

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2016 (unaudited)**

	Individual Period 3 Months Period Ended		Cumulative Period 3 Months Period Ended	
	30/9/16 RM'000	30/9/15 RM'000	30/9/16 RM'000	30/9/15 RM'000
Revenue	2,167	642	2,167	642
Cost of sales	(2,094)	(562)	(2,094)	(562)
Gross profit	73	80	73	80
Other income	184	1	184	1
Administrative expenses	(6)	(3)	(6)	(3)
Selling and marketing expenses	(12)	(3)	(12)	(3)
Other expenses	(548)	(593)	(548)	(593)
Operating loss	(309)	(518)	(309)	(518)
Finance costs	(1)	-	(1)	-
Loss before tax	(310)	(518)	(310)	(518)
Income tax expense	-	-	-	-
Loss for the period	(310)	(518)	(310)	(518)

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2016 (unaudited) (CONTD.)**

	Individual Period 3 Months Period Ended		Cumulative Period 3 Months Period Ended	
	30/9/16 RM'000	30/9/15 RM'000	30/9/16 RM'000	30/9/15 RM'000
Other comprehensive income/loss				
Foreign currencies translation	(267)	3	(267)	3
Other comprehensive income/loss, net of tax	(267)	3	(267)	3
Total comprehensive loss	(577)	(515)	(577)	(515)
Loss attributable to:				
Equity holders of the parent	(313)	(519)	(313)	(519)
Non-controlling interests	3	1	3	1
	(310)	(518)	(310)	(518)
Total comprehensive loss attributable to:				
Equity holders of the parent	(580)	(516)	(580)	(516)
Non-controlling interests	3	1	3	1
	(577)	(515)	(577)	(515)
Loss per share attributable to equity holders of the parent: (cent per share)				
- basic	(0.25)	(0.41)	(0.25)	(0.41)
- diluted	(0.25)	(0.41)	(0.25)	(0.41)

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016 (unaudited)**

	30/9/16 RM'000 (Unaudited)	30/6/16 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	55	67
Other investments	251	251
	306	318
Current assets		
Trade and other receivables	12,680	12,931
Other current assets	-	24
Marketable securities	286	286
Tax recoverable	41	41
Cash and bank balances	77	325
	13,084	13,607
TOTAL ASSETS	13,390	13,925
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	6,383	6,383
Share premium	759	759
Treasury shares	(712)	(712)
Other reserves	3,459	3,726
Accumulated losses	(4,471)	(4,158)
Shareholders' funds	5,418	5,998
Non-controlling interests	(477)	(480)
Total equity	4,941	5,518

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016 (unaudited) (CONTD.)**

	30/9/16 RM'000 (Unaudited)	30/6/16 RM'000 (Audited)
Current liabilities		
Trade and other payables	8,449	8,407
	8,449	8,407
Total liabilities	8,449	8,407
TOTAL EQUITY AND LIABILITIES	13,390	13,925
Net Assets Per Share (RM/share)	0.04	0.05

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 SEPTEMBER 2016 (unaudited)

	Attributable to Equity Holders of the Parent Company		Non-distributable		Distributable		Equity Attributable to Equity Holders of the Parent Company		Non-Controlling Interest		Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Other Reserves RM'000	Accumulated Losses RM'000						
As at 1 July 2016	6,383	759	(712)	3,726	(4,158)	(267)	(313)	5,998	(480)	5,518	
Total comprehensive loss	-	-	-	-	(267)	(313)	(580)	3	(577)		
As at 30 September 2016	6,383	759	(712)	3,459	(4,471)	(580)	5,418	(477)	4,941		
As at 1 July 2015	38,297	759	(712)	4,107	(31,291)	(4,781)	11,160	(458)	10,702		
Total comprehensive loss	-	-	-	(381)	(4,781)	(5,162)	(22)	(5,184)			
Transactions with owner											
Capital reduction	(31,914)	-	-	-	31,914	-	-	-	-	-	
As at 30 June 2016	6,383	759	(712)	3,726	(4,158)	(5,162)	5,998	(480)	5,518		

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 SEPTEMBER 2016**

	30/9/16	30/6/16
	RM'000	RM'000
	(Unaudited)	(Audited)
Cash flows from operating activities		
Loss before tax	(310)	(4,805)
Adjustments for:		
Depreciation and amortization	12	48
Inventories written down	-	3,200
Gain on disposal of property, plant and equipment	-	(15)
Waiver of debts from third parties	-	(190)
Impairment loss on financial assets	-	7
Net fair value loss for available-for-sale financial assets	-	340
Other investments written off	-	84
Unrealised gain on foreign exchange	(266)	-
Reversal for allowance for impairment	-	(47)
Operating loss before working capital changes	(564)	(1,378)
Changes in working capital		
Net change in trade & other receivables	251	268
Net change in trade & other payables	41	(610)
Net change in other current assets	24	(23)
Cash used in operations	(248)	(1,743)
Tax paid	-	(8)
Net cash used in operating activities	(248)	(1,751)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	-	15
Net cash generated from investing activities	-	15
Net decrease in cash and cash equivalents	(248)	(1,736)
Effect of exchange rate changes	-	-
Cash and cash equivalents at beginning of financial period	325	2,061
Cash and cash equivalents at end of financial period	77	325
Cash and cash equivalents at end of financial period:		
Cash and bank balances	77	325
	77	325

**PART A: EXPLANATORY NOTES PURSUANT TO MRFS 134
FOR THE QUARTER ENDED 30 SEPTEMBER 2016**

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 28 November 2016.

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 30 June 2016 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 30 June 2016.

3. Significant Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 June 2016, except for the adoption of the following Amendments:-

Effective for annual periods beginning on or after 1 January 2016

Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations

Amendments to MFRS 101: Disclosure Initiatives

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 116 and 141 Agriculture: Bearer Plants

Amendments to MFRS 127: Equity Method in Separate Financial Statements

Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception

Annual Improvements to MFRSs 2012-2014 Cycle

MFRS 14: Regulatory Deferral Accounts

**PART A: EXPLANATORY NOTES PURSUANT TO MRFS 134
FOR THE QUARTER ENDED 30 SEPTEMBER 2016**

3. Significant Accounting Policies (CONTD.)

The adoption of the above mentioned Amendments to MFRSs did not have any material impact on the financial statements of the Group.

Standards issued but not yet effective

At the date of authorization of these interim financial statements, the followings standards were issued but not yet effective and have not been applied by the Group.

MFRSs and Amendments to MFRSs	Effective date
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
MFRS 9: Financial Instruments	1 January 2018
MFRS 15: Revenue from Contracts with Customers	1 January 2018
MFRS 16: Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets	To be announced

4. Auditors' Report on Preceding Annual Financial Statements

The Auditors' Report on the preceding financial statements for the financial year ended 30 June 2016 was qualified over the recoverability of certain trade receivables.

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.

**PART A: EXPLANATORY NOTES PURSUANT TO MRFS 134
FOR THE QUARTER ENDED 30 SEPTEMBER 2016 (CONTD.)****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.

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	
	3 Months Period Ended		3 Months Period Ended	
	30/9/16	30/9/15	30/9/16	30/9/15
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Solutions	2,066	560	2,066	560
Communication & Multimedia	78	59	78	59
Education	-	-	-	-
Investment Holdings & Others	23	23	23	23
Total Revenue Including Inter- Segment Sales	2,167	642	2,167	642
Elimination of Inter- Segment Sales	-	-	-	-
Total Segment Revenue	2,167	642	2,167	642

**PART A: EXPLANATORY NOTES PURSUANT TO MRFS 134
FOR THE QUARTER ENDED 30 SEPTEMBER 2016 (CONTD.)****10. Segment Reporting (CONTD.)**

	Individual Period 3 Months Period Ended		Cumulative Period 3 Months Period Ended	
	30/9/16 RM'000	30/9/15 RM'000	30/9/16 RM'000	30/9/15 RM'000
Segment Results				
Solutions	(30)	(7)	(30)	(7)
Communication & Multimedia	54	22	54	22
Education	(1)	-	(1)	-
Investment Holdings & Others	(332)	(533)	(332)	(533)
	(309)	(518)	(309)	(518)
Elimination	-	-	-	-
Operating loss	(309)	(518)	(309)	(518)

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 No. 6 – Corporate proposal, and Explanatory Notes No. 9 - 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 30 September 2016.

**PART A: EXPLANATORY NOTES PURSUANT TO MRFS 134
FOR THE QUARTER ENDED 30 SEPTEMBER 2016 (CONTD.)**

14. Changes in Contingent Liabilities and Contingent Assets

There were no material changes in contingent liabilities and contingent assets since the financial year ended 30 June 2016.

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 30 SEPTEMBER 2016 (CONTD.)**

1. Review of Performance (Q1 2017 v Q1 2016)

The Group's revenue for the first quarter of 2017 was RM2,167 million compared to RM0.642 million in the first quarter of 2016, being the corresponding quarter. The Group reported a loss before tax of RM0.310 million compared to a loss before tax of RM0.518 million in the same quarter of the previous year.

The main revenue contribution for the current quarter and the preceding year corresponding quarter came from the Solutions Segment. The loss before tax in the current quarter was principally due to operating expenses incurred. For more information on the Group's turnaround business plan refer to Part B: Explanatory Notes No. 3 – Prospects.

2. Comment on Material Change in Loss Before Taxation (Q1 2017 : Q4 2016)

Loss before tax of the Group was RM0.310 million for the quarter ended 30 September 2016 compared to a loss before tax of RM4.064 million for the preceding quarter ended 30 June 2016. The loss before tax for the current quarter was principally due to operating expenses incurred. The reason that the preceding quarter had a higher loss before tax is due to an impairment taken during the period.

3. Prospects

The Group is diligently pursuing two major projects, one in the Ministry of Education under the Federal Government, and the other at the State level in Johor. Discussions with the relevant project owners, business partners and financiers are at a matured stage and we are optimistic that the outcome from securing either projects will be favourable to our Group.

4. Profit Forecast

There was no profit forecast issued by the Group.

5. Income Tax Expense

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

6. Corporate Proposal

On 9 September 2016, on behalf of the Board of Directors of FSBM Holdings Berhad, M & A Securities Sdn. Bhd. ("M & A") had announced the proposal to undertake a private placement comprising the issuance of up to 12,656,700 new ordinary shares of RM0.05 each ("Proposed

FSBM HOLDINGS BERHAD (115609-U)

Placement Shares”) representing not more than ten per centum (10%) of the issued share and paid-up capital of the Company to investors to be identified (“Private Placement”).

On 13 September 2016, on behalf of the Board of Directors of FSBM Holdings Berhad, M & A had announced that the additional listing application for the Proposed Placement Shares to be issued pursuant to the Private Placement had been submitted to Bursa Securities.

On 5 October 2016, on behalf of the Board, M & A had announced that Bursa Securities had vide its letter dated 5 October 2015 approved the listing of and quotation for up to 12,656,700 new ordinary shares of RM0.05 each in FSBM Holdings Berhad (“Placement Share(s)”).

On 5 October 2016, on behalf of the Board, M & A had announced that the Board has fixed the issue price for the placement of 6,356,700 new ordinary shares, being the first tranche of the Private Placement at an issue price of RM0.20 per Placement Share. The aforementioned Placement Shares were subsequently listed on the Main Market of Bursa Securities on 13 October 2016.

Save and except for the above, there were no other corporate proposal announced but not completed as at the date of this report.

7. Status of Utilisation of Proceeds

The first tranche of the Private Placement comprising 6,356,700 new ordinary shares was completed on 13 October 2016.

The status of utilisation of the proceeds from Private Placement as at 28 November 2016 are as follows:

Description	Proposed Utilisation RM'000	Actual Utilisation RM'000
Private Placement Expenses	75	45
Operating Expenses	1,196	910

**PART B: EXPLANATORY NOTES PURSUANT TO MRFS 134
FOR THE QUARTER ENDED 30 SEPTEMBER 2016 (CONTD.)**

8. Group Borrowings and Debt Securities

There were no group borrowings and debt securities as at 30 September 2016.

9. Changes in Material Litigation

**(i) FSBM Holdings Berhad ("the Company") Vs Technitium Sdn Bhd ("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.

**(ii) FSBM CTech Sdn Bhd ("CTECH") Vs Technitium Sdn Bhd ("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. TSB had subsequently appealed to the Federal Court on the same Judgment.

TSB had subsequently appealed to the Federal Court on the same Judgment. At its hearing on 19 August 2014, the Court dismissed TSB's application with costs of RM10,000.00 to be borne by the directors of TSB in their personal capacity.

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

**PART B: EXPLANATORY NOTES PURSUANT TO MRFS 134
FOR THE QUARTER ENDED 30 SEPTEMBER 2016 (CONTD.)**

9. Changes in Material Litigation (CONTD.)

(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 RM8,563,212.64 and RM32,409,434.77 respectively, FSBM 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 hearings were conducted on 5, 9, 19 and 20 November 2015, and 28 Mar, 26 May and 27 July 2016. The Court held a hearing on 17 November 2016 for decision and decided to further fix another hearing on 29 November 2016 for Clarification/Decision.

**(iv)FSBM CTech against University of Malaya (University Malaya Medical Centre)
("UMMC")**

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

FSBM CTech had on 5 November 2015 served a Writ of Summon to UMMC as first defendant and TSB as second defendant for the recovery of RM 10,370,791.94.

The case managements were held on 23 November 2015, and 24 February, 16 May and 29 June 2016. The Hearing was held on 18 July 2016.

UMMC had filed the application to strike out the claim, however on 17 August 2016 the Court had dismissed their application with costs of RM3,000.00 The Court has fixed Decision for FSBM CTech's Application to shift and join TSB as Co-Plaintiff in this suit on 20 September 2016. UMMC has applied to Court to stay the amendment by FSBM CTech on the basis that UMMC is appealing against the Court's decision to strike out the suit. The Court has approved UMMC's application for stay. The Case Management was held on 27 October and 7 November 2017, and the next has been set on 30 November 2016 pending the outcome of UMMC's appeal.

10. Dividend

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

**PART B: EXPLANATORY NOTES PURSUANT TO MRFS 134
FOR THE QUARTER ENDED 30 SEPTEMBER 2016 (CONTD.)**

11. 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:

	3 Months Ended	
	30/9/16	30/9/15
	RM'000	RM'000
Loss attributable to equity holders of the Parent Company	(313)	(519)
Weighted average number of ordinary shares, excluding treasury shares	126,567,060	126,567,060
Basic and diluted loss per share (sen)	(0.25)	(0.41)

12. Loss Before Tax

	3 Months Ended	
	30/9/16	30/9/15
	RM'000	RM'000
Depreciation and amortization	12	52
Foreign exchange gain – unrealized	(266)	3
Net fair value gain/(loss) for available-for-sale financial assets	-	(105)
Operating Lease:		
- Lease payment for buildings	406	406

**PART B: EXPLANATORY NOTES PURSUANT TO MRFS 134
FOR THE QUARTER ENDED 30 SEPTEMBER 2016 (CONTD.)**

13. Disclosure of Realised and Unrealised Accumulated Losses

Pursuant to the directive, the breakdown of the accumulated losses of the Group as at 30 September 2016, into realised and unrealised accumulated losses is as follows: -

	As at 30/9/16 RM'000	As at 30/9/15 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(88,296)	(112,439)
- Unrealised	183	(1,445)
	<hr/>	<hr/>
	(88,113)	(113,884)
Consolidation adjustments	83,642	82,074
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Total Group accumulated losses as per consolidated accounts	(4,471)	(31,810)