

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2016 (unaudited)**

	Individual Period 3 Months Period Ended		Cumulative Period 3 Months Period Ended	
	31/12/16 RM'000	31/12/15 RM'000	31/12/16 RM'000	31/12/15 RM'000
Revenue	122	1,987	2,289	2,629
Cost of sales	(35)	(1,775)	(2,129)	(2,337)
Gross profit	87	212	160	292
Other income	323	871	507	872
Administrative expenses	(38)	(6)	(44)	(9)
Selling and marketing expenses	(12)	(2)	(24)	(5)
Other expenses	(606)	(668)	(1,154)	(1,261)
Operating (loss)/profit	(246)	407	(555)	(111)
Finance costs	(1)	(1)	(2)	(1)
(Loss)/profit before tax	(247)	406	(557)	(112)
Income tax expense	-	-	-	-
(Loss)/profit for the period	(247)	406	(557)	(112)

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 31 DECEMBER 2016 (unaudited) (CONTD.)**

	Individual Period 3 Months Period Ended		Cumulative Period 3 Months Period Ended	
	31/12/16 RM'000	31/12/15 RM'000	31/12/16 RM'000	31/12/15 RM'000
Other comprehensive loss				
Foreign currencies translation	(477)	(772)	(744)	(769)
Other comprehensive loss, net of tax	(477)	(772)	(744)	(769)
Total comprehensive loss	(724)	(366)	(1,301)	(881)
(Loss)/profit attributable to:				
Equity holders of the parent	(250)	413	(564)	(106)
Non-controlling interests	3	(7)	7	(6)
	(247)	406	(557)	(112)
Total comprehensive (loss)/income attributable to:				
Equity holders of the parent	(580)	(392)	(1,161)	(711)
Non-controlling interests	(144)	26	(140)	(170)
	(724)	(366)	(1,301)	(881)
(Loss)/earnings per share attributable to equity holders of the parent: (cent per share)				
- basic	(0.17)	0.32	(0.42)	(0.08)
- diluted	(0.17)	0.32	(0.42)	(0.08)

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 31 DECEMBER 2016 (unaudited)**

	31/12/16	30/6/16
	RM'000	RM'000
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	36	67
Other investments	251	251
	287	318
Current assets		
Trade and other receivables	12,579	12,931
Other current assets	-	24
Marketable securities	286	286
Tax recoverable	38	41
Cash and bank balances	1,077	325
	13,980	13,607
TOTAL ASSETS	14,267	13,925
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	6,801	6,383
Share premium	2,012	759
Treasury shares	(712)	(712)
Other reserves	3,129	3,726
Accumulated losses	(4,722)	(4,158)
Shareholders' funds	6,508	5,998
Non-controlling interests	(620)	(480)
Total equity	5,888	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 31 DECEMBER 2016 (unaudited) (CONTD.)**

	31/12/16 RM'000 (Unaudited)	30/6/16 RM'000 (Audited)
Current liabilities		
Trade and other payables	8,379	8,407
	8,379	8,407
Total liabilities	8,379	8,407
TOTAL EQUITY AND LIABILITIES	14,267	13,925
Net Assets Per Share (RM/share)	0.05	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 31 DECEMBER 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
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Other Reserves RM'000	Accumulated Losses RM'000			RM'000	RM'000	RM'000	RM'000
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 owners											
Issuance of ordinary shares											
- 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
As at 1 July 2015	38,297	759	(712)	4,107	(31,291)			11,160	(458)		10,702
Total comprehensive loss	-	-	-	(769)	(106)			(875)	(6)		(881)
As at 31 December 2015	38,297	759	(712)	3,338	(31,397)			10,285	(464)		9,821

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.

FSBM HOLDINGS BERHAD (115609-U)**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 DECEMBER 2016**

	31/12/16 RM'000 (Unaudited)	31/12/15 RM'000 (Unaudited)
Cash flows from operating activities		
Loss before tax	(557)	(112)
Adjustments for:		
Depreciation and amortization	24	66
Gain on disposal of property, plant and equipment	-	(15)
Property, plant and equipment written off	7	1
Unrealised gain on foreign exchange	(744)	(856)
Operating loss before working capital changes	(1,270)	(916)
Changes in working capital		
Net change in trade & other receivables	352	(1,609)
Net change in trade & other payables	(28)	1,458
Net change in other current assets	24	1
Cash used in operations	(922)	(1,066)
Taxes refund/(paid)	3	(6)
Net cash used in operating activities	(919)	(1,072)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	-	15
Net cash generated from investing activities	-	15
Cash flows from financing activities		
Proceeds from issuance of ordinary shares		
- private placement	1,671	-
Net cash generated from financing activities	1,671	-
Net increase/(decrease) in cash and cash equivalents	752	(1,057)
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	1,077	1,004
Cash and cash equivalents at end of financial period:		
Cash and bank balances	1,077	1,004

**PART A: EXPLANATORY NOTES PURSUANT TO MRFS 134
FOR THE QUARTER ENDED 31 DECEMBER 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 22 February 2017.

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 31 DECEMBER 2016**

3. Significant Accounting Policies (CONTD.)

The adoption of the 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 2: Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)	1 January 2018
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 31 DECEMBER 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	
	31/12/16	31/12/15	31/12/16	31/12/15
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Solutions	34	1,774	2,100	2,334
Communication & Multimedia	59	124	137	183
Education	-	-	-	-
Investment Holdings & Others	29	89	52	112
Total Revenue				
Including Inter-Segment Sales	122	1,987	2,289	2,629
Elimination of Inter-Segment Sales	-	-	-	-
Total Segment Revenue	122	1,987	2,289	2,629

**PART A: EXPLANATORY NOTES PURSUANT TO MRFS 134
FOR THE QUARTER ENDED 31 DECEMBER 2016 (CONTD.)****10. Segment Reporting (CONTD.)**

	Individual Period 3 Months Period Ended		Cumulative Period 3 Months Period Ended	
	31/12/16 RM'000	31/12/15 RM'000	31/12/16 RM'000	31/12/15 RM'000
Segment Results				
Solutions	6	(9)	(24)	(16)
Communication & Multimedia	61	121	115	143
Education	-	(1)	(1)	(1)
Investment Holdings & Others	(313)	296	(645)	(237)
	(246)	407	(555)	(111)
Elimination	-	-	-	-
Operating (loss)/profit	(246)	407	(555)	(111)

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 31 December 2016.

**PART A: EXPLANATORY NOTES PURSUANT TO MRFS 134
FOR THE QUARTER ENDED 31 DECEMBER 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 31 DECEMBER 2016 (CONTD.)**

1. Review of Performance (Q2 2017 v Q2 2016)

The Group's revenue for the second quarter of 2017 was RM0.122 million compared to RM1.987 million in the second quarter of 2016, being the corresponding quarter. The Group reported a loss before tax of RM0.247 million compared to a profit before tax of RM0.406 million in the same quarter of the previous year.

The main revenue contribution for the current quarter came from the Communications & Multimedia Segment and the preceding year corresponding quarter came from the Solutions Segment. The loss before tax in the current quarter was less favourable compared to the profit in the preceding year's corresponding quarter due to the much lower revenue and unrealized gains in foreign exchange in the current quarter. 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 2017 : Q1 2017)

Loss before tax of the Group was RM0.247 million for the quarter ended 31 December 2016 compared to a loss before tax of RM0.310 million for the preceding quarter ended 30 September 2016. The loss before tax for the current quarter was principally due to operating expenses incurred, but improved compared to the preceding quarter due to unrealized foreign exchange gain.

3. Prospects

We have made good progress in our pursuit of two major projects, one in the Ministry of Education under the Federal Government, and the other at the State level in Johor. The Management continues to be optimistic that the outcome from securing either of the 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.

**PART B: EXPLANATORY NOTES PURSUANT TO MRFS 134
FOR THE QUARTER ENDED 31 DECEMBER 2016 (CONTD.)**

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 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 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. Subsequently 2,000,000 new ordinary shares were listed on 27 December 2016, 2,000,000 new ordinary shares were listed on 24 January 2017 and 2,300,000 new ordinary shares were listed on 21 February 2017.

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

Collectively, 12,656,700 new ordinary shares were completed since 13 October 2016 and 21 February 2017 in 4 tranches.

The status of utilisation of the proceeds from Private Placement as at 22 February 2017 are as follows:

Description	Proposed Utilisation RM'000	Actual Utilisation RM'000
Private Placement Expenses	75	47
Working Capital	2,456	1,616

**PART B: EXPLANATORY NOTES PURSUANT TO MRFS 134
FOR THE QUARTER ENDED 31 DECEMBER 2016 (CONTD.)**

8. Group Borrowings and Debt Securities

There were no group borrowings and debt securities as at 31 December 2016.

9. Changes in Material Litigation

(i) 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.

**(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 Decision 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 have filed a Notice of Appeal on 25 January 2017. The Court has fixed a Case Management on 29 March 2017.

**PART B: EXPLANATORY NOTES PURSUANT TO MRFS 134
FOR THE QUARTER ENDED 31 DECEMBER 2016 (CONTD.)**

9. Changes in Material Litigation (CONTD.)

**(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.

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 were held on 27 October, 7 November, 1 December 2016, 13 February 2017 and 30 May 2017 pending the outcome of UMMC's appeal.

On 7 February 2017, the Court of Appeal allowed UMMC's application to amend the Memorandum of Appeal with costs in the cause.

The Court then fixed a Case Management on 11 May 2017 for parties to filed their respective Written Submissions for the appeal proper (the striking out) which is fixed for Hearing on 29 May 2017.

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 31 DECEMBER 2016 (CONTD.)****11. (Loss)/Earnings Per Share**

The basic and diluted (loss)/earnings per share have been calculated based on the consolidated net (loss)/profit 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	
	31/12/16	31/12/15
	RM'000	RM'000
(Loss)/profit attributable to equity holders of the Parent Company	(250)	413
Weighted average number of ordinary shares, excluding treasury shares	134,923,760	126,567,060
Basic and diluted (loss)/earnings per share (sen)	(0.19)	0.33

12. Loss Before Tax

	6 Months Ended	
	31/12/16	31/12/15
	RM'000	RM'000
Depreciation and amortization	24	66
Foreign exchange gain – unrealized	(744)	(856)
Gain on disposal of property, plant and equipment	-	(15)
Property, plant and equipment written off	7	1
Operating lease:		
- Lease payment for buildings	815	811

**PART B: EXPLANATORY NOTES PURSUANT TO MRFS 134
FOR THE QUARTER ENDED 31 DECEMBER 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 31 December 2016, into realised and unrealised accumulated losses is as follows: -

	As at 31/12/16 RM'000	As at 31/12/15 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(89,149)	(114,497)
- Unrealised	507	870
	<hr/>	<hr/>
Consolidation adjustments	(88,642) 83,920	(113,627) 82,230
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Total Group accumulated losses as per consolidated accounts	(4,722)	(31,397)