

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2014 (unaudited)**

	Individual Period		Cumulative Period	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Quarter
	31/3/14 RM'000	31/3/13 RM'000	31/3/14 RM'000	31/3/13 RM'000
Revenue	269	541	269	541
Cost of sales	(237)	(402)	(237)	(402)
Gross profit	32	139	32	139
Other income	0	112	0	112
Administrative expenses	(868)	(1,101)	(868)	(1,101)
Selling and marketing expenses	(46)	(39)	(46)	(39)
Other expenses	(500)	(661)	(500)	(661)
Operating loss	(1,382)	(1,550)	(1,382)	(1,550)
Finance costs	-	-	-	-
Loss before tax	(1,382)	(1,550)	(1,382)	(1,550)
Income tax expense	-	-	-	-
Loss for the period	(1,382)	(1,550)	(1,382)	(1,550)

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2014 (unaudited) (CONTD.)**

	Individual Period		Cumulative Period	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Quarter
	31/3/14 RM'000	31/3/13 RM'000	31/3/14 RM'000	31/3/13 RM'000
Other comprehensive loss				
Foreign currencies translation	14	(70)	14	(70)
Other comprehensive loss, net of tax	14	(70)	14	(70)
Total comprehensive loss	(1,368)	(1,620)	(1,368)	(1,620)
Loss attributable to:				
Equity holders of the parent	(1,286)	(1,550)	(1,286)	(1,550)
Non-controlling interests	(96)	-	(96)	-
	(1,382)	(1,550)	(1,382)	(1,550)
Total comprehensive loss attributable to:				
Equity holders of the parent	(1,275)	(1,620)	(1,275)	(1,620)
Non-controlling interests	(93)	-	(93)	-
	(1,368)	(1,620)	(1,368)	(1,620)
Loss per share attributable to equity holders of the parent: (cent per share)				
- basic	1.09	1.31	1.09	1.31
- diluted	1.09	1.31	1.09	1.31

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2014 (unaudited)**

	31/3/14 RM'000 (Unaudited)	31/12/13 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	243	259
Intangible assets	2,620	2,620
Other investments	335	485
	3,198	3,364
Current assets		
Inventories	3,200	3,200
Trade and other receivables	15,527	17,474
Other current assets	-	8
Marketable securities	296	298
Tax recoverable	48	36
Deposits with licensed banks	3	3
Cash and bank balances	110	563
	19,184	21,582
TOTAL ASSETS	22,382	24,946
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	35,797	35,797
Treasury shares	(712)	(712)
Other reserves	5,407	5,386
Accumulated losses	(22,826)	(21,540)
Shareholders' funds	17,666	18,931
Non-controlling interests	(468)	(372)
Total equity	17,198	18,559

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2014 (unaudited) (CONTD.)**

	31/3/14 RM'000 (Unaudited)	31/12/13 RM'000 (Audited)
Current liabilities		
Trade and other payables	5,184	6,387
	5,184	6,387
Total liabilities	5,184	6,387
TOTAL EQUITY AND LIABILITIES	22,382	24,946
Net Assets Per Share (RM/share)	0.15	0.16

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 MARCH 2014 (unaudited)

	I-----		Attributable to Equity Holders of the Parent Company -----		I-----		Distributable		Equity		Attributable to		Non-		Total	
	Share	Share	Treasury	Other	Accumulated	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity
	Capital	Premium	Shares	Reserves	Losses	to	to	to	to	to	to	to	to	to	to	to
	RM'000	RM'000	RM'000	RM'000	RM'000	Parent	Parent	Parent	Parent	Parent	Parent	Parent	Parent	Parent	Parent	Parent
						Company	Company	Company	Company	Company	Company	Company	Company	Company	Company	Company
As at 1 January 2014	35,797	-	(712)	5,386	(21,540)	18,931	18,931	21	(372)	18,559						
Currency translation differences	-	-	-	21	-	21	21	-	-	21						
Loss for the period	-	-	-	-	(1,286)	(1,286)	(1,286)	-	(96)	(1,382)						
As at 31 March 2014	35,797	-	(712)	5,407	(22,826)	17,666	17,666	(468)	(468)	17,198						
As at 1 January 2013	35,797	-	(712)	5,699	(10,406)	30,378	30,378	-	-	30,378						
Currency translation differences	-	-	-	(70)	-	(70)	(70)	-	-	(70)						
Loss for the period	-	-	-	-	(1,550)	(8,904)	(8,904)	-	-	(8,904)						
As at 31 March 2013	35,797	-	(712)	5,629	(11,956)	28,758	28,758	-	-	28,758						

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2014 (unaudited)**

	31/3/14	31/3/13
	RM'000	RM'000
Cash flows from operating activities		
Loss before tax	(1,382)	(1,550)
<u>Adjustments for:</u>		
Amortisation of intangible assets	-	92
Depreciation	16	34
Interest income	-	(27)
Loss on disposal of other investment	20	-
Unrealised foreign exchange loss/(gain)	22	(29)
Operating loss before working capital changes	(1,324)	(1,480)
Changes in working capital		
Net change in trade & other receivables	1,947	(981)
Net change in trade & other payables	(1,202)	165
Net change in other current assets	8	-
Cash used in operations	(571)	(2,296)
Tax paid	(26)	-
Tax refund	14	-
Net cash used in operating activities	(583)	(2,296)
Cash flows from investing activities		
Interest received	-	27
Proceeds from disposal of other investments	130	-
Net cash generated from investing activities	130	27
Net decrease in cash and cash equivalents	(453)	(2,269)
Effect of exchange rate changes	-	(47)
Cash and cash equivalents at beginning of financial period	566	5,957
Cash and cash equivalents at end of financial period	113	3,641
Cash and cash equivalents at end of financial period:		
Deposits with licensed banks	3	3,403
Cash and bank balances	110	238
	113	3,641

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

**PART A: EXPLANATORY NOTES PURSUANT TO MRFS 134
FOR THE QUARTER ENDED 31 MARCH 2014**

1. Corporate Information

FSBM Holdings Berhad is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad ("BMSB")

These condensed consolidated financial statements were approved by the Board of Directors on 27 May 2014.

2. Basis of Preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (MRFS) 134: Interim Financial Reporting issued by the Malaysian Accounting Standard Board ("MASB") and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board (IASB).

The condensed consolidated interim financial statements should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2013 and the explanatory notes attached to the condensed consolidated interim financial statements which provide an explanation on events and transactions that are significant for the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2013.

3. Significant Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2013, except for the adoption of the following new MFRSs, Amendments to MFRSs and Issues Committee ("IC") Interpretations effective for financial periods beginning on or after 1 January 2014:

MFRSs, Amendments to MFRSs and Interpretations	Effective date
MFRS 10: Consolidated Financial Statements (Investment Entities)	1 January 2014
MFRS 12: Disclosure of Interests in Other Entities (Investment Entities)	1 January 2014
MFRS 127: Consolidated and Separate Financial Statements (Investment Entities)	1 January 2014

PART A: EXPLANATORY NOTES PURSUANT TO MRFS 134 FOR THE QUARTER ENDED 31 MARCH 2014 (CONTD.)

3. Significant Accounting Policies (CONTD.)

MFRSs, Amendments to MFRSs and Interpretations	Effective date
Amendments to MFRS 132: Financial Instruments: Presentation (Offsetting Financial Assets and Financial Liabilities)	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139 : Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014

The adoption of the above standards and interpretations did not have any effect on these condensed consolidated interim financial statements.

The standards that are issued but not yet effective are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

MFRSs, Amendments to MFRSs and Interpretations	Effective for annual period beginning on or after
Amendments to MFRS 119 Defined Benefit Plans : Employee Contribution	1 July 2014
Annual Improvements to MFRSs 2010-2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011-2013 Cycle	1 July 2014
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be announced
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)	To be announced
MFRS 9 Financial Instruments : Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139	To be announced

**PART A: EXPLANATORY NOTES PURSUANT TO MRFS 134
FOR THE QUARTER ENDED 31 MARCH 2014 (CONTD.)**

3. Significant Accounting Policies (CONTD.)

The adoption of the above standards will have no material impact on these condensed consolidated interim financial statements in the period of initial application.

4. Auditors' Report on Preceding Annual Financial Statements

The Auditors' Report on the preceding financial statements for the financial year ended 31 December 2013 was not qualified.

5. Seasonal or Cyclical Factors

The business operations of the Group during the financial period under review have not been materially affected by any significant seasonal or cyclical factors.

6. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow

There were no unusual items materially affecting the assets, liabilities, equity, net income or cash flow of the Group during the financial period.

7. Material Changes in Estimates

There were no material changes in estimates that have had any material effect on results of the financial period under review.

8. Issuances and Repayment of Debt and Equity

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the financial period under review.

9. Dividend Paid

There were no dividends paid during the financial period under review.

**PART A: EXPLANATORY NOTES PURSUANT TO MRFS 134
FOR THE QUARTER ENDED 31 MARCH 2014 (CONTD.)**
10. Segment Reporting

Segmental information for the financial period under review is presented in respect of the Group's business segment, as follows:

	Individual Period		Cumulative Period	
	Current	Preceding	Current	Preceding
	Quarter	Year	Year To	Year
	31/3/14	Correspondin	Date	Correspondin
	RM'000	g Quarter	31/3/14	g Quarter
		31/3/13	RM'000	31/3/13
		RM'000		RM'000
Segment Revenue				
Solutions	249	327	249	327
Communication & Multimedia	-	189	-	189
Education	-	-	-	-
Investment Holdings & Others	20	25	20	25
Total Revenue Including Inter-Segment Sales	269	541	269	541
Elimination of Inter-Segment Sales	-	-	-	-
Total Segment Revenue	269	541	269	541
Segment Results				
Solutions	(176)	(237)	(176)	(237)
Communication & Multimedia	(328)	(311)	(328)	(311)
Education	(21)	(34)	(21)	(34)
Investment Holdings & Others	(857)	(968)	(857)	(968)
	(1,382)	(1,550)	(1,382)	(1,550)
Elimination	-	-	-	-
Operating loss	(1,382)	(1,550)	(1,382)	(1,550)

**PART A: EXPLANATORY NOTES PURSUANT TO MRFS 134
FOR THE QUARTER ENDED 31 MARCH 2014 (CONTD.)**

11. Valuation of Property, Plant and Equipment

There was no valuation of property, plant and equipment during the quarter under review.

12. Subsequent Material Events

There were no material events subsequent to the end of the current reporting quarter other than as disclosed in Part B: Explanatory Notes Pursuant To Note 6. Corporate Proposal and Note 8. Changes in Material Litigation below.

13. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial quarter ended 31 March 2014.

14. Changes in Contingent Liabilities and Contingent Assets

There were no material changes in contingent liabilities and contingent assets since the financial year ended 31 December 2013.

15. Capital Commitments

There are no material capital commitments as at the date of this report.

**PART B: EXPLANATORY NOTES PURSUANT TO MRFS 134
FOR THE QUARTER ENDED 31 MARCH 2014 (CONTD.)**

1. Review of Performance (Q1 2014 v Q1 2013)

The Group's revenue for the first quarter of 2014 was RM0.269 million compared to RM0.541 million in the first quarter of 2013. The Group reported a loss before tax of RM1.382 million compared to a loss before tax of RM1.550 million in the same quarter of the previous year.

The main revenue contribution for the current quarter came from the Solutions segment, whereas for the preceding year corresponding quarter, the main revenue contribution was from the Solutions and Communication & Multimedia segments. The higher loss before tax in the current quarter was principally due to the reduction in revenue.

2. Comment on Material Change in Loss Before Taxation (Q1 2014 : Q4 2013)

Loss before tax of the Group was RM1.382 million for the quarter ended 31 March 2014 compared to a loss before tax of RM6.677 million for the preceding quarter ended 31 December 2013. The higher loss before tax for the quarter ended 31 December 2013 was principally due to the increase in impairment loss on financial assets, and further write down on inventories.

3. Prospects

The Management continues to work hard to secure a major project which is necessary to ensure the future viability of the FSBM Group. We are also hopeful that the outcome from some other projects that we have been pursuing will be favourable to our Group.

4. Profit Forecast

There was no profit forecast issued by the Group.

5. Income Tax Expense

There were no income tax expense during the financial period under review.

**PART B: EXPLANATORY NOTES PURSUANT TO MRFS 134
FOR THE QUARTER ENDED 31 MARCH 2014 (CONTD.)**

6. (a) Corporate Proposal

Proposed Private Placement of up to 17,844,029 new ordinary shares of RM0.30 each in FSBM ("FSBM shares" or "shares"), representing up to ten percent (10%) of the issued and paid-up share capital of FSBM at an issue price to be determined and announced later ("Proposed Private Placement")

Reference is made to the announcements dated 21 August 2013, 23 August 2013, 4 October 2013, 8 October 2013, 21 March 2014 and 26 March 2014 in relation to the Proposed Private Placement.

As stated in previous quarterly report, the Proposed Private Placement is conditional upon the approvals being obtained from the following:

- (i) Bursa Securities, for the listing of and quotation for the Placement Shares to be placed pursuant to the Proposed Private Placement; and
- (ii) Any other relevant authority, if required.

On 8 October 2013, behalf of the Board of Directors of FSBM, Public Investment Bank Berhad announced that Bursa Malaysia Securities Berhad ("Bursa Securities") had vide its letter dated 7 October 2013, which was received on 8 October 2013, approved the listing of and quotation for up to 17,844,029 new ordinary shares of RM0.30 each in FSBM to be issued pursuant to the Proposed Private Placement ("Placement Shares").

Bursa Securities had subsequently, vide its letter dated 26 March 2014, granted FSBM an extension of time for a further six (6) months period to 6 October 2014 to complete the implementation of the Proposed Private Placement.

**PART B: EXPLANATORY NOTES PURSUANT TO MRFS 134
FOR THE QUARTER ENDED 31 MARCH 2014 (CONTD.)**

6. (b) Status of Utilization of Proceeds Raised from Rights Issue

The actual utilization of RM17,734,959 proceeds raised from rights issue of 59,116,530 new ordinary shares of RM0.30 each at an issue price of RM0.30, which was completed on 23 May 2012, is given as follows:

Description	As at 20 Feb 2014			Estimated timeframe for utilization of proceeds
	Proposed Utilization RM'000	Actual Utilization RM'000	Balance RM'000	
Repayment of advances	4,800	4,800	Nil	
General working capital requirements	12,772	12,772	Nil	Within 24 months by May 2014
Rights issue expenses	163	163	Nil	
	17,735	17,735	Nil	

7. Group Borrowings and Debt Securities

There were no group borrowings and debt securities as at 31 March 2014.

8. Changes in Material Litigation

**(i) FSBM Holdings Berhad ("FSBM" or "the Company") Vs TSB
Kuala Lumpur High Court Civil Suit No.: D22-NCC-839-2010**

Reference is made to the Company's earlier announcements in relation to the above.

Pursuant to the High Court's decision on 21 November 2011 in allowing the Court Order that all monies claimed by the Company in the arbitration proceeding with TSB, being RM8,563,212.64, be deposited into the Company's solicitor's bank account as stakeholders, dismissing the appeal filed by TSB on 9 February 2012. To date, TSB has not complied with the Court Order.

On 18 June 2012, the Court has ordered that TSB be wound up under the provisions of the Companies Act, 1965.

**PART B: EXPLANATORY NOTES PURSUANT TO MRFS 134
FOR THE QUARTER ENDED 31 MARCH 2014 (CONTD.)**

8. Changes in Material Litigation (CONTD.)

**(ii) FSBM Ctech Sdn Bhd ("CTECH") Vs TSB
Kuala Lumpur High Court Civil Suit No.: D22-NCC-1017-2010**

Reference is made to the Company's earlier announcements in relation to the above.

On 20 January 2012 the Court delivered its Judgement and ordered TSB to pay FSBM CTEch the sum of RM32,409,434.77 and interest at 8% commencing from date of filing of Writ until date of judgment including costs of RM200,000.00 to be paid by TSB to FSBM CTEch. In addition, the Court dismissed TSB's counter-claim.

On 18 June 2012, the Court has ordered that TSB be wound up under the provisions of the Companies Act, 1965. On 2 July 2012, FSBM CTEch received the sealed winding up order on TSB. The Court has also appointed liquidators.

On 30 January 2012, TSB had filed an appeal in the Court of Appeal against the Judgement. At the hearing on 10 September 2012, the Court of Appeal dismissed TSB's claim with cost of RM80,000 to be borne by the directors of TSB in their personal capacity. On 12 December 2012, the appeal was dismissed with costs of RM10,000 to be borne by TSB.

TSB had subsequently appealed to the Federal Court on the same Judgment. The hearing for this appeal was scheduled on 11 February 2014, and was subsequently postponed to 26 June 2014.

The directors of TSB are Professor Emeritus Dr Azman Bin Awang and Haliza Binti Bidin.

(iii) FSBM and FSBM Ctech against Individuals and TSB :

In furtherance to the actions brought by FSBM and FSBM Ctech against TSB for the recovery of debts amounting to RM32,409,434.77 and RM8,563,212.64 respectively, FSBM and Ctech have filed a suit in the High Court on 22 April 2014 against Dr Azman Bin Awang as 1st Defendant, Haliza Binti Bidin as 2nd Defendant, Mariana Binti Ahmad Tahar as 3rd Defendant, and TSB as 4th Defendant.

The Court has fixed on today, 27 May 2014 for the Defendants to file their Memorandum of Appearance. The matter is now fixed for further Case Management on 9 July 2014.

**PART B: EXPLANATORY NOTES PURSUANT TO MRFS 134
FOR THE QUARTER ENDED 31 MARCH 2014 (CONTD.)**

9. Dividend

No dividend has been recommended or declared for the current quarter and for the interim financial period under review.

10. Loss Per Share

The basic and diluted loss per share have been calculated based on the consolidated net loss attributable to equity holders of the parent for the interim financial period and the weighted average number of ordinary shares outstanding during the period as follows:

Basic and diluted loss per share

	3 Months Ended		Year-To-Date Ended	
	31/3/14	31/3/13	31/3/14	31/3/13
	RM'000	RM'000	RM'000	RM'000
Loss attributable to equity holders of the Parent Company	(1,286)	(1,550)	(1,286)	(1,550)
Weighted average number of ordinary shares, excluding treasury shares	118,233,060	118,233,060	118,233,060	118,233,060
Basic and diluted loss per share (sen)	(1.09)	(1.31)	(1.09)	(1.31)

11. Loss Before Tax

	31/3/14	31/3/13
	RM'000	RM'000
Depreciation and amortization	16	126
Gain on disposal of property, plant and equipment	-	(22)
Foreign exchange loss/(gain) – unrealized	22	(29)
Interest income	-	(27)
Loss on disposal of other investments	20	-

**PART B: EXPLANATORY NOTES PURSUANT TO MRFS 134
FOR THE QUARTER ENDED 31 MARCH 2014 (CONTD.)**

12. Disclosure of Realised and Unrealised Accumulated Losses

Pursuant to the directive, the breakdown of the accumulated losses of the Group as at 31 March 2014, into realised and unrealised accumulated losses is as follows: -

	As at 31/3/14 RM'000	As at 31/12/13 RM'000
Total retained accumulated losses of the Company and its subsidiaries:		
- Realised	(101,340)	(100,589)
- Unrealised	(139)	(53)
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Consolidation adjustments	(101,479) 78,653	(100,642) 79,102
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Total Group accumulated losses as per consolidated accounts	(22,826)	(21,540)