

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

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER  
ENDED 30 JUNE 2009**

**Condensed Consolidated Income Statements**

For the Six-Month Period Ended 30 June 2009

	3 months ended		6 months ended	
	30.6.2009 RM'000	30.6.2008 RM'000	30.6.2009 RM'000	30.6.2008 RM'000
Revenue	5,671	9,992	13,497	18,721
Cost of sales	(3,875)	(8,154)	(9,447)	(15,234)
<b>Gross Profit</b>	1,796	1,838	4,050	3,487
Other income	1,826	1,834	3,606	4,210
Administrative expense	(1,423)	(2,431)	(3,209)	(4,756)
Selling and marketing expenses	(81)	(498)	(389)	(1,167)
Other expenses	(2,830)	(2,192)	(4,589)	(5,266)
<b>Operating profit/(loss)</b>	(712)	(1,449)	(531)	(3,492)
Finance costs	(662)	(660)	(1,429)	(1,395)
<b>Loss before tax</b>	(1,374)	(2,109)	(1,960)	(4,887)
Income tax expense	(3)	(153)	(110)	(153)
<b>Loss for the period</b>	(1,377)	(2,262)	(2,070)	(5,040)
Attributable to:				
Equity holders of the parent	(1,377)	(2,238)	(2,070)	(4,952)
Minority Interest	-	(24)	-	(88)
	(1,377)	(2,262)	(2,070)	(5,040)
<b>Earnings per share attributable to equity holders of the parent: (sen)</b>				
- basic	(2.56)	(4.08)	(3.85)	(9.03)
- diluted	(2.56)	(4.08)	(3.85)	(9.03)

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

**Condensed Consolidated Balance Sheet**

As at 30 June 2009

	<b>As at 30.6.2009 RM'000</b>	<b>As at 31.12.2008 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3,530	4,056
Investment properties	51,850	56,250
Intangible assets	4,382	4,397
Other investments	381	454
	<u>60,143</u>	<u>65,157</u>
<b>Current assets</b>		
Inventories	19,455	19,455
Trade and other receivables	53,045	53,035
Other investments	2,653	2,642
Tax recoverable	95	294
Deposits with licensed banks	884	1,271
Cash and bank balance	1,994	1,831
	<u>78,126</u>	<u>78,528</u>
<b>TOTAL ASSETS</b>	<u>138,269</u>	<u>143,685</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	(712)	(712)
Other reserves	224	302
Retained earnings	11,212	13,282
Shareholders' equity	<u>74,011</u>	<u>76,159</u>
Minority interest	-	-
<b>Total equity</b>	<u>74,011</u>	<u>76,159</u>
<b>Non-current liabilities</b>		
Deferred income	-	66
Borrowings	10,334	11,546
Deferred taxation	3,180	3,180
	<u>13,514</u>	<u>14,792</u>
<b>Current liabilities</b>		
Borrowings	35,894	39,035
Trade and other payables	14,850	13,699
	<u>50,744</u>	<u>52,734</u>
<b>Total liabilities</b>	<u>64,258</u>	<u>67,526</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>138,269</u>	<u>143,685</u>

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

**Condensed Consolidated Statement of Changes in Equity**

For the Six-Month Period Ended 30 June 2009

	Attributable to Equity Holders of the Parent						Minority Interest	Total Equity
	Non-Distributable			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		
<b>At 1 January 2009</b>	54,833	8,454	(712)	302	13,282	76,159	-	76,159
Currency translation differences	-	-	-	(78)	-	(78)	-	(78)
Loss for the period	-	-	-	-	(2,070)	(2,070)	-	(2,070)
Total recognized expense for the period	-	-	-	(78)	(2,070)	(2,148)	-	(2,148)
Acquisition of shares in a subsidiary	-	-	-	-	-	-	-	-
<b>At 30 June 2009</b>	54,833	8,454	(712)	224	11,212	74,011	-	74,011
<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 & expenses for the period	-	-	-	80	(4,952)	(4,872)	(88)	(4,960)
Acquisition of shares in subsidiaries	-	-	-	-	-	-	88	88
<b>At 30 June 2008</b>	54,833	8,454	-	820	17,674	81,781	-	81,781

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

**Condensed Consolidated Cash Flow Statement**

For the Six-Month Period Ended 30 June 2009

	<b>6 months ended</b>	
	<b>30.6.2009</b>	<b>30.6.2008</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Loss before tax</b>	(1,960)	(4,887)
<b>Adjustments for : -</b>		
Non-cash items	780	909
Non-operating items	525	314
<b>Operating loss before changes in working capital</b>	(655)	(3,664)
<b>Changes in working capital</b>		
Net change in current assets	732	(6,055)
Net change in current liabilities	1,029	(3,774)
<b>Cash generated from/(used in) operations</b>	1,106	(13,493)
Tax paid	(17)	(72)
Tax refunded	110	-
Interest paid	(1,161)	(1,395)
<b>Net cash generated from/(used in) operating activities</b>	38	(14,960)
<b>Cash flows from investing Activities</b>		
Purchase of property, plant & equipment	(42)	(913)
Purchase of development assets	(127)	(397)
Disposal/(purchase) of investment property	4,155	(248)
Proceed from disposal of property, plant & equipment	25	59
Proceed from disposal of investments	169	935
Acquisition of share in subsidiary	-	88
Interest received	17	-
<b>Net cash generated from/(used in) investing activities</b>	4,197	(476)
<b>Cash flows from financing activities</b>		
Drawdown of bank borrowings	27,687	25,175
Repayment of bank borrowings	(32,221)	(21,877)
<b>Net cash (used in)/generated from financing activities</b>	(4,534)	3,298
<b>Net Decrease in Cash &amp; Cash Equivalents</b>	(299)	(12,138)
<b>Effects of Exchange Rate Changes</b>	48	89
<b>Cash &amp; Cash Equivalents at beginning of financial period</b>	2,658	14,036
<b>Cash &amp; Cash Equivalents at end of financial period</b>	2,407	1,987
	<b>As at</b>	<b>As at</b>
	<b>30.6.2009</b>	<b>30.6.2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Deposits with licensed banks	884	1,237
Cash and bank balances	1,994	1,315
Bank overdrafts (included within short term borrowings in Note 21)	(471)	(565)
	2,407	1,987

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31<sup>st</sup> 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		6 months ended	
	30.6.2009 RM'000	30.6.2008 RM'000	30.6.2009 RM'000	30.6.2008 RM'000
<b>Segment Revenue</b>				
Solution	4,252	6,976	10,046	12,327
Communication & Multimedia	375	2,081	1,357	5,048
Education	-	400	-	786
Investment Holdings & Others	1,071	1,000	2,155	1,991
Total revenue including inter-	5,698	10,457	13,558	20,152
Elimination of inter-segment sales	(27)	(465)	(61)	(1,431)
Total	5,671	9,992	13,497	18,721
<b>Segment Results</b>				
Solution	(712)	20	119	756
Communication & Multimedia	(1,144)	(1,246)	(1,969)	(2,754)
Education	(78)	(125)	(166)	(219)
Investment Holdings & Others	1,133	19	1,398	(1,276)
	(801)	(1,332)	(618)	(3,493)
Elimination	(7)	(117)	(9)	1
Total	(808)	(1,449)	(627)	(3,492)

### 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**

In 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 30 June 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:

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.

## **13. Performance Review (Q2 2009 : Q2 2008)**

For the 2nd Quarter, the Group reported a revenue of RM 5.7 million and a loss before tax of RM 1.4 million compared to a revenue of RM 9.9 million and a loss before tax of RM 2.1 million for the 2nd Quarter of 2008. Included in the loss for current quarter is the sum of RM 245,273 arising from the sale of the freehold commercial land (refer to paragraph 18).

The lower loss was the result of the ongoing cost rationalization programme which has led to about 40% reduction in costs.

#### **14. Comment on Material Change in Profit Before Taxation (Q2 2009 : Q1 2009)**

The 2<sup>nd</sup> Quarter saw the Group achieving a lower sale from its Solution Division. The Group has also, during the same period, refocused the business of the Communication and Multimedia Division towards corporate clients and as a result, the VOIP operations have been scaled down.

The revenue of the Group for the 2<sup>nd</sup> Quarter of RM5.7 million is lower than that for the 1<sup>st</sup> quarter of RM 7.8 million. The net loss before tax for the 2<sup>nd</sup> Quarter is RM1.4 million compared to RM0.6 million for the 1<sup>st</sup> Quarter.

#### **15. Commentary on Prospects**

The Group continues to look forward to the economic recovery generally expected in the second half of the year. In the meanwhile, the Group has also seen tangible benefits from its cost rationalization programme while it also seeks to provide customers with the new solutions to maximize returns from investments and reduce cost of operations.

The Education Division has begun the revision of its training project following the recent announcement by the Ministry of Education to teach math and sciences in Bahasa Malaysia and to elevate the teaching of English in schools.

The Group's presence in the healthcare solutions market has also taken another step higher with the recent win of a highly competitive bid in another teaching hospital. The implementation in this new teaching hospital is expected to be completed in the last quarter of this year. FSBM is now positioned to be the incumbent partner to the teaching hospital in its launches other new branches in the country from 2010. To further consolidate its position in the healthcare solution market, FSBM has also teamed up with a global and premier healthcare solution principal which has resulted in the Group's ability now to offer more than 60 solutions covering the whole range of clinical and administration requirements in a hospital. This strong partnership has immediately opened avenues for FSBM to market into large-scale private chain hospitals in addition to nationwide public hospitals

The UNOS systems, developed by the Communication and Multi-media Division are being implemented in a large local banking group and are expected to be fully operational before the year end. This has caught the attention of one of the largest banks in Indonesia who has arranged to visit the Malaysian Bank for their final assessment towards firming up its order. Another top bank in Indonesia is also evaluating UNOS and is conducting an assurance review of the security features of our systems.

UNOS is also hoping to commence with the Proof of Concept (POC) with Polintas, Indonesia (the Police Authority of Indonesia) and hopes to close the deal by early 2010.

Further, a large Korean company has agreed to work with UNOS and has arranged for UNOS to be pre-injected into all their new mobile phones during the manufacturing process as a value-added feature. This has the potential to increase the subscriber base of UNOS users.

With these ongoing developments, FSBM is looking forward to better its results for the near future.

#### **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		6 months ended	
	30.6.2009	30.6.2008	30.6.2009	30.6.2008
	RM'000	RM'000	RM'000	RM'000
Taxation				
- Current	3	153	110	153
- (Over)/under provision in prior year	-	-	-	-
Deferred taxation	-	-	-	-
Total income tax expense	<u>3</u>	<u>153</u>	<u>110</u>	<u>153</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 properties and unquoted investments for the financial period under review except for:

- the disposal by its wholly-owned subsidiary, FSBM Datatech Sdn Bhd, on 29 April, 2009 of a freehold commercial land held under Individual Title Geran 207773, Lot 23588 (formerly known as H.S.(D) 7801, P.T. No. 12116) in the Mukim of Dengkil, District of Sepang and the State of Selangor for the cash consideration of RM 4,154,726. The disposal led to a loss of RM 245,273 reported in the period under review; and
- the disposal of certain quoted shares, held outside Malaysia, for the total sum of RM 43,875 and which led to a realized gain of RM 11,381.

## 19. Quoted Securities

The details of investments in quoted shares as at 30 June 2009 as set out below: -

	As at 30.6.2009 RM'000	As at 31.12.2008 RM'000
<b>In Malaysia</b>		
At cost	898	898
At book value	193	125
At market value	<u>207</u>	<u>138</u>
<b>Outside Malaysia</b>		
At cost	2,460	2,517
At book value	2,460	2,517
At market value	<u>3,289</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



	<b>As at 30.6.2009 RM'000</b>	<b>FSBM 2009 Q2 As at 31.12.2008 RM'000</b>
<b>Short Term Borrowings</b>		
Secured	20,845	21,638
Unsecured	15,049	17,397
	<u>35,894</u>	<u>39,035</u>
 <b>Long Term Borrowings</b>		
Secured	10,334	11,546
	<u>46,228</u>	<u>50,581</u>

## 22. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at 30 June 2009.

## 23. Dividend Payable

No interim ordinary dividend has been declared for the financial period ended 30 June 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		6 months ended	
	30.6.2009	30.6.2008	30.6.2009	30.6.2008
Group's loss attributable to ordinary shareholders (RM)	(1,377,000)	(2,238,000)	(2,070,000)	(4,952,000)
Weighted average number of ordinary shares in issue, excluding treasury shares	53,742,300	54,833,000	53,742,300	54,833,000
<b>Basic deficit per share (sen)</b>	<b>(2.56)</b>	<b>(4.08)</b>	<b>(3.85)</b>	<b>(9.03)</b>

### (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 26<sup>th</sup> August, 2009.