

**Unaudited Condensed Consolidated Statement of Comprehensive Income  
For the Second Quarter ended 30 June 2015**

|   | INDIVIDUAL QUARTER   |   | CUMULATIVE PERIOD  |   |
|---|--|---|--|---|
|   | Current Year<br>Quarter<br>30/06/2015<br>Unaudited<br>RM'000 | Preceding Year<br>Quarter<br>30/06/2014<br>Restated<br>RM'000 | Current Year<br>To Date<br>30/06/2015<br>Unaudited<br>RM'000 | Preceding Year<br>To Date<br>30/06/2014<br>Restated<br>RM'000 |
| Revenue   | 247  | 62  | 317  | 125   |
| Cost of sales   | (214)  | (42)  | (293)  | (128)   |
| <b>Gross loss</b>   | <b>33</b>  | <b>20</b>   | <b>24</b>  | <b>(3)</b>  |
| Other income  | 8  | 29  | 11   | 44  |
| Administrative expenses   | (1,159)  | (613)   | (1,910)  | (1,352)   |
| Amortisation of Intangible Assets   | (9)  | (50)  | (19)   | (112)   |
| Other operating expenses  | (3)  | (1)   | (3)  | (3)   |
| Finance costs   | -  | (1)   | -  | (1)   |
| <b>Loss before tax</b>  | <b>(1,130)</b>   | <b>(616)</b>  | <b>(1,897)</b>   | <b>(1,427)</b>  |
| Tax expense   | -  | -   | -  | -   |
| <b>Net loss for the period</b>  | <b>(1,130)</b>   | <b>(616)</b>  | <b>(1,897)</b>   | <b>(1,427)</b>  |
| <b>Loss attributable to :</b>   |  |   |  |   |
| Owners of the parent  | (1,095)  | (566)   | (1,829)  | (1,320)   |
| Non-controlling interests   | (35)   | (50)  | (68)   | (107)   |
|   | <b>(1,130)</b>   | <b>(616)</b>  | <b>(1,897)</b>   | <b>(1,427)</b>  |
| <b>Total comprehensive expense attributable to :</b>                        |  |   |  |   |
| Owners of the parent  | (1,095)  | (566)   | (1,829)  | (1,320)   |
| Non-controlling interests   | (35)   | (50)  | (68)   | (107)   |
|   | <b>(1,130)</b>   | <b>(616)</b>  | <b>(1,897)</b>   | <b>(1,427)</b>  |
| Basic loss per ordinary share attributable to<br>Owners of the parent (sen) | (0.35)   | (0.22)  | (0.62)   | (0.52)  |
| Diluted loss per ordinary share (sen)                                       | (0.27)   | (0.16)  | (0.47)   | (0.37)  |

(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 2014)

**Unaudited Condensed Consolidated Statement of Financial Position**  
**As at 30 June 2015**

|   | <b>Unaudited<br/>As at<br/>30/06/2015<br/>RM'000</b> | <b>Audited<br/>As at<br/>31/12/2014<br/>RM'000</b> |
|---|--|--|
| <b>ASSETS</b>   |  |  |
| <b>NON-CURRENT ASSETS</b>   |  |  |
| Property, plant and equipment   | 1,530  | 1,142  |
| Work in progress  | 12,540   | 10,796   |
| Goodwill on consolidation   | 246  | 260  |
| Intangible assets   | 40   | -  |
|   | <u>14,356</u>  | <u>12,198</u>                                      |
| <b>CURRENT ASSETS</b>   |  |  |
| Trade and other receivables   | 2,258  | 2,163  |
| Cash and bank balances  | 1,908  | 2,632  |
|   | <u>4,166</u>   | <u>4,795</u>                                       |
| <b>TOTAL ASSETS</b>   | <u>18,522</u>  | <u>16,993</u>                                      |
| <b>EQUITY AND LIABILITIES</b>   |  |  |
| <b>Equity attributable to owners of the parent</b>                            |  |  |
| Share capital   | 30,352   | 28,187   |
| Share premium   | 5,772  | 5,339  |
| Warrant reserve   | 5,125  | 5,125  |
| Accumulated losses  | (24,004)   | (22,175)   |
|   | <u>17,245</u>  | <u>16,476</u>                                      |
| Non controlling interests   | (242)  | (173)  |
| <b>Total equity</b>   | <u>17,003</u>  | <u>16,303</u>                                      |
| <b>CURRENT LIABILITIES</b>  |  |  |
| Trade and other payables  | 928  | 659  |
| Loans & borrowings  | 47   | -  |
| Overdraft   | -  | -  |
|   | <u>975</u>   | <u>659</u>   |
| <b>NON CURRENT LIABILITIES</b>  |  |  |
| Deferred tax liabilities  | 31   | 31   |
| Loans & borrowings  | 513  | -  |
|   | <u>544</u>   | <u>31</u>  |
| <b>Total Liabilities</b>  | <u>1,519</u>   | <u>690</u>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>   | <u>18,522</u>  | <u>16,993</u>                                      |
| <b>NET ASSETS PER SHARE ATTRIBUTABLE TO<br/>THE OWNERS OF THE PARENT(SEN)</b> | <u>5.68</u>  | <u>5.85</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 2014)

**Statement of Changes in Equity**  
**For the Second Quarter ended 30 June 2015**

(The figures have not been audited)

|                             | ATTRIBUTABLE TO OWNERS OF THE PARENT |                            |                              |                                 |                 |  | TOTAL EQUITY<br>RM'000 |
|-----------------------------|--------------------------------------|----------------------------|------------------------------|---------------------------------|-----------------|--|------------------------|
|                             | NON DISTRIBUTABLE                    |                            |                              | DISTRIBUTABLE                   |                 |  |                        |
|                             | SHARE<br>CAPITAL<br>RM'000           | SHARE<br>PREMIUM<br>RM'000 | WARRANT<br>RESERVE<br>RM'000 | ACCUMULATED<br>LOSSES<br>RM'000 | TOTAL<br>RM'000 | NON-<br>CONTROLLING<br>INTERESTS<br>RM'000 |                        |
| At 1 January 2015           | 28,187                               | 5,339                      | 5,125                        | (22,175)                        | 16,476          | (174)                                      | 16,302                 |
| Total comprehensive expense | -                                    | -                          | -                            | (1,829)                         | (1,829)         | (68)                                       | (1,897)                |
| Warrants Conversion         | 2,165                                | 433                        | -                            | -                               | 2,598           | -  | 2,598                  |
| At 30 June 2015             | <u>30,352</u>                        | <u>5,772</u>               | <u>5,125</u>                 | <u>(24,004)</u>                 | <u>17,245</u>   | <u>(242)</u>                               | <u>17,003</u>          |
| At 1 January 2014           | 25,624                               | 4,827                      | 5,125                        | (18,746)                        | 16,830          | 64   | 16,894                 |
| Total comprehensive expense | -                                    | -                          | -                            | (1,320)                         | (1,320)         | (107)                                      | (1,427)                |
| At 30 June 2014             | <u>25,624</u>                        | <u>4,827</u>               | <u>5,125</u>                 | <u>(20,066)</u>                 | <u>15,510</u>   | <u>(43)</u>                                | <u>15,467</u>          |

(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 2014)

**Unaudited Condensed Consolidated Statement of Cash Flows**  
**For Second Quarter ended 30 June 2015**

|   | <b>6 months ended</b> |                     |
|---|-----------------------|---------------------|
|   | <b>30/06/2015</b>     | <b>30/06/2014</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                                    | (1,898)               | (1,427)             |
| Adjustments :   |                       |                     |
| Depreciation  | 113                   | 124                 |
| Impairment of goodwill                                  | -                     | 61                  |
| Amortisation of intangible assets                       | 19                    | 112                 |
| Interest expense  | -                     | 1                   |
| Interest income   | (11)                  | (44)                |
| Share issue expenses                                    | -                     | -                   |
| Allowance for specific doubtful debt                    | -                     | -                   |
| Bad debts written off                                   | -                     | -                   |
| Intangible asset written off                            | -                     | -                   |
| Other income adjustment                                 | -                     | -                   |
| Operating loss before working capital changes           | <u>(1,777)</u>        | <u>(1,173)</u>      |
| (Increase) / decrease in receivables                    | (95)                  | 476                 |
| Decrease in payables                                    | 829                   | (192)               |
| Cash used in operations                                 | <u>(1,043)</u>        | <u>(889)</u>        |
| Interest paid   | -                     | (1)                 |
| Net tax refunded  | -                     | -                   |
| Net cash used in operating activities                   | <u>(1,043)</u>        | <u>(890)</u>        |
| <b>Cash flows from investing activities</b>             |                       |                     |
| Acquisition of subsidiary company, net of cash acquired | -                     | -                   |
| Purchase of property, plant and equipment               | (501)                 | (574)               |
| Capital work in progress                                | (1,744)               | (2,698)             |
| Development cost of intangible asset                    | (45)                  | -                   |
| Interest received                                       | 11                    | 44                  |
| Net cash used in investing activities                   | <u>(2,279)</u>        | <u>(3,228)</u>      |
| <b>Cash flows from financing activities</b>             |                       |                     |
| Proceeds from warrants conversion                       | 2,598                 | -                   |
| Share issuance expenses                                 | -                     | -                   |
| Net cash change in financing activities                 | <u>2,598</u>          | <u>-</u>            |
| <b>Net decrease in cash and cash equivalents</b>        | <b>(724)</b>          | <b>(4,118)</b>      |
| Cash and cash equivalents at beginning of period        | 2,632                 | 7,730               |
| <b>Cash and cash equivalents at end of period #</b>     | <b><u>1,908</u></b>   | <b><u>3,612</u></b> |
| <i># Represented by:</i>                                |                       |                     |
| Cash and bank balances                                  | 1,908                 | 3,612               |
| Overdraft   | -                     | -                   |
|   | <u>1,908</u>          | <u>3,612</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 2014)

**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 2014, except for the adoption of Amendments to Standards effective as of 1 January 2015.

Adoption of Amendments to Standards

The Group has adopted the following Amendments to Standards, with a date of initial application of 1 January 2015.

| <b>MFRSs / Amendments to MFRSs</b>   | <b>Effective for annual periods beginning on or after</b> |
|--|---|
| Amendments to MFRS 119 Employee Benefits - Defined Benefit Plan : Employee Contributions | 1 July 2014   |
| Annual Improvements to MFRSs 2010-2012 Cycle   | 1 July 2014   |
| Annual Improvements to MFRSs 2011-2013 Cycle   | 1 July 2014   |

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:

| <b>MFRSs / Amendments to MFRSs</b>  | <b>Effective for annual periods beginning on or after</b> |
|---|---|
| MFRS 14 - Regulatory Deferral Accounts  | 1 January 2016  |
| Amendments to MFRS 10 Consolidated Financial Statements - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | 1 January 2016  |
| Amendments to MFRS 10 Consolidated Financial Statements - Investment Entities: Applying the Consolidation Exception                             | 1 January 2016  |
| Amendments to MFRS 11 Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations   | 1 January 2016  |
| Amendments to MFRS 12 Disclosure of Interests in Other Entities - Investment Entities: Applying the Consolidation Exception                     | 1 January 2016  |
| Amendments to MFRS 101 Presentation of Financial Statements - Disclosure Initiative   | 1 January 2016  |
| Amendments to MFRS 116 Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation and Amortisation                     | 1 January 2016  |

**A1. Basis of preparation – cont’d**

| <b>MFRSs / Amendments to MFRSs</b>   | <b>Effective for annual periods beginning on or after</b> |
|--|---|
| Amendments to MFRS 116 Property, Plant and Equipment - Agriculture: Bearer Plants  | 1 January 2016  |
| Amendments to MFRS 127 Consolidated and Separate Financial Statements - Equity Method in Separate Financial Statements                                       | 1 January 2016  |
| Amendments to MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate and Joint Venture | 1 January 2016  |
| Amendments to MFRS 128 Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception                              | 1 January 2016  |
| Amendments to MFRS 138 Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation  | 1 January 2016  |
| Amendments to MFRS 141 Agriculture - Agriculture: Bearer plants  | 1 January 2016  |
| Annual Improvements to MFRSs 2012-2014 Cycle   | 1 January 2016  |
| MFRS 15 - Revenue from Contracts with Customers  | 1 January 2017  |
| MFRS 9 - Financial Instruments   | 1 January 2018  |

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 Group's financial statements for the financial year ended 31 December 2014 was not subject to any audit qualification.

**A3. Seasonal or cyclical factors**

The results for the quarter 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 substantially from information technology related business.

| 6 months ended 30 June 2015        | 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>                     | 74                  | 76      | -                  | 167        | -                | -          | 317    | -           | 317          |
| <b>Result</b>                      |                     |         |                    |            |                  |            |        |             |              |
| Loss from reportable segments      | 68                  | 9       | -                  | (53)       | -                | -          | 24     | -           | 24           |
| Finance cost                       |                     |         |                    |            |                  |            |        |             | -            |
| Other income                       |                     |         |                    |            |                  |            |        |             | 11           |
| Admin expenses                     |                     |         |                    |            |                  |            |        |             | (1,918)      |
| Impairment loss of goodwill        |                     |         |                    |            |                  |            |        |             | (14)         |
| Loss before tax                    |                     |         |                    |            |                  |            |        |             | (1,897)      |
| Income tax                         |                     |         |                    |            |                  |            |        |             | -            |
| Net loss after tax                 |                     |         |                    |            |                  |            |        |             | (1,897)      |
| <b>6 months ended 30 June 2014</b> |                     |         |                    |            |                  |            |        |             |              |
| <b>Revenue</b>                     |                     |         |                    |            |                  |            |        |             |              |
|                                    | -                   | -       | -                  | 123        | 2                | -          | 125    | -           | 125          |
| <b>Result</b>                      |                     |         |                    |            |                  |            |        |             |              |
| Loss from reportable segments      | -                   | -       | -                  | (5)        | 2                | -          | (3)    | -           | (3)          |
| Finance cost                       |                     |         |                    |            |                  |            |        |             | (1)          |
| Other Income                       |                     |         |                    |            |                  |            |        |             | 44           |
| Admin expenses                     |                     |         |                    |            |                  |            |        |             | (1,405)      |
| Impairment loss of goodwill        |                     |         |                    |            |                  |            |        |             | (62)         |
| Loss before tax                    |                     |         |                    |            |                  |            |        |             | (1,427)      |
| Income tax                         |                     |         |                    |            |                  |            |        |             | -            |
| Net loss after tax                 |                     |         |                    |            |                  |            |        |             | (1,427)      |
| <b>Assets</b>                      |                     |         |                    |            |                  |            |        |             |              |
| Segment assets                     | 467                 | 106     | 2,793              | 1,005      | 99               | 11,295     | 15,765 | -           | 15,765       |
| <b>Liabilities</b>                 |                     |         |                    |            |                  |            |        |             |              |
| Segment liabilities                | 199                 | 3       | 48                 | 30         | 14               | 4          | 298    | -           | 298          |

**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 quarter that have not been reflected in the financial statements for the current quarter.

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

There were no material changes in the composition of the Group during the quarter under review, except the following:-

(a) Incorporation of Vsolar Engineering Sdn Bhd

Vsolar Group Berhad had on 1 June, 2015 incorporated a new subsidiary company namely, Vsolar Engineering Sdn. Bhd. (“VESB”) in Malaysia under the Companies Act, 1965.

VESB has an authorised share capital of RM400,000.00 comprising 400,000 ordinary shares of RM1.00 each, of which RM2.00 comprising 2 ordinary shares of RM1.00 each have been issued and fully paid-up. The principal activities of VESB are to carry out the business of engineering, procurement and construction solutions for renewable energy industry and general trading.

**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 2014, save as disclosed below:-

- (a) Vsolar Group Berhad (“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**

Except as disclosed below, there was no capital commitment as at 30 June 2015:-

|                               |                    |
|-------------------------------|--------------------|
|                               | Capital Commitment |
|                               | As at 30 June 2015 |
| Capital expenditure           |                    |
| Approved and contracted for:- |                    |
| - Solar Plant Projects        | <u>5,610,019</u>   |

**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 June 2015

The Group recorded a revenue of RM0.317 million with loss before taxation of RM1.897 million for the financial period ended 30 June 2015 as compared to revenue of RM0.125 million with loss before taxation of RM1.427 million in the preceding period correspondence.

The increase in revenue was mainly due to additional revenue generated from the server trading and animation design segment during the financial period. On the other hand, better revenue was also seen from the publishing segment in this quarter, however, the loss from operation of the publishing segment had also widen as the team incurred more cost to prepare for the launching of its online platform.

Other income had continue to decrease from RM0.044 million to RM0.011 million as compared to previous correspondence period due to the lower interest income received from fixed deposit. This is the result of continuous fund utilisation on the construction of the solar plants.

The administrative expenses had increased by RM0.558 million to RM1,910 from RM1.352 million as compared to previous correspondence period mainly due to increased professional fees from the rights issue exercise and its solar plant projects.

The total assets for the Group was amounted to RM18.522 million as at 30 June 2015, representing an increase of RM1.529 million from RM16.993 million as recorded in previous financial year. The increase in total assets was mainly the result of cash received from conversion of warrants seen during second quarter of the financial period.

For the financial period under review, the loss per share attributable to ordinary equity holder was slightly higher at Q2 2014 which is negative 0.62 sen as compared to previous corresponding quarter which stood at negative 0.52 sen as a result of increased net loss.

The performance of the Group is expected to improve later during the 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 had increased by RM0.185 million to RM0.247 million in the current quarter as compared to RM0.062 million in the immediate preceding quarter where the increase is contributed from the IT trading segment. In this quarter, the gross profit margin had increase significantly from -14.3% to 13.4% as compared to the immediate preceding quarter due to increase in server trading and animation design in current quarter.

**B3. Current year prospects**

The RE market in Malaysia is expected to grow to nearly 1 GW by 2015, 2 GW by 2020 and 4 GW by 2030. All these efforts translate to the avoidance of up 145.1 metric tons of CO2 emission. Solar PV will be the dominant source of energy post 2020 taking up 30% of the total capacity by 2030.

By 2014, Malaysia has 248.55MW of installed capacity of commissioned RE installations where the installed capacity of plants in progress (i.e. not operational yet) totalled 502.94MW. This data however shows that Malaysia is likely to fall short of its 1 GW target by year 2015.

**B3. Current year prospects – cont'd**

In financial year 2015, Vsolar strive to increase its exposure in the solar farm development sector, the Group had plans to utilise its resources to enhance Group's ability to innovate and develop new ideas in order to fully unlock the potential of its solar plant development in the near future.

For the media publishing segment, Jasmine Magazine team will try to harvest benefits from its 77,000 plus Facebook fans by creating an online portal for advertisement and information platform as an alternative to its conventional advertisement.

**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;

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

**(a) Bumiputera Shareholding Requirements – cont'd**

- (iii) MIMB/Vsolar 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 which 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).

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, Vsolar had proceeded to issue the Placement Shares to other non-bumiputera third party investors in order to complete the Private Placement.

Moving forward, Vsolar will continue strive to meet the equity condition via new fund raising exercises. At this juncture, the Board had on 9<sup>th</sup> July 2015 obtained shareholders' approval on the 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.

On 23 January 2015, Vsolar had made further applications to extent the Bumiputera shareholding requirements via M&A Securities Sdn Bhd.

On 23 April 2015, Vsolar had obtained an 18-month extension of time approval from Securities Commission Malaysia subject to Vsolar submitting a proposal to SC to comply with the Bumiputera equity condition before 22 October 2015.

**(b) Multiple proposals**

On 8 December 2014, the Board had announced to Bursa Securities that Vsolar wishes to undertake the following proposals:-

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

(b) Multiple proposals – cont'd

- a) Proposed renounceable rights issue of up to 1,153,102,353 new ordinary shares of RM0.10 each in Vsolar together with up to 576,551,176 free detachable warrants (“Warrants-B”) on the basis of three (3) Rights Shares for every existing ordinary share of RM0.10 each held in Vsolar together with one (1) Warrant-B for every two (2) Rights Shares subscribed at an entitlement date to be determined later;
- b) Proposed establishment and implementation of an employees’ share option scheme (“ESOS”) for eligible employees and Directors of Vsolar and its subsidiaries (excluding dormant subsidiaries);
- c) Proposed increase in the authorised share capital of Vsolar from RM50,000,000 comprising 500,000,000 Vsolar Shares to RM500,000,000 comprising 5,000,000,000 Vsolar Shares (“Proposed IASC”); and
- d) Proposed amendments to the Memorandum and Articles of Association of Vsolar to facilitate the Proposed IASC.

On 9 July 2015, Vsolar had obtained shareholders’ approval for the multi proposals detailed above via Extraordinary General Meeting.

**B9. Status of utilisation of proceeds**

Funds raised via corporate exercises had been fully utilised and disclosed in the previous quarterly reports.

**B10. Borrowings and debt securities**

The Group 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 June 2015 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       | -              | -                | -             |
| Finance lease           | 47             | -                | 47            |
| Overdraft               | -              | -                | -             |
|                         | <hr/> <hr/>    | <hr/> <hr/>      | <hr/> <hr/>   |
| <b>Long term loans</b>  |                |                  |               |
| Term loans              | -              | -                | -             |
| Revolving credits       | -              | -                | -             |
| Finance lease           | 513            | -                | 513           |
| Overdraft               | -              | -                | -             |
|                         | <hr/> <hr/>    | <hr/> <hr/>      | <hr/> <hr/>   |

**B11. Off Balance Sheet Financial Instruments**

There were no off balance sheet financial instruments as at the date of this quarterly 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 June 2015.

**B14. Loss before tax**

|  | <b>Individual Quarter</b> |                   | <b>Cumulative Year to Date</b> |                   |
|--|---------------------------|-------------------|--------------------------------|-------------------|
|  | <b>3 months ended</b>     |                   | <b>6 months ended</b>          |                   |
|  | <b>30/06/15</b>           | <b>30/06/2014</b> | <b>30/06/15</b>                | <b>30/06/2014</b> |
|  | <b>RM'000</b>             | <b>RM'000</b>     | <b>RM'000</b>                  | <b>RM'000</b>     |
| <u>Loss before tax is stated after crediting:-</u> |                           |                   |                                |                   |
| Interest income                                    | 8                         | 29                | 11                             | 44                |
| 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                                   | N/A                       | 1                 | N/A                            | 1                 |
| Depreciation and amortisation                      | 75                        | 74                | 132                            | 236               |
| Foreign exchange loss                              | N/A                       | N/A               | N/A                            | N/A               |
| Impairment of assets                               | N/A                       | 35                | N/A                            | 61                |
| 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. 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 June 2015  | 30 June 2014  | 30 June 2015  | 30 June 2014  |
| Net loss attributable to owners of the parent (RM'000)          | (1,095)       | (566)         | (1,829)       | (1,320)       |
| Weighted average number of ordinary shares in issue ('000)      | 292,361       | 256,245       | 292,361       | 256,245       |
| Basic loss per share attributable to owners of the parent (sen) | <u>(0.35)</u> | <u>(0.22)</u> | <u>(0.62)</u> | <u>(0.52)</u> |

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 June 2015  | 30 June 2014  | 30 June 2015  | 30 June 2014  |
| Net loss attributable to owners of the parent (RM'000)              | (1,095)       | (566)         | (1,829)       | (1,320)       |
| Weighted average number of ordinary shares in issue ('000)          | 292,361       | 256,245       | 292,361       | 256,245       |
| Effect of dilution of warrants ('000)                               | 92,007        | 102,498       | 92,007        | 102,498       |
| Adjusted weighted average number of ordinary shares in issue ('000) | 384,368       | 358,743       | 384,368       | 358,743       |
| Basic loss per share attributable to owners of the parent (sen)     | <u>(0.27)</u> | <u>(0.16)</u> | <u>(0.47)</u> | <u>(0.37)</u> |

**B16. Qualification of financial statement**

The audit report of the Company's financial statements for the financial year ended 31 December 2014 was not subject to any audit qualification.

**B17. Realised and unrealised profits/losses disclosure**

|  | As at<br>30.06.2015    | As at<br>30.06.2014<br>Restated |
|--|------------------------|---------------------------------|
| Total accumulated losses from the Company and its subsidiaries           | <b>RM'000</b>          | <b>RM'000</b>                   |
| - Realised   | (26,066)               | (12,619)                        |
| - Unrealised   | (5,125)                | (5,125)                         |
|  | <u>(31,191)</u>        | <u>(17,744)</u>                 |
| Less: Consolidated Adjustment  | (7,187)                | (2,322)                         |
| <b>Total accumulated losses as per consolidated financial statements</b> | <b><u>(24,004)</u></b> | <b><u>(15,422)</u></b>          |