

FSBM HOLDINGS BERHAD
Company No.: 115609-U

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
ENDED 31 DECEMBER 2008

Unaudited Condensed Consolidated Income Statement

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/12/2008 RM '000	Preceding Year Corresponding Quarter 31/12/2007 RM '000	Current Year To Date 31/12/2008 RM '000	Preceding Year Corresponding Period 31/12/2007 RM '000
Revenue	13,898	(21,396)	51,872	42,705
Cost of sales	(11,455)	25,132	(43,875)	(24,676)
Gross Profit	2,443	3,736	7,997	18,029
Other operating income	6,265	6,535	8,232	9,818
Administrative expense	(1,441)	(1716)	(8,585)	(8,598)
Selling and marketing expenses	(464)	(606)	(2,237)	(2,282)
Other expenses	(8,472)	(6,963)	(11,695)	(11,262)
Operating (loss)/profit	(1,669)	986	(6,288)	5,705
Finance costs	(692)	(924)	(2,685)	(2,359)
Share of results of associates	-	1	-	1
Share of losses of jointly controlled entity	-	(4)	(217)	(4)
(Loss)/profit before tax	(2,361)	59	(9,190)	3,343
Income tax	92	1971	(86)	2,039
(Loss)/profit for the period	(2,269)	2,030	(9,276)	5,382
Attributable to:				
Equity holders of the company	(2,293)	2,049	(9,355)	5,683
Minority Interest	24	(19)	79	(301)
	(2,269)	2,030	(9,276)	5,382
Earnings per share: (sen)				
- basic	(4.20)	3.74	(17.13)	10.36
- diluted	(4.20)	3.74	(17.13)	10.36

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

Unaudited Condensed Consolidated Balance Sheet

	As At End Of Current Period 31/12/2008	As At Preceding Financial Year Ended 31/12/2007
	<u>RM '000</u>	<u>RM '000</u>
ASSETS		
Non-current assets		
Property, plant and equipment	4,032	5,150
Investment properties	56,250	55,925
Intangible assets	4,397	4,575
Investment in associated companies	-	474
Investment in jointly controlled entity	-	506
Other investments	454	348
	<u>65,133</u>	<u>66,978</u>
Current assets		
Inventories	19,455	19,485
Trade and other receivables	53,003	43,333
Other investments	2,642	2,695
Tax recoverable	294	77
Deposits with licensed banks	1,271	6,637
Cash and bank balance	1,893	7,873
	<u>78,558</u>	<u>80,100</u>
TOTAL ASSETS	<u>143,691</u>	<u>147,078</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	54,833	54,833
Share premium	8,454	8,454
Treasury shares	(712)	-
Other reserves	324	740
Retained earnings	13,271	22,626
Shareholders' equity	<u>76,170</u>	<u>86,653</u>
Minority interest	-	-
Total equity	<u>76,170</u>	<u>86,653</u>
Non-current liabilities		
Deferred income	66	494
Borrowings	11,546	16,406
Deferred taxation	3,176	3,125
	<u>14,788</u>	<u>20,025</u>
Current liabilities		
Borrowings	39,743	27,853
Trade and other payables	12,990	12,547
	<u>52,733</u>	<u>40,400</u>
Total liabilities	<u>67,521</u>	<u>60,425</u>
TOTAL EQUITY AND LIABILITIES	<u>143,691</u>	<u>147,078</u>

Net assets per share (RM)

1.39

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 31st 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					Interest Sub Total RM'000	Minority Equity RM'000	Total RM'000
	Non-Distributable							
	Share capital RM'000	Share Premium RM'000	Treasury shares RM'000	Exchange difference RM'000	Retained earnings RM'000			
At 1 January 2008	54,833	8,454	-	740	22,626	86,653	-	86,653
Currency translation differences	-	-	-	(416)	-	(416)	-	(416)
Loss for the period	-	-	-	-	(9,355)	(9,355)	79	(9,276)
Total recognized income and expense for the period	-	-	-	(416)	(9,355)	(9,771)	79	(9,692)
Acquisition of shares in a subsidiary	-	-	-	-	-	-	(143)	(143)
Changes in composition of the Group	-	-	-	-	-	-	64	64
Share buy-back	-	-	(712)	-	-	(712)	-	(712)
At 31 December 2008	54,833	8,454	(712)	324	13,271	76,170	-	76,170
At 1 January 2007	54,833	8,454	-	666	18,944	82,897	84	82,981
Currency translation differences	-	-	-	74	-	74	-	74
Profit for the period	-	-	-	-	5,683	5,683	(301)	5,382
Total recognized income and expense for the period	-	-	-	74	5,683	5,757	(301)	5,456
Dividends	-	-	-	-	(2,001)	(2,001)	(50)	(2,051)
Changes in composition of the Group	-	-	-	-	-	-	195	195
Acquisition of shares in subsidiaries	-	-	-	-	-	-	72	72
At 31 December 2007	54,833	8,454	-	740	22,626	86,653	-	86,653

(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 31st December 2007 and the accompanying explanatory notes attached to the interim financial report)

Unaudited Condensed Consolidated Cash Flow Statement

	31 December 2008 RM'000	31 December 2007 RM'000
(Loss)/profit before tax	(9,190)	3,343
Adjustments for : -		
Non-cash items	2,925	2,541
Non-operating items	438	(1,361)
Operating (loss)/profit before changes in working capital	<u>(5,827)</u>	<u>4,523</u>
Changes in working capital		
Net change in current assets	(7,583)	3,925
Net change in current liabilities	572	(10,078)
Cash used in operations	<u>(12,838)</u>	<u>(1,630)</u>
Tax paid	(253)	(171)
Interest paid	(2,779)	(2,100)
Interest received	117	258
Net cash used in operating activities	<u>(15,753)</u>	<u>(3,643)</u>
Cash flows from investing Activities		
Purchase of property, plant & equipment	(287)	(985)
Purchase of development assets	(854)	(955)
Purchase of investment property	(190)	(117)
Proceed from disposal of property, plant & equipment	79	-
Proceed from disposal of marketable securities	41	307
Acquisition of share in subsidiary	(75)	217
Other investments	(2)	(453)
Net cash used in investing activities	<u>(1,288)</u>	<u>(1,986)</u>
Cash flows from financing activities		
Purchase of treasury shares	(712)	-
Drawdown of bank borrowings	62,705	79,426
Repayment of bank borrowings	(56,025)	(56,546)
Dividend paid	-	(2,051)
Net cash generated from financing activities	<u>5,968</u>	<u>20,829</u>
Net (Decrease)/Increase in Cash & Cash Equivalents	<u>(11,073)</u>	<u>15,200</u>
Effects of Exchange Rate Changes	(243)	(120)
Cash & Cash Equivalents at beginning of the period (at 1 January)	<u>14,036</u>	<u>(1,044)</u>
Cash & Cash Equivalents at end of the period	Note (a) <u>2,720</u>	(b) <u>14,036</u>

(a) Consists of deposits with licensed banks (RM1,271,000), cash and bank balance (RM1,893,000) and bank overdraft (RM444,000)

(b) Consists of deposits with licensed banks (RM6,637,000), cash and bank balance (RM7,873,000) and bank overdraft (RM474,000)

(The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements of the Group for the year ended 31st 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 year ended 31 December 2008 except for the Group's repurchase of 1,090,700 ordinary shares of RM1.00 each from the open market for a total cost of RM716,470.46 at prices ranging from RM0.54 to RM0.74 per share. These shares have been retained as treasury shares of the Company.

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 31 December 2008 are set out below:

	Solution RM'000	Communication & Multimedia RM'000	Education RM'000	Investment Holding & Others RM'000	Elimination RM'000	Group RM'000
Quarter Ended 31/12/08						
External Sales	11,352	1,503	-	1,043	-	13,898
Internal Sales	762	711	-	329	(1,802)	-
Total Sales	12,114	2,214	-	1,372	(1,802)	13,898
(Loss)/ Profit From Operations	(897)	(771)	17	(4,471)	4,453	(1,669)
Financial Period Ended 31/12/08						
External Sales	40,040	7,418	386	4,028	-	51,872
Internal Sales	822	1,740	400	367	(3,329)	-
Total Sales	40,862	9,158	786	4,395	(3,329)	51,872
Profit/ (Loss) From Operations	163	(4,697)	(356)	(5,892)	4,494	(6,288)

8. Segmental Reporting (Continued)

	Solution RM'000	Communication & Multimedia RM'000	Education RM'000	Investment Holding & Others RM'000	Elimination RM'000	Group RM'000
Quarter Ended 31/12/07						
External Sales	(24,769)	2,353	-	1,020	-	(21,396)
Internal Sales	1,282	14	-	481	(1,777)	-
Total Sales	(23,487)	2,367	-	1,501	(1,777)	(21,396)
(Loss)/ Profit From Operations	(2,109)	(1,631)	(268)	5,024	(30)	986
Financial Period Ended 31/12/07						
External Sales	16,910	10,376	11,966	3,453	-	42,705
Internal Sales	7,793	27	5,780	481	(14,081)	-
Total Sales	24,703	10,403	17,746	3,934	(14,081)	42,705
Profit/ (Loss) From Operations	6,263	(5,243)	216	3,684	785	5,705

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 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.
- (b) On 20 November 2008, the Company's 51% owned subsidiary, Universal Broadband Distribution Inc (“UBB Distribution”) had on 20 November 2008 passed a special resolution to wind up voluntary.
- (c) On 26 November 2008, the Company's wholly owned subsidiary, Universal Broadband Inc. (“UBB Inc”) had on 26 November 2008 passed a special resolution to wind up voluntary.
- (d) On 27 November 2008, the Company has disposed its entire shareholdings in Infotalent Sdn Bhd (“Infotalent”), consisting 2 ordinary shares of RM1.00 each, for a cash consideration of RM2.00.
- (e) On 27 November 2008, the Company through its wholly owned subsidiary, Universal Broadband Inc (“UBB Inc”), disposed its entire shareholdings consisting 25,500 ordinary shares of \$1.00 each in Universal Broadband HK Limited (“UBB HK”), for a cash consideration of HKD1.00.
- (f) On 24 December 2008, the Company has disposed its entire shareholdings in Europelink Technology Limited (“Europelink”), consisting 55,000 ordinary shares of £0.10 each, for a total cash consideration of £1.00.
- (g) On 30 December 2008, the Company's wholly-owned subsidiary, Asian Technology Resources Sdn Bhd (ATR SB) has disposed its entire shareholdings in AT Resources (Singapore) Pte Ltd (“ATR Singapore”), consisting 2 ordinary shares of S\$1.00 each, for a cash consideration of S\$1.00.
- (h) On 31 December 2008, the Company has disposed its entire shareholdings in Westview Services Limited (“Westview”), consisting 1,001 ordinary shares of HK\$1.00 each, for a total cash consideration of HK\$1.00.

The aforesaid changes will not have any significant effect on the earnings of the Company and Group for the financial period ending 31 December 2008.

11. Changes in Contingent Liabilities of Contingent Assets

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

12. Review of Performance

The financial year ended 31st December, 2008 saw a revenue of RM51.9 million against the revenue reported for 2007 of RM 42.7 million (after adjusting for sales return of RM 20.3 million arising from the repossession of systems following the customer’s failure to pay).

12. Review of Performance (Continued)

The Communication and Multimedia Division reported a fall in their revenue in 2008 when compared to 2007 and the Education Division has not resumed their programmes since the completion of Phase 1 of the Teachers Training Programme in mid 2007. The Solutions Division showed improvement in its revenue number for the current year but at lower gross margin. Further, in the course of the fair value exercise the net book value of the movie contents was adjusted and this resulted in a provision for diminution of RM 1.3million.

As a result, the Group reported a loss, before tax, of RM 9.3 million for the financial year ended 31 December 2008 against the profit, before tax, of RM 3.3 million in the previous year.

13. Review of Quarterly Results

The Communications and Multimedia Divisions saw a slightly higher revenue stream in the 4th Quarter as compared to the 3rd Quarter while the Solution Division had nearly the same level of revenue in both these quarters. These has resulted in the revenue for the current quarter of RM13.9 million compared to RM16.6 million in the 3rd Quarter and a loss, before tax, of RM2.3 million for the 4th Quarter compared to the loss, before tax, of RM2.1 million for the 3rd Quarter.

The 4th Quarter of 2007 reported a negative revenue of RM21.4 million (after the adjustment to accommodate the sale return mentioned above and for a leasing transaction reported as revenue in the 1st Quarter of 2007 of RM11.7 million) while the 4th Quarter of 2008 showed a revenue of RM 13.9 million. Further, in the course of evaluation of fair value, the provision for the diminution in value of the movie contents of RM1.3 million was made. As a result, the 4th Quarter of 2008 reported a loss, before tax, of RM 2.4 million compared to a profit, before tax, of RM0.059 million for the 4th Quarter of 2007

14. Current Year Prospects

The Group had submitted proposals for several major proposals in response to Requests for Proposals (RFPs) issued by the Government and has been waiting for the outcome on these. The Group is aware that a success from any of these major bids would contribute significantly to the Group's results in the current year and forward.

The success from the setting up of a dedicated team in the Systems and Solutions Division to undertake the numerous, but smaller orders, for infrastructure system has shown positive results. The Group sees this initiative continuing to allow the Division to reap further gains in the coming periods.

On the telecommunication value-added services side, over subsidiary TeleVAS has started to provide services to the Indonesian market in addition to its current Malaysian customers. TeleVAS currently provides operational and support services for Ring-Back-Tone (RBT) and Voice Mail Services (VMS) for one of the mobile operators in Malaysia.

The Group had successfully trained 100,000 teachers in the first phase of the Teachers Training Programme which was completed in 2007. The Group is in discussion with the Ministry of Education to extend its Teachers Training Programme to the balance of teachers. The Group hopes to see a resumption of the training programme in the very near future pending successful negotiations with the Ministry of Education.

14. Current Year Prospects (Continued)

The Malaysian Healthcare Industry's venture into health tourism and the need for modernization has seen the Group being invited to participate in a number of tenders. We are expecting our solution offering to include systems that will enable the healthcare providers to meet the patient-centric trend in this industry. Meanwhile, the ongoing project to implement the Total Hospital Information System at a large teaching hospital in Kuala Lumpur is expected to be completed by the second quarter of 2009.

UNOS PRO, the in-house designed mobile phone application, is seeing a steady growth in its individual subscriber base coming from some 130 countries.

Additionally, the subsidiary company expanded its UNOS product offerings by developing a highly secured interactive mobile banking solution. A leading Malaysian bank is in the process of implementing the system and the UNOS team is currently conducting proof of concepts for several banks outside Malaysia. UNOS is continuing to expand its customer base with the development of more

Mobile Internet service deliveries for enterprises (such as e-ticketing, government, financial services etc) and individual end consumers within and outside Malaysia. The Group is optimistic that our award-winning services developed under the UNOS label will continue to contribute positively to the Group's results in the future.

In view of the foregoing and the global economic situation, the Group is prepared to meet the challenges ahead.

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
	31/12/2008 (RM'000)	31/12/2007 (RM'000)	31/12/2008 (RM'000)	31/12/2007 (RM'000)
Taxation				
- Current	(144)	167	24	229
- (Over)/under provision in prior year	-	61	10	61
Deferred taxation	52	(2,199)	52	(2,329)
	<u>(92)</u>	<u>(1,971)</u>	<u>86</u>	<u>(2,039)</u>

16. Taxation (Continued)

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
	31/12/2008 (RM'000)	31/12/2007 (RM'000)	31/12/2008 (RM'000)	31/12/2007 (RM'000)
(Loss)/profit from ordinary activities before tax	(2,361)	59	(9,190)	3,343
Tax calculated at the Malaysian tax rate of 26% (2007:27%)	(614)	16	(2,389)	903
Tax effects of:				
- effects of difference tax rate	(12)	(39)	(12)	-
- effects on opening deferred tax	(89)	(194)	(122)	(194)
- income not subject to tax	(185)	634	(99)	(257)
- expenses not deductible for tax	271	281	772	1,233
- utilization of previously unrecognized tax losses and unabsorbed capital allowance	476	1,321	834	(266)
- deferred tax assets not recognized in respect of current year's tax losses and unabsorbed capital allowance	56	204	1,087	806
- over provision of deferred tax in prior year	4	(4,195)	4	(4,325)
- under provision of tax expense in prior year	1	1	11	61
Tax expense/(credit)	(92)	(1,971)	86	(2,039)

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 31 December 2008 as set out below: -

	RM '000
Quoted shares in Malaysia:	
At Cost	898
Provision for diminution in value	(773)
	<u>125</u>
At market value	<u>138</u>
Shares listed outside Malaysia	
At Cost	<u>2,517</u>
At price of last placement of shares issued by the investee up to 31 December 2008	<u>5,053</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 31 December 2008 are as set out below: -

	RM'000
Short Term Borrowings	
<u>Unsecured</u>	
Revolving Credit	1,100
Letter of Credit	708
Bankers Acceptance	16,297
	<u>18,105</u>
<u>Secured</u>	
Revolving Credit	4,000
Term Loans	4,570
Bankers Acceptance	8,883
Overdraft	444
Hire Purchase	83
Lease Creditor	3,658
	<u>21,638</u>
Long Term Borrowings	
<u>Secured</u>	
Hire Purchase	101
Lease Creditor	11,445
	<u>11,546</u>
Total Borrowings	<u>51,289</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
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Group's (loss)/profit attributable to ordinary shareholders (RM)	(2,293,000)	2,049,000	(9,355,000)	5,683,000
Weighted average number of ordinary shares s in issue, excluding treasury shares	54,581,855	54,833,000	54,581,855	54,833,000
Basic earnings per share (sen)	(4.20)	3.74	(17.13)	10.36

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.