

**VSOLAR GROUP BERHAD** [631995-T]

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2017

**Unaudited Condensed Consolidated Statement of Comprehensive Income  
For the Second Quarter ended 31 December 2017**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year Quarter 31/12/2017 Unaudited RM'000	Preceding Year Quarter 31/12/2016 Unaudited RM'000	Current Year To Date 31/12/2017 Unaudited RM'000	Preceding Year To Date 31/12/2016 Unaudited RM'000
Revenue	421	185	752	756
Cost of sales	(364)	(20)	(492)	(630)
<b>Gross profit/(loss)</b>	<b>57</b>	<b>165</b>	<b>260</b>	<b>126</b>
Other income	17	-	729	-
Administrative expenses	(829)	(722)	(1,619)	(1,411)
Other operating expenses	-	-	-	-
Finance costs	(3)	-	(6)	-
<b>Profit/(Loss) before tax</b>	<b>(758)</b>	<b>(557)</b>	<b>(636)</b>	<b>(1,285)</b>
Tax expense	-	-	(2)	-
<b>Net profit/(loss) for the period</b>	<b>(758)</b>	<b>(557)</b>	<b>(638)</b>	<b>(1,285)</b>
<b>Profit/(Loss) attributable to :</b>				
Owners of the parent	(743)	(540)	(607)	(1,247)
Non-controlling interests	(15)	(17)	(31)	(38)
	<b>(758)</b>	<b>(557)</b>	<b>(638)</b>	<b>(1,285)</b>
<b>Total comprehensive expense attributable to :</b>				
Owners of the parent	(743)	(540)	(607)	(1,247)
Non-controlling interests	(15)	(17)	(31)	(38)
	<b>(758)</b>	<b>(557)</b>	<b>(638)</b>	<b>(1,285)</b>
Basic earnings/(loss) per ordinary share attributable to Owners of the parent (sen)	(0.20)	(0.18)	(0.16)	(0.42)
Diluted earnings/(loss) per ordinary share (sen)	(0.18)	(0.14)	(0.15)	(0.33)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of Vsolar Group Berhad ("Vsolar" or "Company") for the financial year ended 30 June 2017)

**Unaudited Condensed Consolidated Statement of Financial Position  
For the Second Quarter ended 31 December 2017**

	<b>Unaudited As at 31/12/2017 RM'000</b>	<b>Audited As at 30/06/2017 RM'000</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	11,064	11,482
	<u>11,064</u>	<u>11,482</u>
<b>CURRENT ASSETS</b>		
Inventory	100	-
Trade and other receivables	1,050	1,059
Cash and bank balances	6,128	4,992
	<u>7,278</u>	<u>6,051</u>
<b>TOTAL ASSETS</b>	<u>18,342</u>	<u>17,533</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	39,889	38,384
Share premium	7,609	7,609
Warrant reserve	4,042	4,042
ESOS reserve	543	543
Accumulated losses	(34,460)	(33,853)
	<u>17,623</u>	<u>16,725</u>
Non-controlling interests	(536)	(509)
<b>Total equity</b>	<u>17,087</u>	<u>16,216</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	973	967
Loans & borrowings	42	97
Current tax liabilities	-	13
	<u>1,015</u>	<u>1,077</u>
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	26	26
Loans & borrowings	214	214
	<u>240</u>	<u>240</u>
<b>Total Liabilities</b>	<u>1,255</u>	<u>1,317</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>18,342</u>	<u>17,533</u>
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE PARENT (SEN)</b>		
	<u>4.72</u>	<u>4.48</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 30 June 2017)

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2017

**Statement of Changes in Equity****For the Second Quarter ended 31 December 2017**

(The figures have not been audited)

	NON-DISTRIBUTABLE							
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	WARRANT RESERVE RM'000	ESOS RESERVE RM'000	ACCUMULATED LOSSES RM'000	TOTAL RM'000	NON- CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
At 1 July 2017	38,384	7,609	4,042	543	(33,853)	16,725	(509)	16,216
Total comprehensive expense	-	-	-	-	(607)	(607)	(31)	(638)
Warrants conversion	1,505	-	-	-	-	1,505	-	1,505
Issuance of Shares from non-controlling interest	-	-	-	-	-	-	4	4
At 31 December 2017	39,889	7,609	4,042	543	(34,460)	17,623	(536)	17,087
At 1 July 2016	33,352	7,609	4,042	-	(30,152)	14,851	(318)	14,533
Total comprehensive expense	-	-	-	-	(3,701)	(3,701)	(191)	(3,892)
Warrants conversion	-	-	-	-	-	-	-	-
Issuance of Shares	-	-	-	-	-	-	-	-
Share-based payments under ESOS	-	-	-	1,575	-	1,575	-	1,575
Employees' Share Option Scheme ("ESOS")	5,032	-	-	(1,032)	-	4,000	-	4,000
At 30 June 2017	38,384	7,609	4,042	543	(33,853)	16,725	(509)	16,216

(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 30 June 2017)

**Unaudited Condensed Consolidated Statement of Cash Flows  
For the Second Quarter ended 31 December 2017**

	<b>6 months ended</b>	
	<b>31/12/2017</b>	<b>31/12/2016</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	(638)	(1,285)
Adjustments :		
Depreciation	418	379
Interest expense	6	-
Interest income	(29)	-
Operating loss before working capital changes	<u>(243)</u>	<u>(906)</u>
Increase in receivables	(90)	(257)
Decrease in payables	<u>(12)</u>	<u>(601)</u>
Cash used in operations	(345)	(1,764)
Tax paid	<u>(2)</u>	<u>-</u>
Net cash used in operating activities	<u>(347)</u>	<u>(1,764)</u>
<b>Cash flows from investing activities</b>		
Issuance of Shares from non-controlling interest	4	-
Purchase of property, plant and equipment	-	(37)
Interest received	29	-
Net cash generated/(used) in investing activities	<u>33</u>	<u>(37)</u>
<b>Cash flows from financing activities</b>		
Proceeds from warrants conversion	1,505	-
Placement of fixed deposits	(2,000)	-
Interest paid on hire purchase	(6)	-
Repayment of hire purchase creditor	<u>(48)</u>	<u>-</u>
Net cash (used)/generated from financing activities	<u>(549)</u>	<u>-</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(863)</b>	<b>(1,801)</b>
Cash and cash equivalents at beginning of period	4,732	2,962
<b>Cash and cash equivalents at end of period #</b>	<u><u>3,869</u></u>	<u><u>1,161</u></u>
<i># Represented by:</i>		
Cash and bank balances	6,128	1,400
Less : Fixed deposits	(2,000)	-
Fixed deposits pledged as securities	<u>(259)</u>	<u>(239)</u>
	<u><u>3,869</u></u>	<u><u>1,161</u></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 30 June 2017)

**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**

Standards that have been issued but are 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>
Amendments to MFRS 10 Consolidated Financial Statements - Sale or Contribution of Assets between an Investor and its Associate of Joint Venture	To be announced
Amendments to MFRS 107 Statement of Cash Flows – Disclosure Initiative	1 January 2017
Amendments to MFRS 112 Income Taxes - Recognition of Deferred Tax Assets for Unrealized Losses	1 January 2017
Amendments to MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate of Joint Venture	To be announced
Annual Improvements to MFRSs 2014-2016 Cycle	1 January 2017
MFRS 15 - Revenue from Contracts with Customers (Includes Clarifications to MFRS 15)	1 January 2018
MFRS 9 - Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
Amendments to MFRS 140 Investment Property – Transfer of Investment Property	1 January 2018
Amendments to MFRS 2 Share-based Payment - Classification and Measurement of Share-based payment Transactions	1 January 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 16 – Leases	1 January 2019

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 (IFRS 9 Financial Instruments as issued by IASB in July 2014). The Group will assess the financial implications of MFRS 9 Financial Instruments (IFRS 9 Financial Instruments as issued by IASB in July 2014) 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 30 June 2017 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.

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**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 except for the conversion of 12,546,300 warrants into Ordinary Share at conversion price of RM0.12, totalling RM1,505,556 million.

**A7. Dividend paid**

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

**A8. Segmental information**

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

6 months ended 31 December 2017	Trading in information technology					Total RM'000	Consolidated RM'000
	Publication RM'000	products RM'000	Renewable Energy RM'000	Others RM'000	Elimination RM'000		
<b>Revenue</b>	-	500	233	19	-	752	752
<b>Result</b>							
Profit / (Loss) from reportable segments	-	35	206	19	-	260	260
Finance cost							(6)
Other income							729
Admin expenses							(1,619)
Profit before tax							(636)
Income tax							(2)
Net profit after tax							<u>(638)</u>
<b>Assets</b>							
Segment assets	551	856	12,028	4,907	-	18,342	18,342
<b>Liabilities</b>							
Segment liabilities	6	321	447	481	-	1,255	1,255

**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.

**A12. Contingent liabilities**

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**

There were no capital commitments as at 31 December 2017.

**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**
**Current Quarter Compared To The Corresponding Quarter Of Last Year (Q2 18 vs Q2 17)**

	Individual Quarter Unaudited		Changes		Cumulative Quarters Unaudited		Changes	
	Current Quarter 31.12.2017	Preceding Quarter 31.12.2016			Current year to date 31.12.2017	Preceding year to date 31.12.2016		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	421	185	236	128%	752	756	(4)	-1%
Operating Profit / (loss)	(758)	(557)	(201)	-36%	(636)	(1,285)	649	51%
Profit / (loss) before interest & tax	(755)	(557)	(198)	-36%	(630)	(1,285)	655	51%
Profit / (loss) before tax	(758)	(557)	(201)	-36%	(636)	(1,285)	649	51%
Profit / (loss) after tax	(758)	(557)	(201)	-36%	(638)	(1,285)	647	50%
Profit / (loss) attributable to ordinary equityholders of the parent	(743)	(540)	(203)	-38%	(607)	(1,247)	640	51%

**Revenue**

The Group's revenue for the 2<sup>nd</sup> quarter ended 31 December 2017 is RM0.421 million, representing an increase of RM0.236 million or 128% compared to the preceding year corresponding quarter of RM0.185 million. The increase in revenue was mainly contributed by information technology products segment amounted RM 0.329 million.

**Gross Profit and Gross Profit Margin**

Gross Profit and Gross Profit Margin for the 2<sup>nd</sup> quarter ended 31 December 2017 decrease by RM0.109 million compared to the preceding year corresponding quarter. This is mainly due to information technology products segment having higher revenue with lower profit margin.

**Profit / (loss) after Tax**

The Group recorded a loss after tax of RM0.758 million for the 2<sup>nd</sup> quarter ended 31 December 2017 as compared to RM0.557 million losses for the preceding year corresponding quarter. The increase of loss after tax by 36% was mainly due to lower revenue generated from renewable energy which has a higher profit margin compared to information technology products segment and operating expenses incurred for BioMass/BioGas Energy Generation Project amounted RM0.191 million.



**B2. Comparison Of Current Quarter Results With The Immediate Preceding Quarter (Q2 18 vs Q1 18)**

	Current Quarter		Immediate Preceding Quarter		Changes	
	31.12.2017	30.09.2017	30.09.2017	30.09.2017	RM'000	%
	RM'000	RM'000	RM'000	RM'000		
Revenue	421	331	331	90	27%	
Operating profit / (loss)	(758)	121	121	(879)	726%	
Profit / (loss) before interest & tax	(755)	124	124	(879)	709%	
Profit / (loss) before tax	(758)	121	121	(879)	726%	
Profit / (loss) after tax	(758)	119	119	(877)	737%	
Profit / (loss) attributable to ordinary equityholders of the parent	(743)	135	135	(878)	650%	

**Revenue**

The revenue of the Group had increase by RM0.090 million to RM0.421 million in the current quarter as compared to RM0.331 million in the immediate preceding quarter due to more demand in revenue in trading in information technology products segment.

**Profit / (loss) after Tax**

The Group recorded a loss after tax of RM0.758 million in current quarter as compared to profit of RM0.119 million in the immediate preceding quarter. The increase in the loss after tax by RM0.877 million was mainly due to other income contributed in preceding quarter i.e. recovery of impairment loss on capital work-in-progress amounted RM0.700 million.

**B3. Current year prospects**

The country is going to need more energy as the economy continues to expand, 6 GW of new generation capacity is expected to be needed by the year 2020. Currently, 58% of power generated in Malaysia is based on natural gas, with the remainder from coal (37%) and hydro (5%). The 10th Malaysia Plan spells out the government's strategy in this area where gives new emphasis on the use of renewable energy, particularly the use of hydropwer for electricity generation and the mandatory blending of biofuels for the transportation sector. The call for emphasis on renewable energy stems from two main factors namely to be less reliant on traditional energy sources and to reduce carbon emission.

As a result, the Renewable Energy ("RE") market in Malaysia is expected to grow to 2,080 mw by 2020, 4,000 mw by 2030 and 21,370 mw by 2050. Biomass will dominate RE capacity until 2020, accounting for nearly 40% of the addition as small hydro and solid waste plants reach their maximum capacity. Solar PV will be the dominant source of energy post 2020 taking up 30% of the total capacity by 2030.

Premised on the above, the management of Vsolar believes that both Solar and Biomass/Biogas RE is a stable RE source in the future. Therefore, these businesses have a favourable outlook future based on the increasing demand for RE.

**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**

The breakdown of income tax expense is as follow:-

	Current Quarter RM'000	Year to Date RM'000
Under provision in prior year	-	2
	-	2

**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) Corporate Proposals and Fund Raising**

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

- i) 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;
- ii) Proposed establishment and implementation of an ESOS for eligible employees and Directors of Vsolar and its subsidiaries (excluding dormant subsidiaries);
- iii) 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
- iv) 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 stated above via Extraordinary General Meeting.

On 17 September 2015, Vsolar has submitted to Bursa Securities on an application for extension of time of four (4) months up to 28 March 2016 to complete the Proposed Rights Issue with Warrants.

On 6 October 2015, Bursa Malaysia Securities Berhad has resolved to grant Vsolar an extension of time of four (4) months from 29 November 2015 to 28 March 2016 to complete the implementation of the Proposed Rights Issue of Warrants.

On 22 January 2016, Vsolar has submitted to Bursa Securities on an application for extension of time of six (6) months up to 28 September 2016 to complete the Proposed Rights Issue with Warrants.

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

On 3 February 2016, Bursa Malaysia Securities Berhad has resolved to grant Vsolar an extension of time of six (6) months from 29 March 2016 to 28 September 2016 to complete the implementation of the Proposed Rights Issue of Warrants.

On 21 July 2016, Vsolar has submitted to Bursa Securities on an application for extension of time of six (6) months up to 28 March 2017 to complete the Proposed Rights Issue with Warrants.

On 16 August 2016, Bursa Malaysia Securities Berhad has resolved to grant Vsolar an extension of time of six (6) months from 29 September 2016 to 28 March 2017 to complete the implementation of the Proposed Rights Issue of Warrants.

On 28 March 2017, Vsolar has submitted to Bursa Securities that the board is currently re-evaluating certain terms of the Proposed Rights Issue with Warrants and has resolved not to seek for a further extension of time for the implementation of the Proposed Rights Issue with Warrants.

On 20 April 2017, with reference is made to the announcement dated 28<sup>th</sup> March 2017 Vsolar has submitted to Bursa Securities in relation to the re-evaluation by the Board on the terms of the rights issue exercise which was approved by the shareholders of the company on 9<sup>th</sup> July 2015 (Original Proposed Rights Issue with Warrants ). Further details of the Proposed Rights Issue with Warrants are as follow:

Vsolar has an issued share capital of RM40,960,743 comprising 333,521,463 Vsolar Shares and 80,845,988 outstanding Warrants-A. The revised terms of the Original Proposed Rights Issue with Warrants (“Proposed Rights Issue with Warrants”) involves a renounceable rights issue of up to 1,243,102,353 Rights Shares together with up to 621,551,177 Warrants-B at an indicative issue price of RM0.05 per Rights Share on the basis of 3 Rights Shares for every existing Vsolar Share together with 1 Warrant-B for every 2 Rights Shares subscribed. The Rights Shares will be offered to the Entitled Shareholders at an Entitlement Date to be determined by the Board after obtaining the approvals for the Proposed Rights Issue with Warrants from all relevant authorities and the shareholders of the Company.

On 08 June 2017, Vsolar has announced that an application for an extension of time of 3 months up to 20 September 2017 to submit the draft circular in relation to the Proposed Rights Issue with Warrants has been submitted to Bursa Securities.

On 07 July 2017, Vsolar has announced that Bursa Malaysia Securities Berhad has vide its letter dated 7 July 2017 resolved to grant Vsolar an extension of time of 3 months up until 20 September 2017 to submit the draft circular to Bursa Securities in relation to the Proposed Rights Issue with Warrants.

On 06 September 2017, the Company announced on the new corporate exercise which shall supersede the Original Proposed Rights Issue with Warrants where the Company proposes to implement a renounceable rights issue of up to 1,426,271,553 irredeemable convertible preference shares (“ICPS”) together with up to 237,711,926 Warrants B at an indicative issue price of RM0.05 per ICPS on the basis of 3 ICPS for every existing Company’s share held together with one (1) free detachable Warrant B for every six (6) ICPS subscribed (“New Proposed Rights Issue with Warrants”). The ICPS will be offered to the shareholders of the Company whose names appear in the Record of Depositors of the Company as at the close of business on at an entitlement date to be determined by the Board after obtaining the approvals for the new Proposed Rights Issue with Warrants from all relevant authorities and the shareholders of the Company.

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

On 13 October 2017, the Company announced that after taking into consideration amongst others, the prevailing market conditions of the Company's shares, the Board decided to undertake the Proposed Rights Issue with Warrants, which shall supersede the New Proposed Rights Issue with Warrants. Under the Proposed Rights Issue with Warrants, the Company proposes to implement a renounceable rights issue of up to 1,426,271,553 new Company's shares ("Rights Shares") together with up to 950,847,702 free Warrant B at an indicative issue price of RM0.10 per Rights Share on the basis of three (3) Rights Shares for every existing Company's share held together with two (2) Warrants B for every three (3) Rights Shares subscribed. The Rights Shares will be offered to the shareholders of the Company whose names appear in the Record of Depositors of the Company as at the close of business on at an entitlement date to be determined by the Board after obtaining the approvals for the Proposed Rights Issue with Warrants from all relevant authorities and the shareholders of the Company.

On 03 Nov 2017, the company further to the announcement dated 13 October 2017 in relation to the Proposed Rights Issue with Warrants, M&A Securities Sdn Bhd, on behalf of the Company has announced that the listing application to Bursa Malaysia Securities Berhad in relation to the Proposed Rights Issue with Warrants has been submitted.

On 06 Feb 2018, the company further announced dated 13 October 2017 and 3 November 2017 in relation to the Proposed Rights Issue with Warrants, on behalf of the Board, M&A Securities has announced that Bursa Securities had, vide its letter dated 6 February 2018, resolved to approve the following securities:

- (i) Listing of and quotation of up to 1,426,271,553 Rights Shares to be issued pursuant to the Proposed Rights Issue with Warrants;
- (ii) Admission to the Official List and listing and quotation of up to 950,847,702 Warrants-B to be issued pursuant to the Proposed Rights Issue with Warrants; and
- (iii) The listing of and quotation of up to 950,847,702 new Vsolar Shares to be issued arising from the exercise of the Warrants-B.

On 14 February 2018, the company announced that due to the expiry of Warrants-A on 30 November 2017, the maximum number of Rights Shares with Warrants-B to be issued under the Proposed Rights Issue with Warrants is reduced to 1,221,372,489 Rights Shares together with up to 814,248,326 Warrants-B.

**(b) Business Agreement**

On 11th April 2017, Vsolar announced that the company had entered into a Joint Venture Agreement ("JVA") with Universiti Teknologi Malaysia ("UTM") to form a special purpose vehicle which will be jointly owned by the Vsolar and UTM to develop Solar Energy Generation Facilities with a capacity of up to thirty (30) megawatts and to conduct research and development on "Solar Energy Generation Technology and Solar Plant Installation and Construction Design". On 22 February 2018 Vsolar announced the mutually termination of the JVA which was entered into on 11 April 2017. Both Parties agreed to and accepted the mutual termination and shall fully and forever release and discharge both Parties and their respective successors, assigns, directors, officers, employees and agents, from any and all claims, including the endowment fund and demands of whatsoever kind of nature, in law and/or equity or otherwise whether arising from or in connection with the JVA.

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

(b) Business Agreement- cont'd

On 2 May 2017 Vsolar announced that the company had entered into a Collaboration Agreement with Trive Property Sdn Bhd to market and perform certain complementary business activities, particularly the solar farm project with Universiti Teknologi Malaysia.

On 08 Aug 2017, Vsolar announced that the Company had entered into a Investment and Shareholders' Agreement with KRU Energy Asia Pte Ltd, Rangkaian Iltizam Sdn Bhd, Kenneth Lee Wai Tong and Vsolar Engineering Sdn Bhd for joint development up to 10 Megawatts BioMass/BioGas Energy Generation Plant.

(c) Warrants 2012/2017

On 26 Oct 2017, Vsolar announced that pursuant to the terms and conditions of the Deed Poll dated 16 October 2012 constituting the Warrants 2012/2017 ("**Warrants A**"), the subscription rights of the Warrants A will expire at 5.00 p.m. on Thursday, 30 November 2017 ("**Expiry Date**"). Warrant holders should note that all outstanding Warrants A which are not exercised by 5.00 p.m. on the Expiry Date will lapse and become null and void and cease to be exercisable thereafter.

On 06 Nov 2017, Vsolar announced that Exercise of Warrants 2014/2019. No of shares issued under this exercise is 20,000 @ RM0.12 per share. Listing dated 07 Nov 2017.

On 15 Nov 2017, Vsolar announced that Exercise of Warrants 2012/2017. No of shares issued under this exercise is 1,000 @ RM0.12 per share. Listing dated 16 Nov 2017.

On 16 Nov 2017, Vsolar announced that Exercise of Warrants 2012/2017. No of shares issued under this exercise is 450,000 @ RM0.12 per share. Listing dated 17 Nov 2017.

On 20 Nov 2017, Vsolar announced that Exercise of Warrants 2012/2017. No of shares issued under this exercise is 2,000,000 @ RM0.12 per share. Listing dated 21 Nov 2017.

On 21 Nov 2017, Vsolar announced that Exercise of Warrants 2012/2017. No of shares issued under this exercise is 1,781,600 @ RM0.12 per share. Listing dated 22 Nov 2017.

On 22 Nov 2017, Vsolar announced that Exercise of Warrants 2012/2017. No of shares issued under this exercise is 130,000 @ RM0.12 per share. Listing dated 23 Nov 2017.

On 23 Nov 2017, Vsolar announced that Exercise of Warrants 2012/2017. No of shares issued under this exercise is 2,530,000 @ RM0.12 per share. Listing dated 24 Nov 2017.

On 28 Nov 2017, Vsolar announced that Exercise of Warrants 2012/2017. No of shares issued under this exercise is 756,600 @ RM0.12 per share. Listing dated 29 Nov 2017.

On 29 Nov 2017, Vsolar announced that Exercise of Warrants 2012/2017. No of shares issued under this exercise is 1,678,100 @ RM0.12 per share. Listing dated 30 Nov 2017.

On 05 Dec 2017, Vsolar announced that Exercise of Warrants 2012/2017. No of shares issued under this exercise is 345,000 @ RM0.12 per share. Listing dated 06 Dec 2017.

On 07 Dec 2017, Vsolar announced that Exercise of Warrants 2012/2017. No of shares issued under this exercise is 2,854,000 @ RM0.12 per share. Listing dated 08 Dec 2017.

**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 31 December 2017 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	42	-	42
Overdraft	-	-	-
	<hr/>		
<b>Long term loans</b>			
Term loans	-	-	-
Revolving credits	-	-	-
Finance lease	214	-	214
Overdraft	-	-	-

**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 31 December 2017

**B14. Loss before tax**

	Individual Quarter		Cumulative Year to Date	
	3 months ended		6 months ended	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	RM'000	RM'000	RM'000	RM'000
<u>Loss before tax is stated after crediting:-</u>				
Interest income	17	N/A	29	N/A
Other income (including investment income)	-	N/A	700	N/A
<u>Loss before tax is stated after charging:-</u>				
Interest expense	3	N/A	6	N/A
Depreciation and amortisation	209	211	418	379
Impairment of assets	N/A	N/A	N/A	N/A
Provision for and write off of trade receivables	N/A	N/A	N/A	N/A
Provision for and write off of other receivables	N/A	N/A	N/A	N/A
Deposit written off	N/A	N/A	N/A	N/A

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

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) attributable to owners of parent for the period by the number of ordinary shares in issue during the period.

	Quarter Ended		Year Ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Net profit/(loss) attributable to owners of the parent (RM'000)	(743)	(540)	(607)	(1,247)
Weighted average number of ordinary shares in issue ('000)	380,935	299,593	380,935	299,593
Basic earnings/(loss) per share attributable to owners of the parent (sen)	(0.20)	(0.18)	(0.16)	(0.42)

The diluted earnings/(loss) per share for the financial period is based on the net profit/(loss) attributable to the owners of parent divided by number of ordinary shares in issue during the period.

	Quarter Ended		Year Ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Net profit/(loss) attributable to owners of the parent (RM'000)	(743)	(540)	(607)	(1,247)
Weighted average number of ordinary shares in issue ('000)	380,935	299,593	380,935	299,593
Effect of dilution of ESOS option ('000)	21,056	-	21,056	-
Effect of dilution of warrants ('000)	-	80,845	-	80,845
Adjusted weighted average number of ordinary shares in issue ('000)	401,991	380,438	401,991	380,438
Diluted earnings/(loss) per share attributable to owners of the parent (sen)	(0.18)	(0.14)	(0.15)	(0.33)

**B16. Realised and unrealised profits/losses disclosure**

	<b>As at 31/12/2017</b>	<b>As at 30/06/2017</b>
Total accumulated losses from the Company and its subsidiaries	<b>RM'000</b>	<b>RM'000</b>
- Realised	(42,842)	(36,402)
- Unrealised	(4,611)	(4,611)
	<hr/>	<hr/>
	(47,453)	(41,013)
Less: Consolidated Adjustment	12,993	7,160
	<hr/>	<hr/>
<b>Total accumulated losses as per consolidated financial statements</b>	<b>(34,460)</b>	<b>(33,853)</b>
	<hr/> <hr/>	<hr/> <hr/>