | (62)   | (182)  | (230)  |
|  | <b>(710)</b>   | <b>(558)</b>   | <b>(2,115)</b>   | <b>(1,294)</b>   |
| Basic loss per ordinary share attributable to Owners of the parent (sen) | (0.24)   | (0.19)   | (0.74)   | (0.42)   |
| Diluted loss per ordinary share (sen)                                    | (0.17)   | (0.14)   | (0.53)   | (0.30)   |

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of Vsolar Group Berhad, formerly known as Fast Track Solution Holdings Berhad ("Vsolar" or "Company") for the financial year ended 31 December 2013)

**Unaudited Condensed Consolidated Statement of Financial Position**  
**As at 30 September 2014**

|   | <b>Unaudited</b><br><b>As at</b><br><b>30/09/2014</b><br><b>RM'000</b> | <b>Audited</b><br><b>As at</b><br><b>31/12/2013</b><br><b>RM'000</b> |
|---|--|--|
| <b>ASSETS</b>   |  |  |
| <b>NON-CURRENT ASSETS</b>   |  |  |
| Property, plant and equipment   | 1,033  | 796  |
| Work in progress  | 11,511   | 6,421  |
| Goodwill on consolidation   | 1,027  | 1,029  |
| Intangible assets   | 63   | 202  |
|   | <u>13,634</u>  | <u>8,448</u>   |
| <b>CURRENT ASSETS</b>   |  |  |
| Trade and other receivables   | 1,595  | 1,202  |
| Tax in credit   | 4  | 4  |
| Cash and bank balances  | 3,464  | 7,730  |
|   | <u>5,063</u>   | <u>8,936</u>   |
| <b>Total Assets</b>   | <u>18,697</u>  | <u>17,384</u>  |
| <b>EQUITY AND LIABILITIES</b>   |  |  |
| <b>Equity attributable to owners of the parent</b>                        |  |  |
| Share capital   | 28,187   | 25,624   |
| Share premium   | 5,339  | 4,827  |
| Warrant reserve   | 5,125  | 5,125  |
| Accumulated losses  | (20,679)   | (18,746)   |
|   | <u>17,972</u>  | <u>16,830</u>  |
| Non controlling interests   | (72)   | 64   |
| <b>Total equity</b>   | <u>17,900</u>  | <u>16,894</u>  |
| <b>CURRENT LIABILITIES</b>  |  |  |
| Trade and other payables  | 797  | 490  |
| Overdraft   | -  | -  |
| <b>Total liabilities</b>  | <u>797</u>   | <u>490</u>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                       | <u>18,697</u>  | <u>17,384</u>  |
| <b>NET ASSETS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE PARENT(SEN)</b> |  |  |
|   | <u>6.38</u>  | <u>6.57</u>  |

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of Vsolar for the financial year ended 31 December 2013)

**Statement of Changes in Equity**  
**For the Third Quarter ended 30 September 2014**

(The figures have not been audited)

|                             | ATTRIBUTABLE TO OWNERS OF THE PARENT |                  |                    |                       |               |                                  |         |
|-----------------------------|--------------------------------------|------------------|--------------------|-----------------------|---------------|----------------------------------|---------|
|                             | NON DISTRIBUTABLE                    |                  |                    |                       | DISTRIBUTABLE |                                  |         |
|                             | SHARE<br>CAPITAL                     | SHARE<br>PREMIUM | WARRANT<br>RESERVE | ACCUMULATED<br>LOSSES | TOTAL         | NON-<br>CONTROLLING<br>INTERESTS |         |
| RM'000                      | RM'000                               | RM'000           | RM'000             | RM'000                | RM'000        | RM'000                           |         |
| At 1 January 2014           | 25,624                               | 4,827            | 5,125              | (18,746)              | 16,830        | 64                               | 16,894  |
| Issue of share capital      | 2,563                                | 512              | -                  | -                     | 3,075         | -                                | 3,075   |
| Total comprehensive expense | -                                    | -                | -                  | (1,933)               | (1,933)       | (136)                            | (2,069) |
| At 30 September 2014        | 28,187                               | 5,339            | 5,125              | (20,679)              | 17,972        | (72)                             | 17,900  |
| At 1 January 2013           | 25,624                               | 4,827            | 5,125              | (16,709)              | 18,867        | 351                              | 19,218  |
| Total comprehensive expense | -                                    | -                | -                  | (1,064)               | (1,064)       | (230)                            | (1,294) |
| At 30 September 2013        | 25,624                               | 4,827            | 5,125              | (17,773)              | 17,803        | 121                              | 17,924  |

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of Vsolar for the financial year ended 31 December 2013)

**Unaudited Condensed Consolidated Statement of Cash Flows**  
**For Third Quarter ended 30 September 2014**

|   | <b>9 months ended</b> |                   |
|---|-----------------------|-------------------|
|   | <b>30/09/2014</b>     | <b>30/09/2013</b> |
|   | <b>Unaudited</b>      | <b>Unaudited</b>  |
|   | <b>RM'000</b>         | <b>RM'000</b>     |
| <b>Cash flows from operating activities</b>             |                       |                   |
| Loss before taxation                                    | (2,115)               | (1,294)           |
| Adjustments :   |                       |                   |
| Depreciation  | 132                   | 206               |
| Impairment of goodwill                                  | 21                    | 141               |
| Amortisation of intangible assets                       | 139                   | 248               |
| Interest expense  | 1                     | 2                 |
| Interest income   | (67)                  | (303)             |
| Share issue expenses                                    | 47                    | -                 |
| Operating loss before working capital changes           | <u>(1,842)</u>        | <u>(1,000)</u>    |
| Decrease/(increase) in receivables                      | (392)                 | (261)             |
| Decrease in payables                                    | <u>306</u>            | <u>(363)</u>      |
| Cash used in operations                                 | (1,928)               | (1,624)           |
| Interest paid   | <u>(1)</u>            | <u>(2)</u>        |
| Net cash used in operating activities                   | <u>(1,929)</u>        | <u>(1,626)</u>    |
| <b>Cash flows from investing activities</b>             |                       |                   |
| Acquisition of subsidiary company, net of cash acquired | (88)                  | -                 |
| Purchase of property, plant and equipment               | (254)                 | (1,756)           |
| Capital work in progress                                | (5,090)               | -                 |
| Interest received                                       | 67                    | 303               |
| Net cash used in investing activities                   | <u>(5,365)</u>        | <u>(1,453)</u>    |
| <b>Cash flows from financing activities</b>             |                       |                   |
| Proceeds from issuance of private placement shares      | 3,075                 | -                 |
| Share issuance expenses                                 | <u>(47)</u>           | <u>-</u>          |
| <b>Net cash generated from financing activities</b>     | <u>3,028</u>          | <u>-</u>          |
| <b>Net decrease in cash and cash equivalents</b>        | (4,266)               | (3,079)           |
| Cash and cash equivalents at beginning of period        | 7,730                 | 15,958            |
| <b>Cash and cash equivalents at end of period #</b>     | <u>3,464</u>          | <u>12,879</u>     |
| <i># Represented by:</i>                                |                       |                   |
| Cash and bank balances                                  | 3,464                 | 12,879            |
| Overdraft   | -                     | -                 |
|   | <u>3,464</u>          | <u>12,879</u>     |

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of Vsolar for the financial year ended 31 December 2013)

## NOTES TO THE INTERIM FINANCIAL REPORT

### PART A - EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134 ("MFRS 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 Issues 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 for financial periods beginning on or after 1 July 2014**

Amendments to MFRS 119 Defined Benefit Plan & Employee Contributions  
Annual Improvements to MFRSs 2010 - 2012 Cycle  
Annual Improvements to MFRSs 2011 - 2013 Cycle

#### **Effective for financial periods beginning on or after 1 January 2016**

Amendments to MFRS116 and MFRS138 Clarification of Acceptable Methods of Depreciation and Amortisation  
Amendments to MFRS116 and MFRS141 Agriculture: Bearer Plants  
Amendments to MFRS 11 Accounting for Acquisition of Interest in Joint Operations  
MFRS 14 Regulatory Deferral Accounts

#### **Effective for financial periods beginning on or after 1 January 2017**

MFRS 15 Revenue from Contract with Customers

**A1. Basis of preparation – cont'd**

**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)                                 |

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 save and except for:-

(a) Private placement

On 1 August 2014, the Company announced that the Private Placement is completed following the listing and quotation of the private placement, comprising 25,624,500 placement shares on the ACE Market of Bursa Malaysia Securities Berhad on 1 August 2014

**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.

| 9 months ended 30 September 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              |
| <b>Revenue</b>                          | -                          | 439            | -                         | 224               | -                       | -                 | 663          | -                  | 663                 |
| <b>Result</b>                           |                            |                |                           |                   |                         |                   |              |                    |                     |
| Loss from reportable segments           | -                          | 8              | -                         | (78)              | -                       | -                 | (70)         | -                  | (70)                |
| Finance cost                            |                            |                |                           |                   |                         |                   |              |                    | (1)                 |
| Other Income                            |                            |                |                           |                   |                         |                   |              |                    | 69                  |
| Admin Expenses                          |                            |                |                           |                   |                         |                   |              |                    | (2,092)             |
| Impairment loss of goodwill             |                            |                |                           |                   |                         |                   |              |                    | (21)                |
| Loss before tax                         |                            |                |                           |                   |                         |                   |              |                    | (2,115)             |
| Income tax                              |                            |                |                           |                   |                         |                   |              |                    | -                   |
| Net loss after tax                      |                            |                |                           |                   |                         |                   |              |                    | (2,115)             |
| <b>Assets</b>                           |                            |                |                           |                   |                         |                   |              |                    |                     |
| Segment assets                          | 1,051                      | 214            | 3,408                     | 1,379             | 64                      | 12,581            | 18,697       | -                  | 18,697              |
| <b>Liabilities</b>                      |                            |                |                           |                   |                         |                   |              |                    |                     |
| Segment liabilities                     | 195                        | 109            | 39                        | 366               | 87                      | 1                 | 797          | -                  | 797                 |
| <b>9 months ended 30 September 2013</b> | <b>Animation Designing</b> | <b>Servers</b> | <b>Investment Holding</b> | <b>Publishing</b> | <b>Production House</b> | <b>Solar Farm</b> | <b>Total</b> | <b>Elimination</b> | <b>Consolidated</b> |
|   | RM'000                     | RM'000         | RM'000                    | RM'000            | RM'000                  | RM'000            | RM'000       | RM'000             | RM'000              |
| <b>Revenue</b>                          | -                          | 491            | -                         | 244               | -                       | -                 | 735          | -                  | 735                 |
| <b>Result</b>                           |                            |                |                           |                   |                         |                   |              |                    |                     |
| Profit from reportable segments         | -                          | 147            | -                         | 76                | -                       | -                 | 223          | -                  | 223                 |
| Finance cost                            |                            |                |                           |                   |                         |                   |              |                    | (2)                 |
| Other Income                            |                            |                |                           |                   |                         |                   |              |                    | 312                 |
| Admin Expenses                          |                            |                |                           |                   |                         |                   |              |                    | (1,579)             |
| Impairment loss of goodwill             |                            |                |                           |                   |                         |                   |              |                    | (248)               |
| Loss before tax                         |                            |                |                           |                   |                         |                   |              |                    | (1,294)             |
| Income tax                              |                            |                |                           |                   |                         |                   |              |                    | -                   |
| Net loss after tax                      |                            |                |                           |                   |                         |                   |              |                    | (1,294)             |
| <b>Assets</b>                           |                            |                |                           |                   |                         |                   |              |                    |                     |
| Segment assets                          | 4,578                      | 211            | 10,847                    | 420               | -                       | 2,060             | 18,116       | -                  | 18,116              |
| <b>Liabilities</b>                      |                            |                |                           |                   |                         |                   |              |                    |                     |
| Segment liabilities                     | 126                        | 1              | 34                        | 31                | -                       | -                 | 192          | -                  | 192                 |

**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**

There were no material events subsequent to the end of current quarter up to 21 September 2014, being the latest practicable date ("LPD") which is not earlier than seven (7) days from the date of issuance of this quarterly report that have not been reflected in this quarterly report.

**A11. Changes in the composition of the Group**

There were no material changes in the composition of the Group during the quarter under review.

**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 Vsolar as security against banking facility granted to Fast Track Solution Sdn Bhd in the form of 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**

Cumulative period ended 30 September 2014

The Group recorded a revenue of RM0.663 million with loss before taxation of RM2.115 million for the financial period ended 30 September 2014 as compared to revenue of RM0.735 million with loss before taxation of RM1.294 million in the preceding period correspondence.

The decrease in revenue was mainly due to dwindling demand and sales in media publishing business during current quarter. On the other hand, the other income had decreased from RM0.312 million to RM0.069 million due to the lower interest income received from fixed deposit during the period. This is the result of fund utilisation for the construction of solar farm projects at Simpang Pulau, Perak and also the preliminary cost incurred for a new solar plant project at Mukim Serendah, Selangor.

The administrative expenses had been increased by RM0.395 million compared to previous correspondence period due to the increase in administration cost, professional fees, and advertising & marketing expenses. Consequently, the impact of the increasing in administrative expenses have resulted in the Group to record a loss before taxation of RM2.115 million as compared to the corresponding preceding period of RM1.294 million.

The total assets for the Group amounted to RM18.697 million as at 30 September 2014, representing an increase of RM1.313 million from RM17.384 million as recorded in previous financial year. Generally, the increase in total assets was due to the private placement fund received during the quarter and also due to capital work in progress on the solar plant projects.

For the financial period under review, the loss per share attributable to ordinary equity holder increased to 0.74 sen per share from the loss per share of 0.42 sen per share for previous financial period due to higher loss incurred during the current period.

The performance of the group is expected to improve later in this financial year upon the commencement of operation from the solar plant where income from sales of renewable energy starts to flow in.

**B2. Comparison with preceding quarter's results**

The revenue of the Group increased significantly from RM0.062 million in the immediate preceding quarter to RM0.663 million in the current quarter where the increase in sales was contributed by the server trading division. However, the gross margin for current quarter had decreased from 32.2% to 1.1% as compared to the immediate preceding quarter. This is a due to a reclassification of administration expense to cost of sales from the media publishing division and the low margin from the competitive server trading division. Additionally, for magazine division, higher cost was also incurred for a number of events taken place during the quarter for marketing and promotion purpose.

In line with the decrease, the loss before tax for the current quarter also increased by 15.3% to RM0.710 million from RM0.616 million recorded in the immediate preceding quarter. This is mainly due to a higher administration cost incurred during the 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 Group believe that they will be able to benefit from the growing demand albeit stiff challenges are expected.

The Group intends to explore more in the media and entertainment industry, recruit more programmers and film production equipment. For this purpose, the Group had acquired an existing company, Newo Pictures Sdn Bhd that specialised in the film production to enhance the Company's ability to secure and execute future projects

Notwithstanding the opportunity in digital content creation, the Group had diversified its business into renewable energy and media publishing. The Group had 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 is also realigning its business strategy along the current Malaysia Government Renewable Energy Policy. SEDA is expected to announce and open up more Feed-in-Tariff (FiT) quotas in the coming year and Vsolar shall 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.

Additionally, the Group had also entered into a business agreement with Integrate Solar Farm Sdn Bhd to build & construct a 500KW Solar Plant for the generation of green electricity.

**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**

There is no corporate proposals announced but not completed as at the reporting date save and except for the following:-

### (a) Bumiputera Shareholding Requirements

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 MITI'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 fulfil 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).

- (v) On 4 June 2013, the Board has resolved to implement a private placement exercise involving the issuance of up to 25,624,500 new ordinary shares of RM0.10 each in Vsolar where the Board had given priority to issue the Placement Shares to Bumiputera investors in order to address the Equity Condition. In relation thereto, M&A Securities was appointed as the placement agent to identify potential Bumiputera investors. In their efforts to identify potential Bumiputera investors, M&A Securities had first offered the Placement Shares to their stockbroking team's existing retail clients. However, M&A Securities did not receive any interests from Bumiputera investors for the Placement Shares. Resulting from the absence of interests from Bumiputera investors in the Placement Shares, the Company had proceeded to issue the Placement Shares to other non-bumiputera third party investors in order to complete the Private Placement.

**B8. Status of corporate proposals – cont'd**

(a) Bumiputera Shareholding Requirements – cont'd

- (vi) Moving forward, Vsolar will continue strive to meet the Equity Condition via new fund raising exercises. At this juncture, the Board is contemplating on proposing another rights issue exercise (“Proposed Rights Issue II”). Under the Proposed Rights Issue II, the Board intends to obtain the irrevocable undertaking from Bumiputera investors to subscribe for the new rights shares to be issued. In the event that such undertaking can be successfully procured, the Equity Condition shall be met.

(b) Private Placement

On 19 November 2013, the Board had announced that Bursa Malaysia Securities Berhad had, vide its letter dated 18 November 2013, approved the listing of and quotation for up to 25,624,500 new Vsolar Shares to be issued pursuant to the Private Placement on the ACE Market of Bursa Securities subject to the following conditions:

- i. Vsolar and M&A Securities must fully comply with the relevant provisions under the ACE Market Listing Requirements pertaining to the implementation of the Private Placement;
- ii. Vsolar and M&A Securities to inform Bursa Securities upon the completion of the Private Placement; and
- iii. Vsolar to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities’ approval once the Private Placement is completed.

The Placement Shares shall be issued based on a discount, if any, of not more than ten per cent (10%) to the five (5) days weighted average market price of Vsolar Shares immediately preceding the price-fixing date. In any case, the issue price of the Placement Shares shall not be lower than the par value of Vsolar Shares of RM0.10 each.

On 29 April 2014, the Board had announced that an application for extension of time of six (6) months up to 17 November 2014 to complete the Private Placement has been submitted to Bursa Malaysia Securities Berhad.

On 19 May 2014, the Board 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.

On 16 July 2014, the Company announced that the issued price for the Placement Shares has been fixed by the board of directors at RM0.12 per placement share. The issued price represents a discount of approximately 6.18% to the five (5) days volume weighted average market price of the Vsolar shares up to and including 14 July 2014, being the market day immediately preceding to the Price Fixing Date of RM0.1279 per share.

On 31 July 2014, the Company announced that 25,624,500 new ordinary shares of RM0.10 each issued pursuant to the Private Placement will be granted listing and quotation with effect from 1 August 2014. On 1 August 2014, the Company announced that the Private Placement is completed following the listing and quotation of the private placement, comprising 25,624,500 placement shares on the ACE Market of Bursa Malaysia Securities Berhad on 1 August 2014

**B9. Status of utilisation of proceeds**

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

| Purpose            | Proposed Utilisation<br>27/06/2011 | Actual utilisation<br>as at 30/09/14 | Intended timeframe<br>for utilisation | Balance unutilised |      | Explanation                          |
|--------------------|------------------------------------|--------------------------------------|---------------------------------------|--------------------|------|--------------------------------------|
|                    | RM'000                             | RM'000                               | RM'000                                | RM'000             | %    |                                      |
| Working Capital    | 832                                | 900                                  | 21/03/12                              | (68)               | -8.2 | Extension of timeframe until 30/9/14 |
| Estimated Expenses | 100                                | 32                                   | Within 1 month                        | 68                 | 68.0 | - N/A -                              |
| Total              | 932                                | 932                                  |                                       | -                  | 0.0  |                                      |

*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.*

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

| Purpose                     | Proposed Utilisation<br>05/11/2012 | Actual utilisation<br>as at 30/09/14 | Intended timeframe<br>for utilisation | Balance unutilised |       | Explanation    |
|-----------------------------|------------------------------------|--------------------------------------|---------------------------------------|--------------------|-------|----------------|
|                             | RM'000                             | RM'000                               | RM'000                                | RM'000             | %     |                |
| Working capital             | 5,000                              | 5,000                                | Within 24 months                      | -                  | 0.0%  | - N/A -        |
| Expansion of Business       | 5,000                              | 4,993                                | Within 24 months                      | 7                  | 0.1%  | Fully Utilised |
| Operating Cost              | 4,783                              | 4,846                                | Within 24 months                      | (63)               | -1.3% | - N/A -        |
| Repayment of bank borrowing | 192                                | 192                                  | Within 12 months                      | -                  | 0.0%  | Fully Utilised |
| Estimated expenses          | 400                                | 344                                  | Within 3 months                       | 56                 | 14.0% | - N/A -        |
| Total                       | 15,375                             | 15,375                               |                                       | -                  | 0.0%  | - N/A -        |

*\* 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.*

(iii) The proceeds from the Private Placement issue of RM3,075 million are to be utilised as follows:

| Purpose                             | Proposed Utilisation<br>19/05/2014 | Actual utilisation<br>as at 30/09/14 | Intended timeframe<br>for utilisation | Balance unutilised |        | Explanation |
|-------------------------------------|------------------------------------|--------------------------------------|---------------------------------------|--------------------|--------|-------------|
|                                     | RM'000                             | RM'000                               | RM'000                                | RM'000             | %      |             |
| Production Cost of media publishing | 2,175                              | -                                    | Within 12 months                      | 2,175              | 100.0% | - N/A -     |
| Sales & marketing                   | 300                                | -                                    | Within 12 months                      | 300                | 100.0% | - N/A -     |
| Operating Cost                      | 500                                | 158                                  | Within 12 months                      | 342                | 68.4%  | - N/A -     |
| Estimated expenses                  | 100                                | 46                                   | Within 3 months                       | 54                 | 54.0%  | - N/A -     |
| Total                               | 3,075                              | 204                                  |                                       | 2,871              | 93.4%  | - N/A -     |

**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 30 September 2014 are as follows:

|                         | <b>Secured</b> | <b>Unsecured</b> | <b>Total</b>  |
|-------------------------|----------------|------------------|---------------|
|                         | <u>RM'000</u>  | <u>RM'000</u>    | <u>RM'000</u> |
| <b>Short term loans</b> |                |                  |               |
| Term loans              | -              | -                | -             |
| Revolving credits       | -              | -                | -             |
| Overdraft               | -              | -                | -             |
|                         |                |                  |               |
| <b>Long term loans</b>  |                |                  |               |
| Term loans              | -              | -                | -             |
| Revolving credits       | -              | -                | -             |
| 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 30 September 2014.

**B14. Profit before tax**

|  | Individual Quarter |          | Cumulative Year to Date |          |
|--|--------------------|----------|-------------------------|----------|
|  | 3 months ended     |          | 9 months ended          |          |
|  | 30/09/14           | 30/09/13 | 30/09/14                | 30/09/13 |
|  | RM'000             | RM'000   | RM'000                  | RM'000   |
| <u>Loss before tax is stated after crediting:-</u> |                    |          |                         |          |
| Interest income                                    | 23                 | 57       | 67                      | 303      |
| Other income (including investment income)         | N/A                | N/A      | N/A                     | N/A      |
| Gain on disposal of plant & equipment              | N/A                | N/A      | N/A                     | N/A      |
| Foreign exchange gain                              | N/A                | N/A      | N/A                     | N/A      |
| <u>Loss before tax is stated after charging:-</u>  |                    |          |                         |          |
| Interest expense                                   | -                  | 1        | 1                       | 2        |
| Depreciation and amortisation                      | 71                 | 122      | 271                     | 454      |
| Foreign exchange loss                              | N/A                | N/A      | N/A                     | N/A      |
| Impairment of assets                               | 7                  | 141      | 21                      | 141      |
| Exceptional items                                  | N/A                | N/A      | N/A                     | N/A      |
| Provision for and write off of inventories         | N/A                | N/A      | N/A                     | N/A      |
| Provision for and write off of receivables         | N/A                | N/A      | N/A                     | N/A      |
| Loss on derivatives                                | N/A                | N/A      | N/A                     | N/A      |
| Loss on disposal of investments or properties      | N/A                | N/A      | N/A                     | N/A      |

**B15. Earnings / (loss) per share**

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.

|   | Quarter Ended |              | Year Ended   |              |
|---|---------------|--------------|--------------|--------------|
|   | 30 Sept 2014  | 30 Sept 2013 | 30 Sept 2014 | 30 Sept 2013 |
| Net loss attributable to owners of the parent (RM'000)          | (635)         | (496)        | (1,933)      | (1,064)      |
| Weighted average number of ordinary shares in issue ('000)      | 261,939       | 256,245      | 261,939      | 256,245      |
| Basic loss per share attributable to owners of the parent (sen) | (0.24)        | (0.19)       | (0.74)       | (0.42)       |

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.

|   | Quarter Ended |              | Year Ended   |              |
|---|---------------|--------------|--------------|--------------|
|   | 30 Sept 2014  | 30 Sept 2013 | 30 Sept 2014 | 30 Sept 2013 |
| Net loss attributable to owners of the parent (RM'000)              | (635)         | (496)        | (1,933)      | (1,064)      |
| Weighted average number of ordinary shares in issue ('000)          | 261,939       | 256,245      | 261,939      | 256,245      |
| Effect of dilution of warrants ('000)                               | 102,498       | 102,498      | 102,498      | 102,498      |
| Adjusted weighted average number of ordinary shares in issue ('000) | 364,437       | 358,743      | 364,437      | 358,743      |
| Basic loss per share attributable to owners of the parent (sen)     | (0.17)        | (0.14)       | (0.53)       | (0.30)       |

**B16. Qualification of financial statement**

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**

|  | <b>As at<br/>30.09.2014</b> | <b>As at<br/>30.09.2013</b> |
|--|-----------------------------|-----------------------------|
|  | <b>RM'000</b>               | <b>RM'000</b>               |
| Total accumulated losses from the Company and its subsidiaries           |                             |                             |
| - Realised   | (18,453)                    | (14,965)                    |
| - Unrealised   | -                           | -                           |
| Consolidated Adjustment  | (2,226)                     | (2,808)                     |
| <b>Total accumulated losses as per consolidated financial statements</b> | <b>(20,679)</b>             | <b>(17,773)</b>             |