

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2014 (unaudited)**

	Individual Period		Cumulative Period	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Quarter
	30/06/14 RM'000	30/06/13 RM'000	30/06/14 RM'000	30/06/13 RM'000
Revenue	488	632	757	1,173
Cost of sales	(69)	(192)	(370)	(594)
Gross profit	419	440	387	579
Other income	10	593	10	705
Administrative expenses	(904)	(923)	(1,708)	(2,024)
Selling and marketing expenses	(11)	(61)	(59)	(100)
Other expenses	(227)	(811)	(724)	(1,472)
Operating loss	(713)	(762)	(2,094)	(2,312)
Finance costs	-	-	-	-
Loss before tax	(713)	(762)	(2,094)	(2,312)
Income tax expense	-	1	-	1
Loss for the period	(713)	(761)	(2,094)	(2,311)

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 30 JUNE 2014 (unaudited) (CONTD.)**

	Individual Period		Cumulative Period	
	Current Quarter 30/06/14 RM'000	Preceding Year Corresponding Quarter 30/06/13 RM'000	Current Year To Date 30/06/14 RM'000	Preceding Year Corresponding Quarter 30/06/13 RM'000
Other comprehensive loss				
Foreign currencies translation	119	(91)	133	(161)
Other comprehensive loss, net of tax	119	(91)	133	(161)
Total comprehensive loss	(594)	(852)	(1,961)	(2,472)
Loss attributable to:				
Equity holders of the parent	(744)	(761)	(2,030)	(2,311)
Non-controlling interests	31	-	(64)	-
	(713)	(761)	(2,094)	(2,311)
Total comprehensive loss attributable to:				
Equity holders of the parent	(615)	(852)	(1,889)	(2,472)
Non-controlling interests	21	-	(72)	-
	(594)	(852)	(1,961)	(2,472)
Loss per share attributable to equity holders of the parent: (cent per share)				
- basic	0.63	0.64	1.72	1.95
- diluted	0.63	0.64	1.72	1.95

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 30 JUNE 2014 (unaudited)**

	30/06/14	31/12/13
	RM'000	RM'000
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	202	259
Intangible assets	2,620	2,620
Other investments	335	485
	3,157	3,364
Current assets		
Inventories	3,200	3,200
Trade and other receivables	15,751	17,474
Other current assets	227	8
Marketable securities	298	298
Tax recoverable	47	36
Deposits with licensed banks	3	3
Cash and bank balances	139	563
	19,665	21,582
	22,822	24,946
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	35,797	35,797
Treasury shares	(712)	(712)
Other reserves	5,518	5,386
Accumulated losses	(23,570)	(21,540)
Shareholders' funds	17,033	18,931
Non-controlling interests	(436)	(372)
Total equity	16,597	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 30 JUNE 2014 (unaudited) (CONTD.)**

	30/06/14 RM'000 (Unaudited)	31/12/13 RM'000 (Audited)
Current liabilities		
Trade and other payables	6,225	6,387
	6,225	6,387
Total liabilities	6,225	6,387
TOTAL EQUITY AND LIABILITIES	22,822	24,946
Net Assets Per Share (RM/share)	0.14	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 30 JUNE 2014 (unaudited)

	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Other Reserves RM'000	Accumulated Losses RM'000	Equity Attributable to Equity Holders of the Parent Company RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
As at 1 January 2014	35,797	-	(712)	5,386	(21,540)	18,931	(372)	18,559
Currency translation differences	-	-	-	132	-	132	-	132
Loss for the period	-	-	-	-	(2,030)	(2,030)	(64)	(2,094)
As at 30 June 2014	35,797	-	(712)	5,518	(23,570)	17,033	(436)	16,597
As at 1 January 2013	35,797	-	(712)	5,699	(10,406)	30,378	-	30,378
Currency translation differences	-	-	-	(161)	-	(161)	-	(161)
Loss for the period	-	-	-	-	(2,311)	(2,311)	-	(2,311)
As at 30 June 2013	35,797	-	(712)	5,538	(12,717)	27,906	-	27,906

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 30 JUNE 2014 (unaudited)**

	30/06/14 RM'000	30/06/13 RM'000
Cash flows from operating activities		
Loss before tax	(2,094)	(2,312)
Adjustments for:		
Amortisation of intangible assets	-	125
Depreciation	57	80
Loss on disposal of property, plant and equipment	20	-
Interest income	-	(44)
Reversal of allowance for impairment	-	(8)
Unrealised foreign exchange gain	130	(9)
Operating loss before working capital changes	(1,887)	(2,168)
Changes in working capital		
Net change in trade & other receivables	1,497	(1,383)
Net change in trade & other payables	(161)	(298)
Net change in other current assets	8	-
Cash used in operations	(543)	(3,849)
Tax paid	(11)	-
Net cash used in operating activities	(554)	(3,849)
Cash flows from investing activities		
Interest received	-	44
Purchase of property, plant and equipment	-	(8)
Proceeds from disposal of property, plant and equipment	130	-
Net cash generated from investing activities	130	36

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 CASH FLOWS
FOR THE QUARTER ENDED 30 JUNE 2014 (unaudited) (CONTD.)**

	30/06/14 RM'000	30/06/13 RM'000
Net decrease in cash and cash equivalents	(424)	(3,813)
Effect of exchange rate changes	-	(124)
Cash and cash equivalents at beginning of financial period	566	5,957
Cash and cash equivalents at end of financial period	142	2,020
 Cash and cash equivalents at end of financial period:		
Deposits with licensed banks	3	1,653
Cash and bank balances	139	367
	142	2,020

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 30 JUNE 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 25 August 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 for annual period beginning on or after
Ammenments to MFRS 119 Defined Benefit Plans : Employee Contribution	1 July 2014
Annual Improvements to MFRSs 2010-2012 Cycle	1 July 2014

PART A: EXPLANATORY NOTES PURSUANT TO MRFS 134 FOR THE QUARTER ENDED 30 JUNE 2014 (CONTD.)

3. Significant Accounting Policies (CONTD.)

MFRSs, Amendments to MFRSs and Interpretations	Effective for annual period beginning on or after
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

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.

**PART A: EXPLANATORY NOTES PURSUANT TO MRFS 134
FOR THE QUARTER ENDED 30 JUNE 2014 (CONTD.)**

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 30 JUNE 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 Quarter 30/06/14 RM'000	Preceding Year Corresponding Quarter 30/06/13 RM'000	Current Year To Date 30/06/14 RM'000	Preceding Year Corresponding Quarter 30/06/13 RM'000
Segment Revenue				
Solutions	172	188	421	515
Communication & Multimedia	281	419	281	608
Education	-	-	-	-
Investment Holdings & Others	35	25	55	50
Total Revenue Including Inter- Segment Sales	488	632	757	1,173
Elimination of Inter- Segment Sales	-	-	-	-
Total Segment Revenue	488	632	757	1,173
Segment Results				
Solutions	(53)	160	(229)	(77)
Communication & Multimedia	182	7	(145)	(304)
Education	(31)	(12)	(52)	(46)
Investment Holdings & Others	(811)	(917)	(1,668)	(1,885)
	(713)	(762)	(2,094)	(2,312)
Elimination	-	-	-	-
Operating loss	(713)	(762)	(2,094)	(2,312)

**PART A: EXPLANATORY NOTES PURSUANT TO MRFS 134
FOR THE QUARTER ENDED 30 JUNE 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 30 June 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 30 JUNE 2014 (CONTD.)**

1. Review of Performance (Q2 2014 v Q2 2013)

The Group's revenue for the second quarter of 2014 was RM0.488 million compared to RM0.632 million in the second quarter of 2013. The Group reported a loss before tax of RM0.713 million compared to a loss before tax of RM0.762 million in the same quarter of the previous year.

The main revenue contribution for the current quarter came from the Multimedia and Communications segments, similar to the preceding year corresponding quarter. Under the Communication division, we have completed most of our work under the UNOS Mobile Financial Services, and are pursuing other businesses within that segment.

2. Comment on Material Change in Loss Before Taxation (Q2 2014 : Q1 2014)

Loss before tax of the Group was RM0.713 million for the quarter ended 30 June 2014 compared to a loss before tax of RM1.382 million for the preceding quarter ended 31 March 2014. The lower loss before tax was principally due to a higher revenue and lower other expenses.

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.

**PART B: EXPLANATORY NOTES PURSUANT TO MRFS 134
FOR THE QUARTER ENDED 30 JUNE 2014 (CONTD.)**

5. Income Tax Expense

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

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.

7. Group Borrowings and Debt Securities

There were no group borrowings and debt securities as at 30 June 2014.

**PART B: EXPLANATORY NOTES PURSUANT TO MRFS 134
FOR THE QUARTER ENDED 30 JUNE 2014 (CONTD.)**

8. 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. At its hearing on 19 August 2014, the Court dismissed TSB’s application with costs of RM10,000.00.

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 JUNE 2014 (CONTD.)**

8. 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 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 8 September 2014 and 31 October 2014 for case management and hearing respectively. The 3rd Defendant has further filed a strike out application on the aforementioned action. The Court has scheduled 9 September 2014 for the hearing of the strike out application.

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	
	30/06/14	30/06/13	30/06/14	31/06/13
	RM'000	RM'000	RM'000	RM'000
Loss attributable to equity holders of the Parent Company	(744)	(761)	(2,030)	(2,311)
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)	(0.63)	(0.64)	(1.72)	(1.95)

**PART B: EXPLANATORY NOTES PURSUANT TO MRFS 134
FOR THE QUARTER ENDED 30 JUNE 2014 (CONTD.)**

11. Loss Before Tax

	30/06/14	30/06/13
	RM'000	RM'000
Depreciation and amortization	57	205
Unrealized foreign exchange gain	130	(9)
Loss on disposal of property, plant and equipment	20	-
Interest income	-	(44)
Reversal of allowance for impairment	-	(8)

12. Disclosure of Realised and Unrealised Losses

Pursuant to the directive, the breakdown of the accumulated losses of the Group as at 30 June 2014, into realised and unrealised accumulated losses is as follows: -

	As at 30/06/14 RM'000	As at 31/12/13 RM'000
Total retained accumulated losses of the Company and its subsidiaries:		
- Realised	(102,028)	(100,589)
- Unrealised	(508)	(53)
	<hr/>	<hr/>
	(102,536)	(100,642)
Consolidation adjustments	78,966	79,102
	<hr/>	<hr/>
Total Group accumulated losses as per consolidated accounts	(23,570)	(21,540)