

FSBM HOLDINGS BERHAD
Company No.: 115609-U

Quarterly report on consolidated results for the second quarter ended 30 June 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
	30/06/2007 RM '000	30/06/2006 RM '000	30/06/2007 RM '000	30/06/2006 RM '000
Revenue	25,731	17,104	54,918	52,876
Cost of sales	(19,898)	(8,304)	(42,454)	(36,436)
Gross Profit	5,833	8,800	12,464	16,440
Other operating income	626	7	1,892	25
Administrative expense	(2,287)	(2,547)	(4,716)	(4,713)
Selling and marketing expenses	(559)	(918)	(1,113)	(1,497)
Other expenses	(1,089)	(1,730)	(2,682)	(3,530)
Operating Profit	2,524	3,612	5,845	6,725
Finance costs	(387)	(234)	(678)	(294)
Share of (losses)/profit of associated companies	-	-	-	-
Profit before tax	2,137	3,378	5,167	6,431
Income tax	4	-	4	-
Profit for the period	2,141	3,378	5,171	6,431
Attributable to:				
Equity holders of the parent	2,201	3,401	5,239	6,458
Minority Interest	(60)	(23)	(68)	(27)
Profit after tax	2,141	3,378	5,171	6,431
Earnings per share: (sen)				
- basic	4.01	6.60	9.55	12.54
- diluted	4.01	6.04	9.55	11.48

(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 30/06/2007	AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/2006
	RM '000	RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	5,656	6,040
Investment properties	54,839	54,722
Intangible assets	4,700	4,794
Investment in associated companies	912	558
Other investments	349	348
	<u>66,456</u>	<u>66,462</u>
Current assets		
Inventories	85	79
Trade and other receivables	71,032	64,273
Other investments	2,896	3,002
Tax recoverable	287	196
Deposits with licensed banks	1,877	4,887
Cash and bank balance	379	1,996
	<u>76,556</u>	<u>74,433</u>
TOTAL ASSETS	<u>143,012</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	682	666
Retained earnings	24,210	18,944
Shareholders' equity	<u>88,179</u>	<u>82,897</u>
Minority interest	70	84
Total equity	<u>88,249</u>	<u>82,981</u>
Non-current liabilities		
Deferred income	656	853
Borrowings	1,635	2,803
Deferred taxation	5,450	5,454
	<u>7,741</u>	<u>9,110</u>
Current liabilities		
Borrowings	31,807	26,029
Trade and other payables	15,215	22,775
	<u>47,022</u>	<u>48,804</u>
Total liabilities	<u>54,763</u>	<u>57,914</u>
TOTAL EQUITY AND LIABILITIES	<u>143,012</u>	<u>140,895</u>
Net assets per share (RM)	1.61	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	Share Premium	Revaluation Reserve	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 2007	54,833	8,454	-	666	18,944	82,897	84	82,981
Currency translation differences	-	-	-	16	-	16	-	16
Profit for the period	-	-	-	-	5,239	5,239	(68)	5,171
Total recognized income and expense for the period	-	-	-	16	5,239	5,255	(68)	5,187
Dividends	-	-	-	-	-	-	(50)	(50)
Changes in composition of the Group	-	-	-	-	27	27	71	98
Acquisition of shares in a subsidiary	-	-	-	-	-	-	33	33
At 30 June 2007	54,833	8,454	-	682	24,210	88,179	70	88,249
At 1 January 2006	51,150	8,369	13,534	637	(6,325)	67,365	1,840	69,205
Currency translation differences	-	-	-	(114)	-	(114)	-	(114)
Profit for the period	-	-	-	-	6,458	6,458	(27)	6,317
Total recognized income and expense for the period	-	-	-	(114)	6,458	6,344	(27)	6,344
Issue of Ordinary Shares pursuant to ESOS	359	-	-	-	-	359	-	359
Acquisition of new subsidiary	-	-	-	-	-	-	9	9
At 30 June 2006	51,509	8,369	13,534	523	133	74,068	1,822	75,890

(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

	30 June 2007 RM'000	30 June 2006 RM'000
Profit before tax	5,167	6,431
Adjustments for : -		
Non-cash items	1,150	2,614
Non-operating items	(1,048)	(27)
Operating profit before changes in working capital	5,269	9,018
Changes in working capital		
Net change in current assets	(16,840)	(23,732)
Net change in current liabilities	4,315	12,982
Cash used in operations	(7,256)	(1,732)
Tax paid	(91)	(47)
Interest paid	(687)	(309)
Interest received	12	15
Net cash used in operating activities	(8,022)	(2,073)
Cash flows from investing Activities		
- Purchase of property, plant & equipment	(631)	(864)
- Purchase of investment property	(117)	-
- Proceed from disposal of quoted securities	142	-
- Other investments	(547)	(348)
Net cash used in investing activities	(1,153)	(1,212)
Cash flows from financing activities		
- Draw down of bank borrowings	35,571	-
- Repayment of bank borrowings	(30,499)	-
- Dividend paid	(50)	(6,082)
- Proceed from issuance of Ordinary Shares for ESOS	-	359
Net cash generated from/(used in) financing activities	5,022	(5,723)
Net Decrease in Cash & Cash Equivalents	(4,153)	(9,008)
Effects of Exchange Rate Changes	(12)	3
Cash & Cash Equivalents at beginning of the period (at 1 January)	(1,044)	9,052
Cash & Cash Equivalents at end of the period	Note (a) <u>(5,209)</u>	(b) <u>47</u>

(a) Consists of deposits with licensed banks (RM1,877,000), cash and bank balance (RM379,000) and bank overdraft (RM7,465,000)

(b) Consists of deposits with licensed banks (RM412,000), cash and bank balance (RM1,592,000) and bank overdraft (RM1,957,000)

(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 30 June 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 30/06/07							
External Sales	16,227	-	2,684	6,039	781	-	25,731
Internal Sales	2,846	-	10	3,474	-	(6,330)	-
Total Sales	19,073	-	2,694	9,513	781	(6,330)	25,731
Profit/ (Loss) From Operations	3,943	(5)	(1,194)	1,084	(1,110)	(194)	2,524
Financial Period Ended 30/06/07							
External Sales	35,968	-	5,467	11,966	1,517	-	54,918
Internal Sales	5,324	-	10	6,932	-	(12,266)	-
Total Sales	41,292	-	5,477	18,898	1,517	(12,266)	54,918
Profit/ (Loss) From Operations	7,429	(32)	(2,234)	2,019	(880)	(457)	5,845

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 30/06/06							
External Sales	2,154	-	4,111	10,080	759	-	17,104
Internal Sales	6,545	-	6	3,564	-	(10,115)	-
Total Sales	8,699	-	4,117	13,644	759	(10,115)	17,104
Profit/ (Loss) From Operations	4,467	(9)	(147)	945	(1,353)	(291)	3,612
Financial Period Ended 30/06/06							
External Sales	25,342	-	8,011	17,983	1,540	-	52,876
Internal Sales	11,093	-	7	6,920	-	(18,020)	-
Total Sales	36,435	-	8,018	24,903	1,540	(18,020)	52,876
Profit/ (Loss) From Operations	8,301	(9)	(444)	1,679	(2,646)	(156)	6,725

10. 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.

11. 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 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.
- (e) On 4 June the Company's 55% owned subsidiary, Asialink had acquired 70 ordinary shares of HK\$1.00 each in Unos Hong Kong Limited ("Unos HK") from Mrs. Margaret Sit for a purchase consideration of HK\$70.00 ("the Acquisition"), and subscribed 174,930 ordinary share of HK\$1.00 each, representing 69.97% of the enlarged issued and paid-up share capital of Unos HK for a consideration of HK\$174,930.00 ("the Subscription"). Upon completion of the Acquisition and the Subscription, Asialink holds 70% interest in Unos HK comprising 175,000 ordinary shares of HK\$1.00 each.
- (f) On 18 June 2007 the Company had acquired the entire issued and paid-up share capital of FSBM I-Command Sdn Bhd ("FIC") comprising 100,000 ordinary shares of RM1.00 each in FIC from FSBM Smart Comm Sdn Bhd, a wholly-owned subsidiary of the Company, for a purchase consideration of RM100,000. FIC is now a wholly-owned subsidiary of the Company.
- (g) On 2 July 2007 the Company had on today acquired 30% issued and paid-up share capital of FSBM I-Design Sdn Bhd ("I-Design") comprising 30,000 ordinary shares of RM1.00 each in I-Design from Dr. Azman Bin Awang, the Executive Director of the Company, for a purchase consideration of RM30,000.00. Upon the completion of the aforesaid acquisition, I-Design is a wholly-owned subsidiary of FSBM.
- (h) On 5 July 2007, the Company through its wholly-owned subsidiary, Jaring Sekitar Sdn Bhd had disposed its 20% shareholdings in Technitium Sdn Bhd ("Technitium"), consisting of 200,000 ordinary shares of RM1.00 each, to Haliza Binti Bidin ("Haliza") for a cash consideration of RM1.00. Haliza is a shareholder and Director of Technitium.

- (i) On 31 July the Company through its wholly-owned subsidiary, Infotalent Sdn Bhd ("Infotalent") had disposed its entire 20% shareholdings in Prestige Strategies Concept Sdn Bhd ("PSC"), consisting of 200,000 ordinary shares of RM1.00 each for a cash consideration of RM200,000.00 ("the Disposal").

The aforesaid changes will not have any significant effect on the earnings of the Company and Group for the financial year ending 31 December 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 and current half year ended 30th June, 2007 was RM 25.7 million (RM 17.1 million corresponding quarter of the preceding year) and RM 54.9 million (RM52.9 million for the corresponding half year of the preceding year).

The revenue in the current quarter and half year consists of higher revenue from the Solution Division and lower revenue from the Education Division following the successful completion and delivery of the Teachers Training Programme. The fall in profit was due to revenue in Solution Division being made up of a higher mix of revenue from the supply of hardware and 3rd party softwares (both of which have higher costs of sale) and lower revenue from the supply of services and royalty income from the Group's own IP products. These have led to the profit for the quarter and for the half year, after tax of RM 2.1 million and RM5.1 million (RM 3.4 million in the corresponding quarter and RM 6.4 million in the corresponding half year) respectively.

14. Review of Quarterly Results

The Group's revenue for the current quarter of RM 25.7 million is lower than that reported in the preceding quarter of RM 29.1 million as a result of the lower revenue in the Solution Division. The Group's Profit, after tax, for the current quarter of RM 2.1 million is lower than that of the preceding quarter of RM 3.0 million. The Profit for the preceding quarter reflected interest on late payment charges billed to certain debtors.

15. Current Year Prospects

The Government's promotion of ICT has seen a number of sizeable projects being opened up for tender in the past quarter. The Group has strengthened its relationships with its business partners in the participation of the tenders for a few projects. The Government's initiatives to boost the nation's ICT industry should augur well for the Group.

The expansion and rollout of Broadband Internet Services by the Government has seen the issuance of a new contract by Telekom Malaysia to supply Remote Digital Subscriber Line Access Multiplexer (RDSLAM) devices.

FSBM has, together with the Group's representative business partner, presented to the Government of Saudi Arabia on the design and implementation of an Intelligent City based on its success in the implementation of the Cyberjaya City Command Center. The Saudi Government has also shown interest in the Teachers Training Programme and has requested for a presentation of the feasibility of the programme for the Saudi Kingdom.

The Total Hospital Information System (THIS) for University Malaya Medical Centre (UMMC) is progressing well and the implementation is on schedule. Several key components of the THIS have gone live and the remaining components are being monitored closely to ensure timely implementation. With the attainment of these important milestones, we would envisage some significant revenue stream to commence.

The commercial rollout of UNOS, (an IP based Communication and Application Platform developed from within the Group) is expected to be fully operational in China by the fourth quarter of this year. Meanwhile, the Group is also currently evaluating business opportunities with key partners in Australia and Japan to offer Unos services.

The Malaysian Teachers Training Programme was successfully completed in June. Discussion with the Ministry to extend the project to train more teachers is on-going. Following the successful completion of the Seed Training Program for teachers in Indonesia in the first quarter of 2007, an evaluation of the outcome of the training was recently conducted. The evaluation report is extremely encouraging and discussion is in progress with the Indonesia Ministry to roll-out the training to more schools and teachers

In the light of the above, the Group expects another favorable performance 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
	30/06/2007 (RM'000)	30/06/2006 (RM'000)	30/06/2007 (RM'000)	30/06/2006 (RM'000)
Taxation – current				
- Company and subsidiaries	-	-	-	-
Deferred taxation	(4)	-	(4)	-
	<u>(4)</u>	<u>-</u>	<u>(4)</u>	<u>-</u>

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
	30/06/2007 (RM'000)	30/06/2006 (RM'000)	30/06/2007 (RM'000)	30/06/2006 (RM'000)
Profit/(loss) from ordinary activities before tax	2,137	3,378	5,167	6,431
Tax calculated at the Malaysian tax rate of 27%(2006:28%)	547	946	1,395	1,801
Tax effects of:				
- expenses not deductible for tax purposes	552	155	781	699
- pioneer (income)/loss	(65)	(376)	(201)	(579)

- current year tax loss not recognized	(26)	60	247	125
- deductible temporary differences not recognized	(23)	13	260	14
- benefit from previously unrecognized tax losses	(989)	(798)	(2,486)	(2,060)
- Over provision in prior year	-	-	-	-
Tax (credit)/expense	(4)	-	(4)	-

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 30 June 2007 are as set out below: -

	RM '000
Quoted shares in Malaysia:	
At Cost	1,179
Provision for diminution in value	<u>(811)</u>
	<u>368</u>
At market value	<u>368</u>
Shares listed outside Malaysia	
At Cost	<u>2,528</u>
At price of last placement of shares issued by the investee up to 30 June 2007	<u>22,486</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 30 June 2007 are as set out below: -

	RM'000
Short Term Borrowings	
<u>Unsecured</u>	
Revolving Credits	4,000
Bankers Acceptance	14,729
Trust Receipts	<u>1,890</u>
	<u>20,619</u>
<u>Secured</u>	
Revolving Credits	1,000
Letter of Credit	112
Trust Receipts	117
Term Loans	2,400
Overdraft	7,465
Hire Purchase	94

	<u>11,188</u>
Long Term Borrowings	
<u>Secured</u>	
Term Loans	1,396
Hire Purchase	<u>239</u>
	<u>1,635</u>
Total Borrowings	<u><u>33,442</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

A final dividend for the year ended 31st December 2006 of 5% less 27% taxation on 54,833,000 shares was declared on 31 May 2007 and paid on 26 July 2007 which amounted to RM2,001,404

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 30/06/2007	Preceding Year Correspon- ding Quarter 30/06/2006	Current Year To Date 30/06/2007	Preceding Year Correspon- ding Period 30/06/2006
Group's profit attributable to ordinary shareholders (RM)	2,201,000	3,401,000	5,239,000	6,458,000
Number of ordinary shares in issue at the beginning of the period	54,833,000	51,509,000	54,833,000	51,509,000
Basic earnings per share (sen)	4.01	6.60	9.55	12.54

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 30/06/2007	Preceding Year Correspon- ding Quarter 30/06/2006	Current Year To Date 30/06/2007	Preceding Year Correspon- ding Period 30/06/2006
Group's profit attributable to ordinary shareholders (RM)	2,201,000	3,401,000	5,239,000	6,458,000
Number of ordinary shares in issue at the beginning of the period	54,833,000	51,509,000	54,833,000	51,509,000
ESOS: Potential dilutive shares	Nil	4,756,000	Nil	4,756,000
	<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)	4.01	6.04	9.55	11.48

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.