

FSBM HOLDINGS BERHAD
Company No.: 115609-U

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER
ENDED 31 MARCH 2009

Condensed Consolidated Income Statements

For the Three-Month Period Ended 31 March 2009

	3 months ended		Year to date ended	
	31.3.2009	31.3.2008	31.3.2009	31.3.2008
	RM'000	RM'000	RM'000	RM'000
Revenue	7,826	8,729	7,826	8,729
Cost of sales	(5,572)	(7,080)	(5,572)	(7,080)
Gross Profit	2,254	1,649	2,254	1,649
Other income	1,780	2,376	1,780	2,376
Administrative expense	(1,786)	(2,325)	(1,786)	(2,325)
Selling and marketing expenses	(308)	(669)	(308)	(669)
Other expenses	(1,759)	(3,074)	(1,759)	(3,074)
Operating profit/(loss)	181	(2,043)	181	(2,043)
Finance costs	(767)	(735)	(767)	(735)
Loss before tax	(586)	(2,778)	(586)	(2,778)
Income tax expense	(107)	-	(107)	-
Loss for the period	(693)	(2,778)	(693)	(2,778)
Attributable to:				
Equity holders of the company	(693)	(2,714)	(693)	(2,714)
Minority Interest	-	(64)	-	(64)
	(693)	(2,778)	(693)	(2,778)
Earnings per share attributable to equity holders of the parent: (sen)				
- basic	(1.29)	(4.95)	(1.29)	(4.95)
- diluted	(1.29)	(4.95)	(1.29)	(4.95)

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31st December 2008 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Balance Sheet

As at 30 March 2009

	As at 31.3.2009 RM'000	As at 31.12.2008 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	3,793	4,056
Investment properties	56,250	56,250
Intangible assets	4,402	4,397
Other investments	381	454
	<u>64,826</u>	<u>65,157</u>
Current assets		
Inventories	19,455	19,455
Trade and other receivables	46,917	53,035
Other investments	2,766	2,642
Tax recoverable	214	294
Deposits with licensed banks	1,280	1,271
Cash and bank balance	2,251	1,831
	<u>72,883</u>	<u>78,528</u>
TOTAL ASSETS	<u>137,709</u>	<u>143,685</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	54,833	54,833
Share premium	8,454	8,454
Treasury shares	(712)	(712)
Other reserves	23	302
Retained earnings	12,589	13,282
Shareholders' equity	<u>75,187</u>	<u>76,159</u>
Minority interest	-	-
Total equity	<u>75,187</u>	<u>76,159</u>
Non-current liabilities		
Deferred income	-	66
Borrowings	10,949	11,546
Deferred taxation	3,180	3,180
	<u>14,129</u>	<u>14,792</u>
Current liabilities		
Borrowings	36,820	39,035
Trade and other payables	11,573	13,699
	<u>48,393</u>	<u>52,734</u>
Total liabilities	<u>62,522</u>	<u>67,526</u>
TOTAL EQUITY AND LIABILITIES	<u>137,709</u>	<u>143,685</u>

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31st December 2008 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statement of Changes in Equity

For the Three-Month Period Ended 31 March 2009

	Attributable to Equity Holders of the Parent						Minority Interest	Total Equity
	Share Capital	Non-Distributable			Distributable			
		Share Premium	Treasury shares	Exchange difference	Retained earnings	Sub Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2009	54,833	8,454	(712)	302	13,282	76,159	-	76,159
Currency translation differences	-	-	-	(279)	-	(279)	-	(279)
Loss for the period	-	-	-	-	(693)	(693)	-	(693)
Total recognized expense for the period	-	-	-	(279)	(693)	(972)	-	(972)
Acquisition of shares in a subsidiary	-	-	-	-	-	-	-	-
At 31 March 2009	54,833	8,454	(712)	23	12,589	75,187	-	75,187
At 1 January 2008	54,833	8,454	-	740	22,626	86,653	-	86,653
Currency translation differences	-	-	-	171	-	171	-	171
Loss for the period	-	-	-	-	(2,714)	(2,714)	(64)	(2,778)
Total recognized income and expenses for the period	-	-	-	171	(2,714)	(2,543)	(64)	(2,607)
Acquisition of shares in subsidiaries	-	-	-	-	-	-	64	64
At 31 March 2008	54,833	8,454	-	911	19,912	84,110	-	84,110

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31st December 2008 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Cash Flow Statement

For the Three-Month Period Ended 31 March 2009

	3 months ended	
	31.3.2009	31.3.2008
	RM'000	RM'000
Loss before tax	(586)	(2,778)
Adjustments for : -		
Non-cash items	(102)	275
Non-operating items	301	(127)
Operating loss before changes in working capital	<u>(387)</u>	<u>(2,630)</u>
Changes in working capital		
Net change in current assets	6,445	(565)
Net change in current liabilities	(2,256)	100
Cash generated from/(used in) operations	<u>3,802</u>	<u>(3,095)</u>
Tax paid	(27)	(46)
Interest paid	(653)	(735)
Net cash generated from/(used in) operating activities	<u>3,122</u>	<u>(3,876)</u>
Cash flows from investing Activities		
Purchase of property, plant & equipment	(32)	(140)
Purchase of development assets	(8)	(231)
Purchase of investment property	-	(161)
Proceed from disposal of property, plant & equipment	24	5
Proceed from disposal of investments	39	300
Acquisition of share in subsidiary	-	64
Interest received	8	44
Net cash generated from/(used in) investing activities	31	(119)
Cash flows from financing activities		
Drawdown of bank borrowings	11,344	4,596
Repayment of bank borrowings	(14,166)	(10,590)
Net cash used in financing activities	(2,822)	(5,994)
Net Increase/(Decrease) in Cash & Cash Equivalents	331	(9,989)
Effects of Exchange Rate Changes	88	72
Cash & Cash Equivalents at beginning of financial period	<u>2,658</u>	<u>14,036</u>
Cash & Cash Equivalents at end of financial period	<u>3,077</u>	<u>4,119</u>
	As at	As at
	31.3.2009	31.3.2008
	RM'000	RM'000
Deposits with licensed banks	1,280	3,235
Cash and bank balances	2,251	1,267
Bank overdrafts (included within short term borrowings in Note 21)	(454)	(383)
	<u>3,077</u>	<u>4,119</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31st December 2008 and the accompanying explanatory notes attached to the interim financial statements.

Notes to Interim Financial Statements

1. Basis Of Preparation

The interim financial statements are unaudited and have 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 2008.

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 2008.

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2008 was not qualified.

3. Segmental Information

	3 months ended		Year to date ended	
	31.3.2009	31.3.2008	31.3.2009	31.3.2008
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Solution	5,794	5,351	5,794	5,351
Communication & Multimedia	982	2,967	982	2,967
Education	-	386	-	386
Investment Holdings & Others	1,084	991	1,084	991
Total revenue including inter-segment sales	7,860	9,695	7,860	9,695
Elimination of inter-segment sales	(34)	(966)	(34)	(966)
Total	7,826	8,729	7,826	8,729
Segment Results				
Solution	831	736	831	736
Communication & Multimedia	(825)	(1,508)	(825)	(1,508)
Education	(88)	(94)	(88)	(94)
Investment Holdings & Others	265	(1,295)	265	(1,295)
	183	(2,161)	183	(2,161)
Elimination	(2)	118	(2)	118
Total	181	(2,043)	181	(2,043)

4. Unusual Items due to their Nature, Size or Incidence

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 that have had a material effect in the current quarter results.

6. Comments about Seasonal or Cyclical Factors

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

7. Dividends Paid

No dividend was paid during the quarter under review.

8. Debt and Equity Securities

There were no issuance, cancellations, repurchases, resale and repayments of debts and equity securities during the quarter under review.

9. Share buybacks

During the financial year ended 31 December 2008, the Company purchased 1,090,700 of its own ordinary shares from the open market. All the shares purchased were retained as treasury shares and none of the treasury shares held were resold nor cancelled by the Company. As at 31 March 2009, the total number of treasury shares was 1,090,700 ordinary shares. Subsequent to 31 December 2008, the Company did not purchase any further shares from the open market.

10. Changes in 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 19 January 2009, Beijing Asialink Technology Development Limited (“Beijing Asialink”), a wholly-owned subsidiary of Asialink Technology Development Limited (“Asialink”), which in turn is a 55% owned subsidiary of the Company, increased its issued and paid-up share capital from RMB250,000 to RMB750,000 (equivalent to RM265,723). Pursuant to the issuance, Asialink subscribed for 500,000 ordinary shares of RMB 1.00 each in Beijing Asialink.

11. Changes in Contingent Liabilities or Contingent Assets

There were no changes in other contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2008.

12. Subsequent Events

There were no material events subsequent to the end of the current quarter except for sale of a freehold commercial land for the cash consideration of RM 4,154,726.

13. Performance Review (Q1 2009 : Q1 2008)

In the 1st Quarter of 2009 the Group saw the country’s business environment significantly impacted by the world economic crisis and by the local unsettling political scene. The Group saw lower and delayed investments in ICT projects both in the public and private sector. This has led to the Group reporting revenue of RM7.83 million for the 1st Quarter of 2009 against the revenue reported for the 1st Quarter of 2008 of RM 8.73 million.

The Group had instituted cost rationalization programmes as part of its steps to face the difficult situation in 2009. The Group has reviewed the portfolio of revenue projects undertaken to improve their returns on the revenue. This has led to the significant reduction of costs, streamlining of certain parts of its Communication and Multimedia operations, an improvement in the rental yields on its Investment Properties and increase in its provision of direct services.

Operating cost are being monitored and reviewed for removal or reduction. This has led to a savings of about RM 0.89 million for the 1st Quarter of 2009 as compared to the same period last year.

13. Performance Review (Q1 2009 : Q1 2008) (Cont'd)

As a result of these actions, the Group is reporting a loss, before tax, of RM0.59 million compared to the loss, before tax, of RM 2.04 million for the same period last year.

14. Comment on Material Change in Profit Before Taxation (Q1 2009 : Q4 2008)

The revenue for the Group for the 1st Quarter was significantly lower than that achieved in the previous 4th Quarter of 2008 at RM 7.83 million and RM 17.68 million respectively. The 4th Quarter traditionally sees a higher level of sales than in the 1st Quarter as customers strive to complete their capital budget programmes before the close of the calendar year.

The Group has, as mentioned in note 13 above, instituted the revenue and cost rationalization programmes and this has led to the Group reporting smaller loss, before tax, for the 1st Quarter of 2009 of RM 0.59 million compared to RM2.78 million for the 4th Quarter of 2008. (the higher loss in the 4th Quarter was also due to need for the provision for diminution in value in the movie contents as part of its fair value assessments for the financial year 2008)

15. Commentary on Prospects

Malaysia is a member of the global economy and the outlook for 2009 for the nation (and for FSBM) is inexorably linked to the confidence of the consumer and business communities of the global economy. While confidence is wavering at the moment, the governments of the world's larger economies have taken extensive steps to stem the decline and bolster their economies.

The deteriorating external conditions have dampened optimism and the Group does not expect to see much improvement in the early part of 2009. However, the Malaysian 2nd stimulus package of RM60 billion and the actions taken by members of the global economies may provide the optimism that could build towards a recovery in the later part of 2009 or early 2010. We are working with our partners to provide our services and our solutions for projects identified by the Government's RM60 billion 2nd stimulus package. Proposals are being prepared and we hope to be able to fast-track deliveries and implementations once projects are awarded. The Group has a good track record for delivering projects on time and cost-effectively. We hope to be able to secure some immediate business from our existing customers who have been allocated projects from this 2nd stimulus package.

In the immediate term, the Group has also taken steps to face the difficult situation with the institution of the revenue and cost rationalization programmes. Staffs have thrown their weight behind the Group's rationalization plans and are taking personal actions such as switching off lights during lunch hours and increasing the re-cycling of paper, etc.

The Group also sees an opportunity in these times of adversity. FSBM anticipates that the businesses in today's depressed economy would be looking for ways to maximize returns from their current investments and reduce costs of current operations. FSBM believes that UNOS Enterprise, a product developed in-house, would enable companies to easily add mobile applications onto their current internet e-commerce applications. In this process, companies would be able to extend their business reach and create new markets. UNOS Enterprise creates a new e-delivery channel and enables e-commerce and e-services with its target on all mobile phone users. UNOS-Voice, another in-house product, could cut business communication costs by providing inexpensive IDD and Roaming Calls.

The number of mobile phone subscriptions quadrupled, from around 1 billion, in 2002 to 4.1 billion at the end of 2008. The UNOS products are related to the mobile phone and the opportunities for UNOS is massive. More and more businesses are now beginning to engage their customers and offer their services through the mobile phone. Banks and financial institutions see this as an opportunity to reduce their cost of engaging customers by including mobile phone in their delivery channel strategy. We have presented UNOS Mobile Banking to several banks in the Asian region. Response has been extremely positive and the Group is optimistic that some would be making decisions in favour of UNOS Mobile Banking.

15. Commentary on Prospects (Cont'd)

There is optimism for a recovery in the economy in the later part of 2009 or early 2010 for the Healthcare, Education and Others sector of the Group's market. FSBM hopes to see awards for some of its proposals that have been submitted for evaluation in the healthcare and education sectors. These projects have been put on hold by customers pending a recovery in the economy.

16. Profit Forecast or Profit Guarantee

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest and for the shortfall in profit guarantee are not applicable.

17. Income Tax Expense

Taxation comprises:

	3 months ended		Year to date ended	
	31.3.2009	31.3.2008	31.3.2009	31.3.2008
	RM'000	RM'000	RM'000	RM'000
Taxation				
- Current	107	-	107	-
- (Over)/under provision in prior year	-	-	-	-
Deferred taxation	-	-	-	-
Total income tax expense	<u>107</u>	<u>-</u>	<u>107</u>	<u>-</u>

The effective tax rate of the Group for the current quarter was higher than the statutory tax rate principally due to the losses of certain subsidiaries which can not be set off against taxable profits made by other subsidiaries, and certain expenses which are not deductible for tax purposes.

18. Sales of Unquoted Investment and Properties

There were no sales of unquoted investments and properties for the financial period under review except for the disposal of 2 club memberships which resulted in a loss on disposal of RM6,500.

19. Quoted Securities

The details of investments in quoted shares as at 31 March 2009 as set out below: -

	As at	As at
	31.3.2009	31.12.2008
	RM'000	RM'000
In Malaysia		
At cost	898	898
At book value	118	125
At market value	<u>129</u>	<u>138</u>
Outside Malaysia		
At cost	2,648	2,517
At book value	2,648	2,517
At market value	<u>3,544</u>	<u>5,053</u>

20. Corporate Proposals

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

21. Borrowings

	As at 31.3.2009 RM'000	As at 31.12.2008 RM'000
Short Term Borrowings		
Secured	21,315	21,638
Unsecured	15,505	17,397
	<u>36,820</u>	<u>39,035</u>
Long Term Borrowings		
Secured	10,949	11,546
	<u>47,769</u>	<u>50,581</u>

22. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at 31 March 2009.

23. Dividend Payable

No interim ordinary dividend has been declared for the financial period ended 31 March 2009 (31 March 2008: Nil).

24. Earning Per Shares

(a) Basic

The basic earning per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period, excluding treasury shares held by the Company.

	3 months ended		Year to date ended	
	31.3.2009	31.3.2008	31.3.2009	31.3.2008
Group's loss attributable to ordinary shareholders (RM)	(693,000)	(2,714,000)	(693,000)	(2,714,000)
Weighted average number of ordinary shares in issue, excluding treasury shares	53,742,300	54,833,000	53,742,300	54,833,000
Basic deficit per share (sen)	(1.29)	(4.95)	(1.29)	(4.95)

(b) Diluted

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.

25. Authorization for Issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 27 May 2009.