

**FSBM HOLDINGS BERHAD****Company No.: 115609-U**

Quarterly report on consolidated results for the second quarter ended 30 June 2008.  
The figures have not been audited.

**Unaudited Condensed Consolidated Income Statement**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30/06/2008 RM '000	30/06/2007 RM '000	30/06/2008 RM '000	30/06/2007 RM '000
Revenue	11,150	25,731	21,392	54,918
Cost of sales	(9,312)	(19,898)	(17,905)	(42,454)
Gross Profit	1,838	5,833	3,487	12,464
Other operating income	676	626	1,539	1,892
Administrative expense	(2,431)	(2,287)	(4,756)	(4,716)
Selling and marketing expenses	(498)	(559)	(1,167)	(1,113)
Other expenses	(1,034)	(1,089)	(2,595)	(2,682)
Operating (loss)/profit	(1,449)	2,524	(3,492)	5,845
Finance costs	(660)	(387)	(1,395)	(678)
Share of losses of associated companies	-	-	-	-
(Loss)/profit before tax	(2,109)	2,137	(4,887)	5,167
Income tax	(153)	4	(153)	4
(Loss)/profit the period	(2,262)	2,141	(5,040)	5,171
Attributable to:				
Equity holders of the parent	(2,238)	2,201	(4,952)	5,239
Minority Interest	(24)	(60)	(88)	(68)
(Loss)/profit after tax	(2,262)	2,141	(5,040)	5,171
Earnings per share: (sen)				
- basic	(4.08)	4.01	(9.03)	9.55
- diluted	(4.08)	4.01	(9.03)	9.55

**(The unaudited Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements of the Group for the year ended 31<sup>st</sup> December 2007 and the accompanying explanatory notes attached to the interim financial report)**

**Unaudited Condensed Consolidated Balance Sheet**

	AS AT END OF CURRENT PERIOD 30/06/2008	AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/2007
	<b>RM '000</b>	<b>RM '000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	5,228	5,150
Investment properties	56,173	55,925
Intangible assets	4,284	4,575
Investment in associated companies	208	474
Investment in jointly controlled entity	506	506
Other investments	348	348
	<u>66,747</u>	<u>66,978</u>
<b>Current assets</b>		
Inventories	19,476	19,485
Trade and other receivables	50,522	43,333
Other investments	2,587	2,695
Tax recoverable	-	77
Deposits with licensed banks	1,237	6,637
Cash and bank balance	1,315	7,873
	<u>75,137</u>	<u>80,100</u>
<b>TOTAL ASSETS</b>	<u>141,884</u>	<u>147,078</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	54,833	54,833
Share premium	8,454	8,454
Other reserves	820	740
Retained earnings	17,674	22,626
Shareholders' equity	<u>81,781</u>	<u>86,653</u>
Minority interest	-	-
<b>Total equity</b>	<u>81,781</u>	<u>86,653</u>
<b>Non-current liabilities</b>		
Deferred income	327	494
Borrowings	14,690	16,406
Deferred taxation	3,125	3,125
	<u>18,142</u>	<u>20,025</u>
<b>Current liabilities</b>		
Borrowings	33,338	27,853
Trade and other payables	8,619	12,547
Current tax payable	4	-
	<u>41,961</u>	<u>40,400</u>
<b>Total liabilities</b>	<u>60,103</u>	<u>60,425</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>141,884</u>	<u>147,078</u>
Net assets per share (RM)	1.49	1.58

(The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements of the Group for the year ended 31<sup>st</sup> December 2007 and the accompanying explanatory notes attached to the interim financial report)

**Unaudited Condensed Consolidated Statement of Changes in Equity**

	Attributable to Equity Holders of the Parent				Minority Interest	Total Equity	
	Share capital	Share Premium	Exchange difference	Retained earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At 1 January 2008</b>	54,833	8,454	740	22,626	86,653	-	86,653
Currency translation differences	-	-	80	-	80	-	80
Loss for the period	-	-	-	(4,952)	(4,952)	(88)	(5,040)
Total recognized income and expense for the period	-	-	80	(4,952)	(4,872)	(88)	(4,960)
Acquisition of shares in a subsidiary	-	-	-	-	-	88	88
<b>At 30 June 2008</b>	54,833	8,454	820	17,674	81,781	-	81,781
<b>At 1 January 2007</b>	54,833	8,454	666	18,944	82,897	84	82,981
Currency translation differences	-	-	16	-	16	-	16
Profit for the period	-	-	-	5,239	5,239	(68)	5,171
Total recognized income and expense for the period	-	-	16	5,239	5,255	(68)	5,187
Dividends	-	-	-	-	-	(50)	(50)
Changes in composition of the Group	-	-	-	27	27	71	98
Acquisition of shares in a subsidiary	-	-	-	-	-	33	33
<b>At 30 June 2007</b>	54,833	8,454	682	24,210	88,179	70	88,249

**(The unaudited Condensed Consolidated Statement Of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the year ended 31<sup>st</sup> December 2007 and the accompanying explanatory notes attached to the interim financial report)**

**Unaudited Condensed Consolidated Cash Flow Statement**

	30 June 2008 RM'000	30 June 2007 RM'000
<b>(Loss)/profit before tax</b>	(4,887)	5,167
<b>Adjustments for : -</b>		
Non-cash items	909	1,150
Non-operating items	314	(1,048)
<b>Operating (loss)/profit before changes in working capital</b>	<u>(3,664)</u>	<u>5,269</u>
<b>Changes in working capital</b>		
Net change in current assets	(6,055)	(16,840)
Net change in current liabilities	(3,774)	4,315
Cash used in operations	<u>(13,493)</u>	<u>(7,256)</u>
Tax paid	(72)	(91)
Interest paid	(1,395)	(687)
Tax refund	-	12
<b>Net cash used in operating activities</b>	<u>(14,960)</u>	<u>(8,022)</u>
<b>Cash flows from investing Activities</b>		
- Purchase of property, plant & equipment	(913)	(631)
- Purchase of development assets	(397)	-
- Purchase of investment property	(248)	(117)
- Proceed from disposal of property, plant & equipment	59	-
- Proceed from disposal of quoted securities	-	142
- Acquisition of share in subsidiary	88	-
- Other investments	935	(547)
<b>Net cash used in investing activities</b>	<u>(476)</u>	<u>(1,153)</u>
<b>Cash flows from financing activities</b>		
- Draw down of bank borrowings	25,175	35,571
- Repayment of bank borrowings	(21,877)	(30,499)
- Dividend paid	-	(50)
<b>Net cash generated from financing activities</b>	3,298	5,022
<b>Net Decrease in Cash &amp; Cash Equivalents</b>	(12,138)	(4,153)
<b>Effects of Exchange Rate Changes</b>	89	(12)
<b>Cash &amp; Cash Equivalents at beginning of the period ( at 1 January)</b>	<u>14,036</u>	<u>(1,044)</u>
<b>Cash &amp; Cash Equivalents at end of the period</b>	Note (a) <u>1,987</u>	(b) <u>(5,209)</u>

(a) Consists of deposits with licensed banks (RM1,237,000) ,cash and bank balance (RM1,315,000) and bank overdraft (RM565,000)

(b) Consists of deposits with licensed banks (RM1,877,000) ,cash and bank balance (RM379,000) and bank overdraft (RM7,465,000)

**(The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements of the Group for the year ended 31<sup>st</sup> December 2007 and the accompanying explanatory notes attached to the interim financial report)**

## **Notes to Interim Financial Report.**

### **1. Accounting Policies**

The interim financial report is unaudited and has been prepared in accordance with the requirements of FRS 134 : Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2007.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the year ended 31 December 2007

### **2. Audit Report**

The audit report of the Group's most recent annual audited financial statements for the year ended 31 December 2007 was not subject to any qualification.

### **3. Seasonal or Cyclical Factors**

Overall, the business operations of the Group were not affected by any seasonal or cyclical factors.

### **4. Unusual Items**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period under review because of their nature, size, or incidence.

### **5. Changes in Estimates**

There were no changes in estimates of amounts reported in prior quarters of the current financial year or changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter.

### **6. Debt and Equity Securities**

There were no issuance and repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current financial period.

### **7. Dividends Paid**

No dividend was paid during the quarter under review

## 8. Segmental Reporting

Segment analysis for the current year quarter and financial period ended 30 June 2008 are set out below:

	Solution RM'000	Smart Community RM'000	Communication & Multimedia RM'000	Education RM'000	Investment Holding & Others RM'000	Elimination RM'000	Group RM'000
Quarter Ended 30/06/08							
External Sales	8,082	-	2,080	-	988	-	11,150
Internal Sales	52	-	1	400	12	(465)	-
Total Sales	8,134	-	2,081	400	1,000	(465)	11,150
Profit/ (Loss) From Operations	20	-	(1,246)	(124)	18	(117)	(1,449)
Financial Period Ended 30/06/08							
External Sales	14,946	-	4,094	386	1,966	-	21,392
Internal Sales	52	-	954	400	25	(1,431)	-
Total Sales	14,998	-	5,048	786	1,991	(1,431)	21,392
Profit/ (Loss) From Operations	756	-	(2,754)	(219)	(1,276)	1	(3,492)

**9. Segmental Reporting (Continued)**

	Solution	Smart Community	Communication & Multimedia	Education	Investment Holding & Others	Elimination	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Quarter Ended 30/06/07							
External Sales	16,227	-	2,684	6,039	781	-	25,731
Internal Sales	2,846	-	10	3,474	-	(6,330)	-
Total Sales	19,073	-	2,694	9,513	781	(6,330)	25,731
Profit/ (Loss) From Operations	3,943	(5)	(1,194)	1,084	(1,110)	(194)	2,524
Financial Period Ended 30/06/07							
External Sales	35,968	-	5,467	11,966	1,517	-	54,918
Internal Sales	5,324	-	10	6,932	-	(12,266)	-
Total Sales	41,292	-	5,477	18,898	1,517	(12,266)	54,918
Profit/ (Loss) From Operations	7,429	(32)	(2,234)	2,019	(880)	(457)	5,845

**10. Events subsequent to the end of the current financial period**

There were no material subsequent events that have not been reflected at the date of issue of this announcement.

## 11. Changes in the Composition of the Group

The changes in the composition of the Company and of the Group for the current quarter and up to the date of issue of this report were as follows:

- (a) On 31 January 2008, the Company through its wholly-owned subsidiary, Infotalent disposed its entire 30% shareholding in AINB Solutions (Malaysia) Sdn Bhd, consisting of 300,000 ordinary shares of RM1.00 each for a cash consideration of RM300,000.00.
- (b) On 6 May 2008, the Company through its 55% owned subsidiary, Asialink Technology Development Limited (“Asialink HK”), invested RMB250,000 in Beijing Asialink Technology Development Limited (“Beijing Asialink”). Subsequent to the said investment, Beijing Asialink is a wholly-owned subsidiary of Asialink HK.
- (c) On 27 May 2008, the Company through Asialink HK subscribed another 69,930 ordinary shares of AUD1.00 each in MyUnos Australia Pty Ltd (“MyUnos Australia”). Subsequent to the said subscription, MyUnos Australia remains as a 70% owned subsidiary of Asialink HK.

The aforesaid changes will not have any significant effect on the earnings of the Company and Group for the financial period ending 30 June 2008.

## 12. Changes in Contingent Liabilities or Contingent Assets

There were no contingent assets or liabilities as at the end of the current quarter and at the last balance sheet date.

## 13. Review of Performance

The second quarter of 2008 saw a lower revenue stream from its traditional Systems and Solutions Division and from the Communication and Multimedia Division. The second quarter of 2007 saw the final billing for the first phase of the Teachers Training programme. The Programme has yet to be resumed and as a result, revenue for the second quarter of 2008 and for the half year to date were RM11.2 million and RM21.4 respectively compared to RM 25.7 million and RM54.9 for the same period of 2007. This has led to a loss of RM 2.1 million for the current second quarter of 2008 and RM4.9 for the half year of 2008 compared to the profit of RM2.1 million for the second quarter of 2007 and RM5.2 for the half year of 2008.

## 14. Review of Quarterly Results

The second quarter of 2008 saw a higher revenue stream as a result of its decision to supply smaller individual orders. The revenue for the current quarter is RM11.2 million compared to RM8.8 million and a lower operating loss of RM2.1 million compared to RM2.8 million for the first quarter of the year.



## 15. Current Year Prospects

The Group submitted several major proposals in 2007 in response to Request For Proposals (RFPs) issued by the Government. No results have been announced. The Group is hopeful that the Government will announce the successful bidders in 2008 and FSBM may be successful in some of these. A success from any of these major bids can contribute significantly to the Group's result.

The Systems and Solutions Division has set up a dedicated team to cater for the supply of smaller orders for infrastructure systems. Several successes have been recorded and revenue stream for this Division is higher than the preceding quarter. The Group sees this initiative as an avenue to enhance the business.

The Group has submitted several proposals for the High Speed Broadband (HSBB) projects to a telecommunication company announced by the Government recently.

The Group's Value-Added Telecommunication Solutions, led by TeleVAS Sdn.Bhd., has had its Radio Frequency Identification (RFID) design adopted by a government agency and the rollout of the system is now being planned. The Group is encouraged by this success and is pursuing other initiatives to see to the adoption of RFID by the market.

The Healthcare Industry's need for modernization has seen the Group being invited to participate in a number of tenders. The ongoing project to upgrade the Total Hospital Information System at a large Teaching Hospital in Kuala Lumpur is expected to be completed by second quarter next year.

UNOS PRO, the in-house designed mobile phone application, is seeing a steady growth in its subscriber base from some 100 countries. The Group expects this service to be one of its key products in the future.

In the light of the foregoing, the Group is reasonably placed to achieve a more favorable result for the next half year.

## 16. Variance from Forecast Profit and Profit Guarantee

Not applicable.

**17. Taxation**

Taxation comprises:

	Current Year Quarter	Preceding Year Correspon- ding Quarter	Current Year To Date	Preceding Year Correspon- ding Period
	30/06/2008 (RM'000)	30/06/2007 (RM'000)	30/06/2008 (RM'000)	30/06/2007 (RM'000)
Taxation				
- Current	153	-	153	-
- (Over)/under provision in prior year	-	-	-	-
Deferred taxation	-	(4)	-	(4)
	<u>153</u>	<u>(4)</u>	<u>153</u>	<u>(4)</u>

The explanation of the relationship between tax expense and profit/ (loss) from ordinary activities before tax is as follows:

	Current Year Quarter	Preceding Year Correspon- ding Quarter	Current Year To Date	Preceding Year Correspon- ding Period
	30/06/2008 (RM'000)	30/06/2007 (RM'000)	30/06/2008 (RM'000)	30/06/2007 (RM'000)
(Loss)/profit from ordinary activities before tax	(2,109)	2,137	(4,887)	5,167
Tax calculated at the Malaysian tax rate of 26% (2007:27%)	(549)	577	(1,271)	1,395
Tax effects of:				
- expenses not deductible for tax purposes	(55)	552	217	781
- pioneer loss/(income)	28	(65)	62	(201)
- current year tax loss not recognized	332	(26)	749	247
- deductible temporary differences not recognized	-	(23)	(32)	260
- benefit from previously unrecognized tax losses	397	(1,019)	428	(2,486)
- Over provision of deferred tax in prior year	-	-	-	-
Tax (credit)/expense	<u>153</u>	<u>(4)</u>	<u>153</u>	<u>(4)</u>

**18. Sale of Investments and Properties**

There were no sales of investments and/or properties for the financial period under review.

**19. Purchase/Disposal of Quoted Securities**

There were no dealings in quoted securities for the financial period under review.

The details of investments in quoted shares as at 30 June 2008 as set out below: -

	RM '000
Quoted shares in Malaysia:	
At Cost	917
Provision for diminution in value	<u>(708)</u>
	<u>209</u>
At market value	<u>226</u>
Shares listed outside Malaysia	
At Cost	<u>2,378</u>
At price of last placement of shares issued by the investee up to 30 June 2008	<u>6,368</u>

**20. Corporate Proposals**

We have no corporate proposal announced but not yet completed at the date of this report.

**21. Group Borrowings**

The details of the Group's borrowings as at 30 June 2008 are as set out below: -

	RM'000
<b>Short Term Borrowings</b>	
<u>Unsecured</u>	
Revolving Credit	1,000
Letter of Credit	2,068
Trust Receipts	750
Bankers Acceptance	<u>14,559</u>
	<u>18,377</u>
<u>Secured</u>	
Revolving Credit	4,000
Term Loans	6,780
Overdraft	565
Hire Purchase	92
Lease Creditor	<u>3,524</u>
	<u>14,961</u>
<b>Long Term Borrowings</b>	
<u>Secured</u>	
Term Loans	859
Hire Purchase	143
Lease Creditor	<u>13,688</u>
	<u>14,690</u>
<b>Total Borrowings</b>	<u><u>48,028</u></u>

## 22. Off Balance Sheet Risk Financial Instruments

There were no financial instruments with off balance sheet risk as at the date of issue of this quarterly report.

## 23. Dividend payable

No interim ordinary dividend has been declared for the financial period ended 30 June 2008.

## 24. Basic Earnings Per Share

The basic earnings per share for the financial period is calculated based on the Group's net profit for the period attributable to ordinary shareholders and divided by the number of ordinary shares in issue during the financial period.

	Current Year Quarter	Preceding Year Correspon- ding Quarter	Current Year To Date	Preceding Year Correspon- ding Period
	30/06/2008	30/06/2007	30/06/2008	30/06/2007
Group's (loss)/profit attributable to ordinary shareholders (RM)	(2,238,000)	2,201,000	(4,952,000)	5,239,000
Number of ordinary shares in issue at the beginning of the period	54,833,000	54,833,000	54,833,000	54,833,000
<b>Basic earnings per share (sen)</b>	<b>(4.08)</b>	<b>4.01</b>	<b>(9.03)</b>	<b>9.55</b>

## 25. Diluted Earnings Per Share

The diluted earnings per share is calculated based on the Group's net profit for the period attributable to ordinary shareholders and divided by the number of ordinary shares in issue plus the weighted average number of ordinary shares which would be issued on conversion of all dilutive potential ordinary shares into ordinary shares as follows: -

	Current Year Quarter	Preceding Year Correspon- ding Quarter	Current Year To Date	Preceding Year Correspon- ding Period
	30/06/2008	30/06/2007	30/06/2008	30/06/2007
Group's (loss)/profit attributable to ordinary shareholders (RM)	(2,238,000)	2,201,000	(4,952,000)	5,239,000
Number of ordinary shares in issue at the beginning of the period	54,833,000	54,833,000	54,833,000	54,833,000
ESOS: Potential dilutive shares	Nil	Nil	Nil	Nil
	<u>54,833,000</u>	<u>54,833,000</u>	<u>54,833,000</u>	<u>54,833,000</u>
<b>Diluted earnings per share (sen)</b>	<b>(4.08)</b>	<b>4.01</b>	<b>(9.03)</b>	<b>9.55</b>

**26. Disclosure in Relation to Internet-Related Businesses on E-Commerce Activities**

The company is currently not involved in the above mentioned activities.

**27. Provision of Financial Assistance**

The Company has obtained a mandate on 26 June 2007 from its shareholders pursuant to paragraph 10.09 of the Listing Requirements to provide financial assistance to its associate and subsidiary companies.