

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2017(unaudited)**

	Individual Period 3 Months Period Ended			Cumulative Period 6 Months Period Ended		
	31/12/17 RM'000	31/12/16 RM'000	Changes Amt/%	31/12/17 RM'000	31/12/16 RM'000	Changes Amt/%
Revenue	213	122	91/75%	245	2,289	(2,044)/(89%)
Cost of sales	(203)	(35)	(168)/480%	(222)	(2,129)	1,907/(90%)
Gross profit	10	87	(77)/(89%)	23	160	(137)/(86%)
Other income	-	323	(323)/(100%)	-	507	(507)/(100%)
Administrative expenses	(24)	(38)	14/(37%)	(33)	(44)	11/(25%)
Selling and marketing expenses	(4)	(12)	8/(67%)	(5)	(24)	19/(79%)
Other expenses	(130)	(606)	476/(79%)	(221)	(1,154)	933/(81%)
Operating loss	(148)	(246)	98/(40%)	(236)	(555)	319/(57%)
Finance costs	-	(1)	1/(100%)	-	(2)	2/(100%)
Loss before tax	(148)	(247)	99/(40%)	(236)	(557)	321/(58%)
Income tax expense	-	-	-	-	-	-
Loss for the period	(148)	(247)	99/(40%)	(236)	(557)	321/(58%)

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2017(unaudited) (CONTD.)**

	Individual Period			Cumulative Period		
	3 Months Period Ended			6 Months Period Ended		
	31/12/17	31/12/16	Changes	31/12/17	31/12/16	Changes
	RM'000	RM'000	Amt/%	RM'000	RM'000	Amt/%
Other comprehensive income/loss						
Foreign currencies translation	-	(477)	477/(100%)	-	(744)	744/(100%)
Other comprehensive income/loss, net of tax	-	(477)	477/(100%)	-	(744)	744/(100%)
Total comprehensive loss	(148)	(724)	576/(80%)	(236)	(1,301)	1,065/(82%)
Loss attributable to:						
Equity holders of the parent	(151)	(250)	99/(40%)	(244)	(564)	320/(57%)
Non-controlling interests	3	3	0/0%	8	7	1/14%
	(148)	(247)	99/(40%)	(236)	(557)	321/(58%)
Total comprehensive loss attributable to:						
Equity holders of the parent	(151)	(580)	429/(74%)	(244)	(1,161)	917/(79%)
Non-controlling interests	3	(144)	147/(102%)	8	(140)	148/(106%)
	(148)	(724)	576/(80%)	(236)	(1,301)	1,065/(82%)
Loss per share attributable to equity holders of the parent: (cent per share)						
- basic	(0.11)	(0.19)	0.08/(42%)	(0.17)	(0.42)	0.25/(60%)
- diluted	(0.11)	(0.19)	0.08/(42%)	(0.17)	(0.42)	0.25/(60%)

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017(unaudited)**

	31/12/17 RM'000 (Unaudited)	30/6/17 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	23	26
Other investments	185	185
	208	211
Current assets		
Trade and other receivables	11,263	11,061
Other current assets	-	2
Marketable securities	286	286
Tax recoverable	38	38
Cash and bank balances	34	34
	11,621	11,421
TOTAL ASSETS	11,829	11,632
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	10,064	10,064
Treasury shares	(712)	(712)
Other reserves	4,534	4,534
Accumulated losses	(7,645)	(7,401)
Shareholders' funds	6,241	6,485
Non-controlling interests	(248)	(256)
Total equity	5,993	6,229

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017(unaudited) (CONTD.)**

	31/12/17 RM'000 (Unaudited)	30/6/17 RM'000 (Audited)
Current liabilities		
Trade and other payables	5,836	5,403
	5,836	5,403
Total liabilities	5,836	5,403
TOTAL EQUITY AND LIABILITIES	11,829	11,632
Net Assets Per Share (RM/share)	0.04	0.04

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 DECEMBER 2017(unaudited)

	----- Attributable to Equity Holders of the Parent Company -----					Equity Attributable to Equity Holders of the Parent Company RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
	----- Non-distributable -----		Distributable					
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Other Reserves RM'000	Accumulated Losses RM'000			
As at 1 July 2017	10,064	-	(712)	4,534	(7,401)	6,485	(256)	6,229
Total comprehensive loss	-	-	-	-	(244)	(244)	8	(236)
As at 31 December 2017	10,064	-	(712)	4,534	(7,645)	6,241	(248)	5,993
As at 1 July 2016	6,383	759	(712)	3,726	(4,158)	5,998	(480)	5,518
Total comprehensive loss	-	-	-	(597)	(564)	(1,161)	(140)	(1,301)
Transactions with owner								
Private placement	418	1,253	-	-	-	1,671	-	1,671
As at 31 December 2016	6,801	2,012	(712)	3,129	(4,722)	6,508	(620)	5,888

* Pursuant to S618(2) of the Companies Act 2016, any outstanding share premium account and capital redemption reserve shall become part of the Company's Share Capital

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 2017 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 DECEMBER 2017**

	31/12/17 RM'000 (Unaudited)	30/6/17 RM'000 (Audited)
Cash flows from operating activities		
Loss before tax	(236)	(3,231)
Adjustments for:		
Depreciation	3	34
Loss on striking-off subsidiaries	-	1,119
Property, plant and equipment written off	-	7
Impairment loss on financial assets	-	130
Allowance for impairment of investment – club membership	-	66
Reversal of allowance for impairment of trade receivables	-	(54)
Unrealised loss on foreign exchange	-	162
Operating loss before working capital changes	(233)	(1,767)
Changes in working capital		
Net change in trade & other receivables	(202)	1,794
Net change in trade & other payables	433	(3,168)
Net change in other current assets	2	22
Cash used in operations	-	(3,119)
Tax paid	-	(3)
Net cash used in operating activities	-	(3,122)
Cash flows from financing activities		
Proceeds from private placement	-	2,531
Proceeds from conversion of warrants	-	300
Net cash from financing activities	-	2,831
Net decrease in cash and cash equivalents	-	(291)
Cash and cash equivalents at beginning of financial period	34	325
Cash and cash equivalents at end of financial period	34	34
Cash and cash equivalents at end of financial period:		
Cash and bank balances	34	34
	34	34

**PART A: EXPLANATORY NOTES PURSUANT TO MRFS 134
FOR THE QUARTER ENDED 31 DECEMBER 2017**

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 23 February 2018.

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 2017 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 2017.

3. Significant Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 June 2017, except for the adoption of the following Amendments:-

Effective for annual periods beginning on or after 1 January 2017

Amendments to MFRS 107 Disclosures Initiatives 1 January 2017
Amendments to MFRS 112 Recognition of Deferred Tax for Unrealised Losses
Annual Improvements to MFRSs 2014 – 2016 (Amendments to MFRS 12 Disclosure of Interests in Other Entities)

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

**PART A: EXPLANATORY NOTES PURSUANT TO MRFS 134
FOR THE QUARTER ENDED 31 DECEMBER 2017**

3. Significant Accounting Policies (CONTD.)

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.

Description	Effective for annual period beginning on or after
Annual Improvements to MFRS Standards 2014–2016 Cycle	
(i) Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards	1 January 2018
(ii) Amendments to MFRS 128: Investments in Associates And Joint Ventures	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 140: Transfers of Investment Property	1 January 2018
IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 9: Financial Instruments	1 January 2018
MFRS 15: Revenue from Contracts with Customers	1 January 2018
MFRS 15: Clarification to MFRS 15	1 January 2018
MFRS 16: Leases	1 January 2019
IC Interpretation 23: Uncertainty over Income Tax Treatments	1 January 2019
Annual Improvements to MFRS Standards 2015–2017 Cycle	
(i) Amendments to MFRS 3: Business Combinations	1 January 2019
(ii) Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
(iii) Amendments to MFRS 11: Joints Arrangements	1 January 2019
(iv) Amendments to MFRS 112: Income Taxes	1 January 2019
(v) Amendments to MFRS 123: Borrowing Costs	1 January 2019
Amendments to MFRS 128: Long-term interest in Associates And Joint Ventures	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

**PART A: EXPLANATORY NOTES PURSUANT TO MRFS 134
FOR THE QUARTER ENDED 31 DECEMBER 2017**

4. Auditors' Report on Preceding Annual Financial Statements

The Auditors' Report on the preceding financial statements for the financial year ended 30 June 2017 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.

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 DECEMBER 2017**
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		6 Months Period Ended	
	31/12/17	31/12/16	31/12/17	31/12/16
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Solutions	213	34	245	2,100
Communication & Multimedia	-	59	-	137
Education	-	-	-	-
Investment Holdings & Others	-	29	-	52
Total Revenue Including Inter-Segment Sales	213	122	245	2,289
Elimination of Inter-Segment Sales	-	-	-	-
Total Segment Revenue	213	122	245	2,289
Segment Results				
Solutions	(8)	6	2	(24)
Communication & Multimedia	(5)	61	(11)	115
Education	(14)	-	(15)	(1)
Investment Holdings & Others	(121)	(313)	(212)	(645)
	(148)	(246)	(236)	(555)
Elimination	-	-	-	-
Operating loss	(148)	(246)	(236)	(555)

**PART A: EXPLANATORY NOTES PURSUANT TO MRFS 134
FOR THE QUARTER ENDED 31 DECEMBER 2017**

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 and Explanatory Notes No. 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 December 2017.

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 2017.

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 DECEMBER 2017(CONTD.)**

1. Review of Performance (Q2 2018 v Q2 2017)

The Group's revenue for the second quarter of 2018 was RM0.213 million compared to RM0.122 million in the second quarter of 2017, being the corresponding quarter. The Group reported a loss before tax of RM0.148 million compared to a loss before tax of RM0.246 million in the same quarter of the previous year.

The main revenue contribution for the current quarter came from the Solutions Segment, where we had an increase in hardware sales, and in the preceding year corresponding quarter, the main revenue contribution also came from the Solutions Segment. The loss before tax in the current quarter was principally due to a low gross profit and 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 (Q2 2018 : Q1 2018)

Loss before tax of the Group was RM0.148 million for the quarter ended 31 December 2017 compared to a loss before tax of RM0.088 million for the preceding quarter ended 30 September 2017. The loss before tax in the current quarter was principally due to higher operating expenses incurred.

3. Prospects

The Group has decided to focus primarily on securing the Ministry of Education project under the Federal Government, and the other at the State level in Johor. Discussions with the relevant project owner, business partners and financiers are at a matured stage and we are optimistic that the outcome from securing this project 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

There was no other corporate proposal announced but not completed as at the date of this report.

**PART B: EXPLANATORY NOTES PURSUANT TO MRFS 134
FOR THE QUARTER ENDED 31 DECEMBER 2017(CONTD.)**

7. Group Borrowings and Debt Securities

There were no group borrowings and debt securities as at 31 December 2017.

8. Changes in Material Litigation

**(i) FSBM Holdings Berhad ("the Company") Vs Technitium Sdn Bhd ("TSB")
Successful FSBM and FSBM CTech Suit against Individuals and Technitium Sdn
Bhd (TSB)
Kuala Lumpur High Court Civil Suit No.: 22NCC-137-04/2014**

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 Court delivered its Decision on 6 January 2017 which is as follows:-

- (i) the business of TSB has been carried on by the 1st and 2nd Defendants with the creditors of TSB in particular the Plaintiffs;
- (ii) the 1st and 2nd Defendants shall be jointly and severally liable and personally responsible, without any limitation of liability, for all the debts or other liabilities of TSB;
- (iii) the 1st and 2nd Defendants, jointly and/or severally do pay the outstanding debt due and owing to the 1st Plaintiff in the sum of RM 32,409,434.77 as at 18 June 2012;
- (iv) 1st and 2nd Defendants, jointly and/or severally do pay the outstanding debt due and owing to the 2nd Plaintiff in the sum of RM 8,563, 212.64 as at 18 June 2012;
- (v) Interest at the rate of 5% per annum from 18 June 2012 (the date of the Judgment) on RM40,972,647-41 until full settlement thereof;
- (vi) Costs of RM60,000.00 to be paid by the 1st and 2nd Defendants to the Plaintiffs respectively;
- (vii) Plaintiffs' claim against the 3rd Defendant dismissed with costs of RM15,000.00 to be paid by the Plaintiffs.

The Defendant had applied for a Stay of Execution, which was dismissed on 8 May 2017 with costs of RM3,000.00.

**PART B: EXPLANATORY NOTES PURSUANT TO MRFS 134
FOR THE QUARTER ENDED 31 DECEMBER 2017(CONTD.)**

8. Changes in Material Litigation (CONTD.)

**(ii) FSBM and FSBM CTech against Individuals and TSB:
Court of Appeal Suit No.: W-02(IM)(NCC)(W)-213-01/2-17**

Following the Judgment on 6 January 2017 on the suit filed by FSBM and FSBM CTech 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 1st and 2nd Defendants ("the Appellants") have filed a Notice of Appeal on 25 January 2017. The Court has fixed a Case Management on 29 March and 15 May 2017, with another on 6 July, pending the Grounds of Judgment by the High Court. The Appellants have filed an application for stay of execution of the Judgment pending appeal in the Court of Appeal.

FSBM and FSBM Ctech have also filed an application for stay against the Appellants' appeal pending the payment of costs by the Appellants. The Court has granted a conditional stay whereby RM500,000 has to be placed with the Appellants' solicitors by 14 October 2017. In respect of our application, the Court has directed RM20,000 be awarded as security for costs to be paid into our lawyers' account, and the Appellants ordered to pay costs of RM5,000 to our lawyers.

Azman and Haliza have subsequently brought action against FSBM and FSBM CTech to inter alia impeach and set aside the judgements given on 20 January 2012 and 6 January 2017. Our application to strike out the claim was dismissed on 30 January 2018, and we intend to appeal against the dismissal of the application. They had also filed an application for discovery of documents, of which hearing is on 9 April 2018, whereas trial is fixed to start on 1 October 2018.

**(iii) FSBM CTech against University of Malaya (University Malaya Medical Centre)
("UMMC")
Court of Appeal Civil Appeal No. W-02(IM)(NCVC)-1693-09/2016**

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.

UMMC had filed the application to strike out the claim, however on 17 August 2016 the Court had dismissed their application. UMMC had then appealed at the Court of Appeal against the dismissal, and the Court had granted UMMC's appeal on 29 May 2017. Case Management was on 6 February, and continues on 7 May 2018.

**PART B: EXPLANATORY NOTES PURSUANT TO MRFS 134
FOR THE QUARTER ENDED 31 DECEMBER 2017(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:

	3 Months Ended	
	31/12/17	31/12/16
	RM'000	RM'000
Loss attributable to equity holders of the Parent Company	<u>(151)</u>	<u>(250)</u>
Weighted average number of ordinary shares, excluding treasury shares	<u>140,223,760</u>	<u>134,923,760</u>
Basic and diluted loss per share (sen)	<u>(0.11)</u>	<u>(0.19)</u>

11. Loss Before Tax

	3 Months Ended	
	31/12/17	30/9/16
	RM'000	RM'000
Depreciation and amortization	3	12
Foreign exchange gain – unrealized	-	(266)
Operating Lease:		
- Lease payment for buildings	<u>59</u>	<u>406</u>

**PART B: EXPLANATORY NOTES PURSUANT TO MRFS 134
FOR THE QUARTER ENDED 31 DECEMBER 2017(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 December 2017, into realised and unrealised accumulated losses is as follows: -

	As at 31/12/17 RM'000	As at 31/12/16 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(82,753)	(89,149)
- Unrealised	-	507
	(82,753)	(88,642)
Consolidation adjustments	75,108	83,920
Total Group accumulated losses as per consolidated accounts	(7,645)	(4,722)