

FSBM HOLDINGS BERHAD
Company No.: 115609-U

INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2009

Condensed Consolidated Income Statements

For the Nine-Month Period Ended 30 September 2009

	3 months ended		9 months ended	
	30.9.2009	30.9.2008	30.9.2009	30.9.2008
	RM'000	RM'000	RM'000	RM'000
Revenue	10,419	15,423	23,916	34,144
Cost of sales	(9,109)	(13,356)	(18,556)	(28,590)
Gross Profit	1,310	2,067	5,360	5,554
Other income	1,668	1,587	5,274	5,797
Administrative expense	(1,818)	(2,388)	(5,027)	(7,144)
Selling and marketing expenses	(210)	(606)	(599)	(1,773)
Other expenses	(2,459)	(1,787)	(7,048)	(7,053)
Operating loss	(1,509)	(1,127)	(2,040)	(4,619)
Finance costs	(468)	(598)	(1,897)	(1,993)
Share of losses of jointly controlled entity	-	(217)	-	(217)
Loss before tax	(1,977)	(1,942)	(3,937)	(6,829)
Income tax expense	(244)	(25)	(354)	(178)
Loss for the period	(2,221)	(1,967)	(4,291)	(7,007)
Attributable to:				
Equity holders of the parent	(2,221)	(2,110)	(4,291)	(7,062)
Minority Interest	-	143	-	55
	(2,221)	(1,967)	(4,291)	(7,007)
Earnings per share attributable to equity holders of the parent: (sen)				
- basic	(4.13)	(3.85)	(7.98)	(12.89)
- diluted	(4.13)	(3.85)	(7.98)	(12.89)

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 September 2009

	As at 30.9.2009 RM'000	As at 31.12.2008 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	3,175	4,056
Investment properties	51,535	56,250
Intangible assets	4,328	4,397
Other investments	381	454
	<u>59,419</u>	<u>65,157</u>
Current assets		
Inventories	19,455	19,455
Trade and other receivables	51,243	53,035
Other investments	2,582	2,642
Tax recoverable	-	294
Deposits with licensed banks	455	1,271
Cash and bank balance	1,710	1,831
	<u>75,445</u>	<u>78,528</u>
TOTAL ASSETS	<u>134,864</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	298	302
Retained earnings	8,991	13,282
Shareholders' equity	<u>71,864</u>	<u>76,159</u>
Minority interest	-	-
Total equity	<u>71,864</u>	<u>76,159</u>
Non-current liabilities		
Deferred income	-	66
Borrowings	9,712	11,546
Deferred taxation	3,180	3,180
	<u>12,892</u>	<u>14,792</u>
Current liabilities		
Borrowings	36,936	39,035
Trade and other payables	13,056	13,699
Tax payable	116	-
	<u>50,108</u>	<u>52,734</u>
Total liabilities	<u>63,000</u>	<u>67,526</u>
TOTAL EQUITY AND LIABILITIES	<u>134,864</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 Nine-Month Period Ended 30 September 2009

	Attributable to Equity Holders of the Parent						Minority Interest	Total Equity
	Non-Distributable			Distributable				
	Share Capital	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	-	-	-	(4)	-	(4)	-	(4)
Loss for the period	-	-	-	-	(4,291)	(4,291)	-	(4,291)
Total recognized expense for the period	-	-	-	(4)	(4,291)	(4,295)	-	(4,295)
Acquisition of shares in a subsidiary	-	-	-	-	-	-	-	-
At 30 September 2009	54,833	8,454	(712)	298	8,991	71,864	-	71,864
At 1 January 2008	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 & expenses for the period	-	-	-	(154)	(7,062)	(7,216)	55	(7,161)
Acquisition of shares in subsidiaries	-	-	-	-	-	-	(55)	(55)
Purchase of treasury shares	-	-	(375)	-	-	(375)	-	(375)
At 30 September 2008	54,833	8,454	(375)	586	15,564	79,062	-	79,062

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 Nine-Month Period Ended 30 September 2009

	9 months ended	
	30.9.2009	30.9.2008
	RM'000	RM'000
Loss before tax	(3,937)	(6,829)
Adjustments for : -		
Non-cash items	1,205	1,672
Non-operating items	842	69
Operating loss before changes in working capital	<u>(1,890)</u>	<u>(5,088)</u>
Changes in working capital		
Net change in current assets	2,683	(8,009)
Net change in current liabilities	(767)	278
Cash generated from/(used in) operations	<u>26</u>	<u>(12,819)</u>
Tax paid	(87)	(217)
Tax refunded	145	109
Interest paid	(1,565)	(1,993)
Net cash used in operating activities	<u>(1,481)</u>	<u>(14,920)</u>
Cash flows from investing Activities		
Purchase of property, plant & equipment	(45)	(350)
Purchase of development assets	(172)	(620)
Disposal/(purchase) of investment properties	4,480	(248)
Proceed from disposal of property, plant & equipment	65	73
Proceed from disposal of investments	252	-
Acquisition of share in subsidiary	-	13
Dividend received	3	-
Interest received	17	(114)
Net cash generated from/(used in) investing activities	<u>4,600</u>	<u>(1,246)</u>
Cash flows from financing activities		
Purchase of treasury shares	-	(375)
Drawdown of bank borrowings	38,092	39,885
Repayment of bank borrowings	(46,245)	(33,729)
Net cash (used in)/generated from financing activities	<u>(8,153)</u>	<u>5,781</u>
Net Decrease in Cash & Cash Equivalents	<u>(5,034)</u>	<u>(10,385)</u>
Effects of Exchange Rate Changes	95	208
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>(2,281)</u>	<u>3,859</u>
	As at	As at
	30.9.2009	30.9.2008
	RM'000	RM'000
Deposits with licensed banks	455	1,207
Cash and bank balances	1,710	3,122
Bank overdrafts (included within short term borrowings in Note 21)	(4,446)	(470)
	<u>(2,281)</u>	<u>3,859</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		9 months ended	
	30.9.2009	30.9.2008	30.9.2009	30.9.2008
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Solution	8,937	12,591	18,983	24,918
Communication & Multimedia	488	1,896	1,845	6,944
Education	-	-	-	786
Investment Holdings & Others	1,025	1,032	3,180	3,023
Total revenue including inter-segment sales	10,450	15,519	24,008	35,671
Elimination of inter-segment sales	(31)	(96)	(92)	(1,527)
Total	10,419	15,423	23,916	34,144
Segment Results				
Solution	(1,006)	304	(887)	1,060
Communication & Multimedia	(1,112)	(1,172)	(2,994)	(3,926)
Education	(79)	(154)	(245)	(373)
Investment Holdings & Others	686	12,376	2,084	11,100
	(1,511)	11,354	(2,042)	7,861
Elimination	2	(12,481)	2	(12,480)
Total	(1,509)	(1,127)	(2,040)	(4,619)

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 September 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) 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
- (b) The Company's wholly owned subsidiary, Worldwide Link Inc. (“WWL Inc”) had on 9 November 2009 passed a special resolution to wind up voluntarily.

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 (Q3 2009 : Q3 2008)

The Group's revenue for the 3rd Quarter of 2009 was RM 10.42 million compared to RM 15.42 million for the 3rd quarter of 2008. The lower revenue reflected the lower turnover of both the Solution Division and the Communication and Multimedia Division during the current quarter.

As a result, the Group reported a Loss before Tax of RM1.98 million or the 3rd quarter of 2009 as compared to the Loss before Tax of RM 1.942 million for the 3rd quarter of last year.

14. Comment on Material Change in Profit Before Taxation (Q3 2009 : Q2 2009)

The 3rd Quarter of 2009 saw higher revenue from the sale of hardware and a lower revenue stream from the provision of services. This has led to a higher reported revenue of RM 10.42 million compared to RM 5.67

million for the 2nd Quarter. However due to the lower margins from the sale of hardware, the results of the group reported a Loss, before tax, of RM 1.942 million compared to the Loss, before tax, of RM 1.37 million for the 2nd Quarter.

15. Commentary on Prospects

The Group expects the economic recovery to be over the horizon and has taken steps to sail through these lean times by charting a business consolidation and cost containment plan. The Group is in process of executing the plan to ensure better results in the near term.

The Education Division, while still pursuing the teacher training program that had been implemented successfully earlier, has configured and offered to the Ministry of Education several programs in support of the recently announced “Memartabatkan Bahasa Malaysia, Memperkukuhkan Bahasa Inggeris (Upholding Bahasa Malaysia, Strengthening English)” policy.

The Group’s Division providing healthcare solutions is seeing the impending completion of the implementation of the system in the large local Teaching Hospital and at the same time, it has started on the delivery to another teaching hospital. Further, a few large hospital chains have announced plans to upgrade their hospital information systems. The Healthcare Division is working with our USA healthcare principal to submit proposals to these chains of hospitals.

Efforts are being made to pursue new opportunities in the healthcare industry given that the Group has now gained valuable experience in this niche but large market segment.

The UNOS mobile banking solution developed by the Communications and Multimedia Division for a large local Malaysian bank will be commercially launched in Nov 2009, having gone through extensive internal trial run over 3 months to ensure that the system satisfied all security features and incorporated improved “user-friendliness”. We are already seeing this success with this bank as a good reference site for other prospective customers in and outside Malaysia. Several other financial institutions are awaiting to see the launch of our mobile banking solution in Malaysia before they take the next important step.

We are also awaiting decisions to commence Proof of Concept for certain Government Ministries/agencies and upon successful implementation we believe these will lead to new sales.

The Group has also identified countries with large populations and which exhibit the lack of fixed line infrastructure, like Indonesia, which presents tremendous opportunities for various mobile applications. A Proof of Concept was successfully done for certain Enforcement authority in Jakarta and we are hopeful that this will soon translate into a major sale.

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		9 months ended	
	30.9.2009	30.9.2008	30.9.2009	30.9.2008
	RM'000	RM'000	RM'000	RM'000
Taxation				
- Current	249	15	359	168
- (Over)/under provision in prior year	(5)	10	(5)	10
Deferred taxation	-	-	-	-
Total income tax expense	<u>244</u>	<u>25</u>	<u>354</u>	<u>178</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:

(a) 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

(b) the disposal of club memberships which resulted in a loss on disposal of RM 6,500.

19. Quoted Securities

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

	As at 30.9.2009 RM'000	As at 31.12.2008 RM'000
In Malaysia		
At cost	898	898
At book value	220	125
At market value	<u>237</u>	<u>138</u>
Outside Malaysia		
At cost	2,362	2,517
At book value	2,362	2,517
At market value	<u>2,846</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 30.9.2009 RM'000	As at 31.12.2008 RM'000
Short Term Borrowings		
Secured	20,489	21,638
Unsecured	16,447	17,397
	<u>36,936</u>	<u>39,035</u>
Long Term Borrowings		
Secured	9,712	11,546
	<u>46,648</u>	<u>50,581</u>

22. Off Balance Sheet Financial Instruments

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

23. Dividend Payable

No interim ordinary dividend has been declared for the financial period ended 30 September 2009 (30 September 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		9 months ended	
	30.9.2009	30.9.2008	30.9.2009	30.9.2008
Group's loss attributable to ordinary shareholders (RM)	(2,221,000)	(2,110,000)	(4,291,000)	(7,062,000)
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)	(4.13)	(3.85)	(7.98)	(12.88)

(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 24 November, 2009