

FSBM HOLDINGS BERHAD
Company No.: 115609-U

Quarterly report on consolidated results for the first quarter ended 31 March 2007.
The figures have not been audited.

Unaudited Condensed Consolidated Income Statement

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31/03/2007 RM '000	31/03/2006 RM '000	31/03/2007 RM '000	31/03/2006 RM '000
Revenue	29,187	35,772	29,187	35,772
Cost of sales	(22,556)	(28,132)	(22,556)	(28,132)
Gross Profit	6,631	7,640	6,631	7,640
Other operating income	1,266	18	1,266	18
Administrative expense	(2,429)	(2,166)	(2,429)	(2,166)
Selling and marketing expenses	(554)	(579)	(554)	(579)
Other expenses	(1,593)	(1,800)	(1,593)	(1,800)
Operating Profit	3,321	3,113	3,321	3,113
Finance costs	(291)	(60)	(291)	(60)
Share of (losses)/profit of associated companies	-	-	-	-
Profit before tax	3,030	3,053	3,030	3,053
Income tax expense	-	-	-	-
Profit for the period	3,030	3,053	3,030	3,053
Attributable to:				
Equity holders of the parent	3,038	3,057	3,038	3,057
Minority Interest	(8)	(4)	(8)	(4)
Profit after tax	3,030	3,053	3,030	3,053
Earnings per share:				
- basic	5.54	5.98	5.54	5.98
- diluted	5.54	5.43	5.54	5.43

(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 2006 and the accompanying explanatory notes attached to the interim financial report)

Unaudited Condensed Consolidated Balance Sheet

	AS AT END OF CURRENT YEAR 31/03/2007	AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/2006
	<u>RM '000</u>	<u>RM '000</u>
ASSETS		
Non-current assets		
Property, plant and equipment	5,563	6,040
Investment properties	54,839	54,722
Intangible assets	4,682	4,794
Investment in associated companies	558	558
Other investments	349	348
	<u>65,991</u>	<u>66,462</u>
Current assets		
Inventories	85	79
Trade and other receivables	80,755	64,273
Other investments	2,911	3,002
Tax recoverable	245	196
Deposits with licensed banks	1,624	4,887
Cash and bank balance	1,354	1,996
	<u>86,974</u>	<u>74,433</u>
TOTAL ASSETS	<u>152,965</u>	<u>140,895</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	54,833	54,833
Share premium	8,454	8,454
Other reserves	673	666
Retained earnings	21,982	18,944
Shareholders' equity	<u>85,942</u>	<u>82,897</u>
Minority interest	76	84
Total equity	<u>86,018</u>	<u>82,981</u>
Non-current liabilities		
Deferred income	754	853
Borrowings	2,652	2,803
Deferred taxation	5,454	5,454
	<u>8,860</u>	<u>9,110</u>
Current liabilities		
Borrowings	29,685	26,029
Trade and other payables	28,402	22,775
	<u>58,087</u>	<u>48,804</u>
Total liabilities	<u>66,947</u>	<u>57,914</u>
TOTAL EQUITY AND LIABILITIES	<u>152,965</u>	<u>140,895</u>
Net assets per share (RM)	1.57	1.51

(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 2006 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
	Share capital	Non-Distributable			Retained earnings	Sub Total		
	RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Exchange difference RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2007	54,833	8,454	-	666	18,944	82,897	84	82,981
Currency translation differences	-	-	-	7	-	7	-	7
Profit for the period	-	-	-	-	3,038	3,038	(8)	3,030
Total recognized income and expense for the period	-	-	-	7	3,038	3,045	(8)	3,037
At 31 March 2007	54,833	8,454	-	673	21,982	85,942	76	86,018
At 1 January 2006	51,150	8,369	13,534	637	(6,325)	67,365	1,840	69,205
Effects of adopting: FRS 140	-	-	(13,534)	-	13,534	-	-	-
	51,150	8,369	-	637	7,209	67,365	1,840	69,205
Currency translation differences	-	-	-	(108)	-	(108)	-	(108)
Profit for the period	-	-	-	-	3,057	3,057	4	3,053
Total recognized income and expense for the period	-	-	-	(108)	3,057	2,949	4	2,945
Changes in composition of the Group	-	-	-	-	-	-	-	-
At 31 March 2006	51,150	8,369	-	529	10,266	70,314	1,844	72,158

(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 2006 and the accompanying explanatory notes attached to the interim financial report)

Unaudited Condensed Consolidated Cash Flow Statement

	31 March 2007 RM'000	31 March 2006 RM'000
Net profit attributable to shareholders	3,030	3,057
Adjustments for : -		
Non-cash items	692	1,100
Non-operating items	(969)	4
Operating profit before changes in working capital	2,753	4,161
Changes in working capital		
Net change in current assets	(15,378)	(18,889)
Net change in current liabilities	5,647	13,904
Cash used in operations	(6,978)	(824)
Tax paid	(49)	(26)
Interest paid	(242)	(119)
Interest received	4	11
Net cash generated from operating activities	(7,265)	(958)
Cash flows from investing Activities		
- Purchase of property, plant & equipment	(44)	(76)
- Purchase of investment property	(117)	-
- Proceed from disposal of quoted securities	(118)	-
- Other investments	141	(57)
Net cash used in investing activities	(138)	(133)
Cash flows from financing activities		
- Draw down of bank borrowings	12,294	1,000
- Repayment of bank borrowings	(9,583)	(6,309)
Net cash generated from/(used in) financing activities	2,711	(5,309)
Net Decrease in Cash & Cash Equivalents	(4,692)	(6,400)
Effects of Exchange Rate Changes	(7)	18
Cash & Cash Equivalents at beginning of the period	(1,044)	9,052
Cash & Cash Equivalents at end of the period	Note (a) <u>(5,743)</u>	(b) <u>2,670</u>

(a) Consists of deposits with licensed banks (RM1,624,000), cash and bank balance (RM1,354,000) and bank overdraft (RM8,721,000)

(b) Consists of deposits with licensed banks (RM586,000) and cash and bank balance (RM2,084,000)

(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 2006 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 2006.

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 2005

2. Audit Report

The audit report of the Group's most recent annual audited financial statements for the year ended 31 December 2006 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 31 March 2007 are set out below:

	Solution RM'000	Smart Community RM'000	Communication & Multimedia RM'000	Education RM'000	Investment Holding & Others RM'000	Elimination RM'000	Group RM'000
Quarter Ended 31/03/07							
External Sales	19,741	-	2,783	5,927	736	-	29,187
Internal Sales	2,478	-	-	3,458	-	(5,936)	-
Total Sales	22,219	-	2,783	9,385	736	(5,936)	29,187
Profit/ (Loss) From Operations	3,486	(27)	(1,040)	935	230	(263)	3,321
Financial Period Ended 31/03/07							
External Sales	19,741	-	2,783	5,927	736	-	29,187
Internal Sales	2,478	-	-	3,458	-	(5,936)	-
Total Sales	22,219	-	2,783	9,385	736	(5,936)	29,187
Profit/ (Loss) From Operations	3,486	(27)	(1,040)	935	230	(263)	3,321

9. 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 31/03/06							
External Sales	23,188	-	3,900	7,903	781	-	35,772
Internal Sales	4,548	-	1	3,356	-	(7,905)	-
Total Sales	27,736	-	3,901	11,259	781	(7,905)	35,772
Profit/ (Loss) From Operations	3,834	-	(297)	734	(1,293)	135	3,113
Financial Period Ended 31/03/06							
External Sales	23,188	-	3,900	7,903	781	-	35,772
Internal Sales	4,548	-	1	3,356	-	(7,905)	-
Total Sales	27,736	-	3,901	11,259	781	(7,905)	35,772
Profit/ (Loss) From Operations	3,834	-	(297)	734	(1,293)	135	3,113

10. Events Subsequent to the Balance Sheet Date

There are no material events subsequent to the end of the current quarter except for the following:

- (a) On 10 April 2007, the Company subscribed for 55,000 ordinary shares of GBP0.10 each, representing 55% equity interest in Europelink Technology Limited (UK), for a total cash consideration of GBP5,500.
- (b) On 25 April 2007, the Company subscribed for 1,000 ordinary shares of S\$1.00 each, representing 100% equity interest in MyUnos Solutions (Singapore) pte Ltd, for a total cash consideration of S\$1,000.
- (c) On 3 May 2007, the Company subscribed for 2,750 ordinary shares of USD1.00 each, representing 55% equity interest in Unos Development Limited (BVI), for a total cash consideration of USD2,750.
- (d) On 9 May 2007, its subsidiary, Asialink Technology Development Limited ("Asialink") had increased its issued and paid-up share capital from HKD250,000 to HKD500,000 ("Increase In Share Capital"). Pursuant to the Increase In Share Capital, the Company had on 9 May 2007 subscribed 25,000 ordinary shares of HK\$1.00 each in Asialink, which represents 5% of Asialink's enlarged issued and paid-up share capital ("Subscription"). Subsequent to the Increase In Share Capital and Subscription, Asialink is now a 55% owned subsidiary of the Company.

11. Changes in the Composition of the Group

The changes in the composition of the Company and of the Group were as follows:

On 8 February 2007, the Company subscribed for 1 share of US\$1 each, representing 100% equity interest in Worldwide Link Inc. (BVI), for a total cash consideration of US\$1.

The aforesaid changes will not have any significant effect on the earnings of the Company and Group for the financial year ending 31 March 2007.

12. Changes in Contingent Liabilities or Contingent Assets

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

13. Review of Performance

Revenue for the current quarter ended 31st March, 2007 was RM29.2 million compared to RM 35.8 million reported in the corresponding quarter of the preceding year. The lower revenue in the current quarter was due to lower revenue from the Solution and Education Divisions. The fall in profit was, however, made up by interest on late payments billed to certain debtors and this has led to the Profit for the period, after tax of RM 3.03 million (RM 3.05 million in the corresponding period).

14. Review of Quarterly Results

The Group's revenue for the current quarter of RM29.2 million is lower than that reported in the preceding quarter of RM 32.1 million. The Group's Profit, after tax, for the current quarter of RM3.03 million is lower than that of the preceding quarter of RM4.2 million. The Profit for the preceding quarter also reflected the effect of the adoption of the FRSS mandatory for financial periods beginning on or after 1 January 2006 as mentioned in Note 2.3 of the Company's Audited Financial Statements for the Year Ended 31st December, 2006.

15. Current Year Prospects

The Group sees the supply of hardware, software and the provision of integration services continue as an engine of growth. The Group envisages expanded opportunities arising from the Government's promotion of ICT as well as the Government's establishment of the Private Funding Initiative of RM5 billion in its 2007 Budget. FSBM, with its wealth of knowledge, experience and adaptability will be in a strong position to reap from these expanded opportunities.

The launch of MyICMS 886 Blueprint to drive the expansion and rollout of Broadband Internet Services by the Government has seen the extension of the contract by Telekom Malaysia Berhad to supply Remote Digital Subscriber Line Access Multiplexer (RDSLAM) devices.

The Group also sees opportunities from the recent granting of WiMax licenses. FSBM expects competition to intensify among the WiMax licensees that would lead to the need to differentiate their services from each other. FSBM has developed relationships with reputable Value Added Solutions (VAS) providers in anticipation of providing value added services (like call forwarding, call waiting, speed dialing, auto redial, call return, caller Identification and "Ring-Back-Tones") which would need to be deployed in order to reduce "churn rate" of customers and increase revenue stream to these licensees.

Following a visit by the Prime Minister, Datuk Seri Abdullah Ahmad Badawi to Saudi Arabia in 2004, the Saudi Government has expressed their desire to develop their own Intelligent Cities. FSBM was one of the pioneers instrumental in equipping Cyberjaya as an Intelligent City with the design and implementation of Cyberjaya City Command Center. As a result, FSBM has been approached by a reputable Saudi Group to market the smart city solutions to the Saudi Kingdom.

The Total Hospital Information System (THIS) for University Malaya Medical Centre (UMMC) is being implemented on schedule and all critical milestones in the project schedule have been achieved.

FSBM has also begun its commercial rollout of UNOS, an IP based Communication and Application Platform developed from within the Group. The product will effectively put PBX capabilities into mobile phones and revolutionize the variety of services of the common mobile phone. UNOS is already available in Europe, China and Australia and FSBM expects to see the revenue to come on-stream in the coming months.

The Teachers Training Programme (BPPT) is coming to its scheduled. Negotiation is already in progress by the associate company, Prestariang Technology Sdn.Bhd., to secure the next phase of the BPPT. The introduction of the Training Programme to Indonesia is undergoing review and assessment of the selected trained teachers to determine the effectiveness of the Programme. It is hoped that the positive reviews seen at the earlier stages of the review would continue to the eventual award of programme in Indonesia in the coming year.

The Directors are looking forward to another favorable performance by the Group in 2007.

16. Variance from Forecast Profit and Profit Guarantee

Not applicable.

17. Taxation

Taxation comprises:

	Current Year Quarter	Preceding Year Correspon- ding Quarter	Current Year To Date	Preceding Year Correspon- ding Period
	31/03/2007 (RM'000)	31/03/2006 (RM'000)	31/03/2007 (RM'000)	31/03/2006 (RM'000)
Taxation – current				
- Company and subsidiaries	-	-	-	-
Deferred taxation	-	-	-	-
	-	-	-	-

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
	31/03/2007 (RM'000)	31/03/2006 (RM'000)	31/03/2007 (RM'000)	31/03/2006 (RM'000)
Profit/(loss) from ordinary activities before tax	3,030	3,053	3,030	3,053
Tax calculated at the Malaysian tax rate of 28%	848	855	848	855
Tax effects of:				
- expenses not deductible for tax purposes	229	544	229	544
- pioneer (income)/loss	(136)	(203)	(136)	(203)
- income not subject to tax	-	-	-	-
- current year tax loss not recognized	273	65	273	65
- deductible temporary differences not recognized	283	1	283	1
- benefit from previously unrecognized tax losses	(1,497)	(1,262)	(1,497)	(1,262)
- Over provision in prior year	-	-	-	-
Tax (credit)/expense	-	-	-	-

18. Sale of Investments and Properties

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

19. Purchase/Disposal of Quoted Securities

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

The details of investments in quoted shares as at 31 March 2007 are as set out below: -

	RM '000
Quoted shares in Malaysia:	
At Cost	1,179
Provision for diminution in value	<u>(796)</u>
	<u>383</u>
At market value	<u>383</u>
Shares listed outside Malaysia	
At Cost	<u>2,528</u>
At price of last placement of shares issued by the investee up to 31 March 2007	<u>23,682</u>

20. Corporate Proposals

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

21. Group Borrowings

The details of the Group's borrowings as at 31 March 2007 are as set out below: -

	RM'000
Short Term Borrowings	
<u>Unsecured</u>	
Revolving Credits	5,000
Bankers Acceptance	11,018
Trust Receipts	2,420
	<u>18,438</u>
<u>Secured</u>	
Trust Receipts	743
Term Loans	1,689
Overdraft	8,721
Hire Purchase	94
	<u>11,247</u>
Long Term Borrowings	
<u>Secured</u>	
Term Loans	2,390
Hire Purchase	262
	<u>2,652</u>
Total Borrowings	<u><u>32,337</u></u>

22. 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.

23. Dividend payable

There is no dividend payable for the quarter under review.

On 27 April 2007, the Directors recommended a final dividend of 5% less tax of 27% for the year ended 31st December 2006, subject to the approval of the shareholders at the Company's forthcoming Annual General Meeting.

24. Basic Earnings Per Share

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 31/03/2007	Preceding Year Correspon- ding Quarter 31/03/2006	Current Year To Date 31/03/2007	Preceding Year Correspon- ding Period 31/03/2006
Group's profit attributable to ordinary shareholders (RM)	3,038,000	3,057,000	3,038,000	3,057,000
Number of ordinary shares in issue at the beginning of the period	54,833,000	51,150,000	54,833,000	51,150,000
Basic earnings per share (sen)	5.54	5.98	5.54	5.98

25. Diluted Earnings Per Share

The diluted earnings per share 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 plus the weighted average number of ordinary shares which would be issued on conversion of all dilutive potential ordinary shares into ordinary shares as follows: -

	Current Year Quarter 31/03/2007	Preceding Year Correspon- ding Quarter 31/03/2006	Current Year To Date 31/03/2007	Preceding Year Correspon- ding Period 31/03/2006
Group's profit attributable to ordinary shareholders (RM)	3,038,000	3,057,000	3,038,000	3,057,000
Number of ordinary shares in issue at the beginning of the period	54,833,000	51,150,000	54,833,000	51,150,000
ESOS: Potential dilutive shares	Nil	5,115,000	Nil	5,115,000
	<u>54,833,000</u>	<u>56,265,000</u>	<u>54,833,000</u>	<u>56,265,000</u>
Diluted earnings per share (sen)	5.54	5.43	5.54	5.43

26. Disclosure in Relation to Internet-Related Businesses on E-Commerce Activities

The company is currently not involved in the above mentioned activities.

27. Provision of Financial Assistance

The Company has obtained a mandate on 27 June 2006 from its shareholders pursuant to paragraph 10.09 of the Listing Requirements to provide financial assistance to its associate and subsidiary companies.