

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

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER**  
**ENDED 30 SEPTEMBER 2008**

**Unaudited Condensed Consolidated Income Statement**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/09/2008 RM '000	Preceding Year Corresponding Quarter 30/09/2007 RM '000	Current Year To Date 30/09/2008 RM '000	Preceding Year Corresponding Period 30/09/2007 RM '000
Revenue	16,582	9,183	37,974	64,101
Cost of sales	(14,515)	(7,354)	(32,420)	(49,808)
Gross Profit	2,067	1,829	5,554	14,293
Other operating income	428	1,391	1,967	3,283
Administrative expense	(2,388)	(2,166)	(7,144)	( 6,882)
Selling and marketing expenses	(606)	(563)	(1,773)	(1,676)
Other expenses	(628)	(1,617)	(3,223)	(4,299)
Operating (loss)/profit	(1,127)	(1,126)	(4,619)	4,719
Finance costs	(598)	(757)	(1,993)	(1,435)
Share of losses of jointly controlled entity	(217)	-	(217)	-
(Loss)/profit before tax	(1,942)	(1,883)	(6,829)	3,284
Income tax	(25)	64	(178)	68
(Loss)/profit the period	(1,967)	(1,819)	(7,007)	3,352
Attributable to:				
Equity holders of the parent	(2,110)	(1,605)	(7,062)	3,634
Minority Interest	143	(214)	55	(282)
(Loss)/profit after tax	(1,967)	(1,819)	(7,007)	3,352
Earnings per share: (sen)				
- basic	(3.85)	(2.93)	(12.89)	6.63
- diluted	(3.85)	(2.93)	(12.89)	6.63

**(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 30/09/2008	As At Preceding Financial Year Ended 31/12/2007
	<u>RM '000</u>	<u>RM '000</u>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	5,078	5,150
Investment properties	56,173	55,925
Intangible assets	4,852	4,575
Investment in associated companies	208	474
Investment in jointly controlled entity	-	506
Other investments	359	348
	<u>66,670</u>	<u>66,978</u>
<b>Current assets</b>		
Inventories	19,476	19,485
Trade and other receivables	52,814	43,333
Other investments	2,700	2,695
Tax recoverable	120	77
Deposits with licensed banks	1,207	6,637
Cash and bank balance	3,122	7,873
	<u>79,439</u>	<u>80,100</u>
<b>TOTAL ASSETS</b>	<u>146,109</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
Treasury shares	(375)	-
Other reserves	586	740
Retained earnings	15,564	22,626
Shareholders' equity	<u>79,062</u>	<u>86,653</u>
Minority interest	-	-
<b>Total equity</b>	<u>79,062</u>	<u>86,653</u>
<b>Non-current liabilities</b>		
Deferred income	279	494
Borrowings	12,888	16,406
Deferred taxation	3,125	3,125
	<u>16,292</u>	<u>20,025</u>
<b>Current liabilities</b>		
Borrowings	37,903	27,853
Trade and other payables	12,852	12,547
	<u>50,755</u>	<u>40,400</u>
<b>Total liabilities</b>	<u>67,047</u>	<u>60,425</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>146,109</u>	<u>147,078</u>

Net assets per share (RM)

1.44

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	
	Non-Distributable							
	Share capital RM'000	Share Premium RM'000	Treasury shares RM'000	Exchange difference RM'000	Retained earnings RM'000	Sub Total RM'000	RM'000	
<b>At 1 January 2008</b>	54,833	8,454	-	740	22,626	86,653	-	86,653
Currency translation differences	-	-	-	(154)	-	(154)	-	(154)
Loss for the period	-	-	-	-	(7,062)	(7,062)	55	(7,007)
Total recognized income and expense for the period	-	-	-	(154)	(7,062)	(7,216)	55	(7,161)
Acquisition of shares in a subsidiary	-	-	-	-	-	-	(55)	(55)
Share buy-back	-	-	(375)	-	-	(375)	-	(375)
<b>At 30 September 2008</b>	54,833	8,454	(375)	586	15,564	79,062	-	79,062
<b>At 1 January 2007</b>	54,833	8,454	-	666	18,944	82,897	84	82,981
Currency translation differences	-	-	-	15	-	15	-	15
Profit for the period	-	-	-	-	3,634	3,634	(282)	3,352
Total recognized income and expense for the period	-	-	-	15	3,634	3,649	(282)	3,367
Dividends	-	-	-	-	(167)	(167)	-	(167)
Changes in composition of the Group	-	-	-	-	-	-	189	189
Acquisition of shares in a subsidiary	-	-	-	-	-	-	72	72
<b>At 30 September 2007</b>	54,833	8,454	-	681	22,411	86,379	63	86,442

**(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 September 2008 RM'000	30 September 2007 RM'000
<b>(Loss)/profit before tax</b>	(6,829)	3,284
<b>Adjustments for : -</b>		
Non-cash items	1,672	3,520
Non-operating items	69	(1,854)
<b>Operating (loss)/profit before changes in working capital</b>	<u>(5,088)</u>	<u>4,950</u>
<b>Changes in working capital</b>		
Net change in current assets	(8,009)	(20,276)
Net change in current liabilities	278	3,320
<b>Cash used in operations</b>	<u>(12,819)</u>	<u>(12,006)</u>
Tax paid	(217)	(147)
Interest paid	(1,993)	(1,450)
Interest received	109	188
<b>Net cash used in operating activities</b>	<u>(14,920)</u>	<u>(13,415)</u>
<b>Cash flows from investing Activities</b>		
Purchase of property, plant & equipment	(350)	(895)
Purchase of development assets	(620)	-
Purchase of investment property	(248)	(117)
Proceed from disposal of property, plant & equipment	73	-
Proceed from disposal of quoted securities	-	328
Acquisition of share in subsidiary	13	(30)
Other investments	(114)	(232)
<b>Net cash used in investing activities</b>	<u>(1,246)</u>	<u>(946)</u>
<b>Cash flows from financing activities</b>		
Purchase of treasury shares	(375)	-
Draw down of bank borrowings	39,885	58,629
Repayment of bank borrowings	(33,729)	(32,634)
Dividend paid	-	(2,168)
<b>Net cash generated from financing activities</b>	<u>5,781</u>	<u>23,827</u>
<b>Net (Decrease)/Increase in Cash &amp; Cash Equivalents</b>	(10,385)	9,466
<b>Effects of Exchange Rate Changes</b>	208	(22)
<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>3,859</u>	(b) <u>8,400</u>

(a) Consists of deposits with licensed banks (RM1,207,000) ,cash and bank balance (RM3,122,000) and bank overdraft (RM470,000)

(b) Consists of deposits with licensed banks (RM2,972,000) ,cash and bank balance (RM5,904,000) and bank overdraft (RM476,000)

**(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 September 2008 are set out below:

	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 30/09/08							
External Sales	13,742	-	1,821	-	1,019	-	16,582
Internal Sales	8	-	75	-	13	(96)	-
Total Sales	13,750	-	1,896	-	1,032	(96)	16,582
Profit/ (Loss) From Operations	304	-	(1,172)	(154)	12,376	(12,481)	(1,127)
Financial Period Ended 30/09/08							
External Sales	28,688	-	5,915	386	2,985	-	37,974
Internal Sales	60	-	1,029	400	38	(1,527)	-
Total Sales	28,748	-	6,944	786	3,023	(1,527)	37,974
Profit/ (Loss) From Operations	1,060	-	(3,926)	(373)	11,100	(12,480)	(4,619)

**8. 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 30/09/07							
External Sales	5,711	15	2,556	-	901	-	9,183
Internal Sales	35	-	3	-	-	(38)	-
Total Sales	5,746	15	2,559	-	901	(38)	9,183
Profit/ (Loss) From Operations	943	-	(1,378)	(1,535)	(428)	1,272	(1,126)
Financial Period Ended 30/09/07							
External Sales	41,679	15	8,023	11,966	2,418	-	64,101
Internal Sales	6,511	-	13	5,780	-	(12,304)	-
Total Sales	48,190	15	8,036	17,746	2,418	(12,304)	64,101
Profit/ (Loss) From Operations	8,372	(32)	(3,612)	484	(1,308)	815	4,719

**9. 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.

## 10. 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.
- (d) On 14 October 2008, the Company through its wholly-owned subsidiary, Asian Technology Resources Sdn Bhd (“ATR”) disposed its entire 20% shareholding in Prestariang Technology Sdn Bhd, consisting of 100,000 ordinary shares at RM1.00 each for a cash consideration of RM100,000.

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

## 11. Changes in Contingent Liabilities of Contingent Assets

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

## 12. Review of Performance

The 3rd quarter of 2008 saw a higher revenue stream from its Systems and Solutions Division and a lower revenue stream from the Communication and Multimedia Division as compared to the 3rd quarter of 2007. However, revenues for both Divisions were lower for the 9 months ending 30 September 2008 as compared to the same period for 2007.

Revenue for the 3rd quarter of 2008 and for the 9 months period to date were RM16.6 million and RM38 million respectively compared to RM 9.2 million and RM64.2 for the same period of 2007. This has led to a loss of RM 1.9 million for the current 3rd quarter of 2008 and RM6.8 for the 9 months period of 2008 compared to the loss of RM 1.8 million for the 3rd quarter of 2007 and a profit RM3.3 million for the 9 months period of 2007.

## 13. Review of Quarterly Results

The Systems and Solutions Divisions saw a higher revenue stream in the 3<sup>rd</sup> Quarter as compared to the 2<sup>nd</sup> Quarter while the Communications and Multimedia Division posted a lower revenue for in its 3rd Quarter compared to its 2<sup>nd</sup> Quarter.

The revenue for the current quarter is RM16.6 million compared to RM 11.2 million in the 2<sup>nd</sup> Quarter and a lower operating loss of RM1.9 million compared to RM2.1 million for the same period.

#### **14. Current Year Prospects**

The Group has several business activities, both locally and regionally, which would be subjected to the development of the world economic situation. The Group will do its level best to meet the challenges ahead.

Several major bids have been submitted over the year and winning of any these bids will bring about positive result to the Group.

#### **15. Variance from Forecast Profit and Profit Guarantee**

Not applicable.

**16. Taxation**

Taxation comprises:

	Current Year Quarter	Preceding Year Correspon- ding Quarter	Current Year To Date	Preceding Year Correspon- ding Period
	30/09/2008 (RM'000)	30/09/2007 (RM'000)	30/09/2008 (RM'000)	30/09/2007 (RM'000)
Taxation				
- Current	15	62	168	62
- (Over)/under provision in prior year	10	-	10	-
Deferred taxation	-	(126)	-	(130)
	<u>25</u>	<u>(64)</u>	<u>178</u>	<u>(68)</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
	30/09/2008 (RM'000)	30/09/2007 (RM'000)	30/09/2008 (RM'000)	30/09/2007 (RM'000)
(Loss)/profit from ordinary activities before tax	(1,942)	(1,883)	(6,829)	3,284
Tax calculated at the Malaysian tax rate of 26% (2007:27%)	(504)	(508)	(1,775)	887
Tax effects of:				
- expenses not deductible for tax purposes	284	171	501	952
- pioneer loss/(income)	24	(690)	86	(891)
- current year tax loss not recognized	282	355	1,031	602
- deductible temporary differences not recognized	(1)	(221)	(33)	39
- benefit from previously unrecognized tax losses	(70)	899	358	(1,587)
- Over provision of deferred tax in prior year	-	(130)	-	(130)
- Under provision in prior year	10	60	10	60
Tax expense/(credit)	<u>25</u>	<u>(64)</u>	<u>178</u>	<u>(68)</u>

**17. Sales of Investment and Properties**

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

**18. Quoted Investment**

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

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

	RM '000
Quoted shares in Malaysia:	
At Cost	917
Provision for diminution in value	<u>(735)</u>
	<u>182</u>
At market value	<u>196</u>
Shares listed outside Malaysia	
At Cost	<u>2,518</u>
At price of last placement of shares issued by the investee up to 30 September 2008	<u>5,563</u>

**19. Corporate Proposals**

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

**20. Group Borrowings**

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

	RM'000
<b>Short Term Borrowings</b>	
<u>Unsecured</u>	
Revolving Credit	1,000
Letter of Credit	1,177
Bankers Acceptance	13,929
	<u>16,106</u>
<u>Secured</u>	
Revolving Credit	4,000
Term Loans	6,372
Bankers Acceptance	7,277
Overdraft	470
Hire Purchase	87
Lease Creditor	3,591
	<u>21,797</u>
<b>Long Term Borrowings</b>	
<u>Secured</u>	
Hire Purchase	122
Lease Creditor	12,766
	<u>12,888</u>
<b>Total Borrowings</b>	<u><u>50,791</u></u>

**21. 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.

**22. Dividend Payable**

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

**23. Basic Earning Per Shares**

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
	30/09/2008	30/09/2007	30/09/2008	30/09/2007
Group's (loss)/profit attributable to ordinary shareholders (RM)	(2,110,000)	(1,605,000)	(7,062,000)	3,634,000
Weighted average number of ordinary shares in issue, excluding treasury shares	54,788,716	54,833,000	54,788,716	54,833,000
<b>Basic earnings per share (sen)</b>	<b>(3.85)</b>	<b>(2.93)</b>	<b>(12.89)</b>	<b>6.63</b>

**24. Diluted Earning Per Share**

The Group does not have in issue any financial instrument or other contract that may entitle its holder to ordinary shares and therefore, dilution to its basic earnings per share.