

FSBM HOLDINGS BERHAD
Company No.: 115609-U

Quarterly report on consolidated results for the third quarter ended 30 September 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
	30/09/2007 RM '000	30/09/2006 RM '000	30/09/2007 RM '000	30/09/2006 RM '000
Revenue	9,183	17,178	64,101	70,054
Cost of sales	(7,354)	(10,942)	(49,808)	(47,378)
Gross Profit	1,829	6,236	14,293	22,676
Other operating income	1,391	194	3,283	219
Administrative expense	(2,166)	(1,042)	(6,882)	(5,755)
Selling and marketing expenses	(563)	(1,133)	(1,676)	(2,630)
Other expenses	(1,617)	(1,529)	(4,299)	(5,059)
Operating Profit / (Loss)	(1,126)	2,726	4,719	9,451
Finance costs	(757)	(304)	(1,435)	(598)
Share of (losses)/profit of associated companies	-	-	-	-
Profit / (Loss) before tax	(1,883)	2,422	3,284	8,853
Income tax	64	(1)	68	(1)
Profit / (Loss) after tax, for the period	(1,819)	2,421	3,352	8,852
Attributable to:				
Equity holders of the parent	(1,605)	2,428	3,634	8,886
Minority Interest	(214)	(7)	(282)	(34)
Profit after tax	(1,819)	2,421	3,352	8,852
Earnings per share: (sen)				
- basic	(2.93)	4.43	6.63	16.20
- diluted	(2.93)	4.43	6.63	16.20

(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 30/09/2007	AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/2006
	RM '000	RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	5,488	6,040
Investment properties	54,839	54,722
Intangible assets	4,336	4,794
Investment in associated companies	473	558
Other investments	349	348
	<u>65,485</u>	<u>66,462</u>
Current assets		
Inventories	77	79
Trade and other receivables	86,356	64,273
Other investments	2,751	3,002
Tax recoverable	281	196
Deposits with licensed banks	2,972	4,887
Cash and bank balance	5,904	1,996
	<u>98,341</u>	<u>74,433</u>
TOTAL ASSETS	<u>163,826</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	681	666
Retained earnings	22,411	18,944
Shareholders' equity	<u>86,379</u>	<u>82,897</u>
Minority interest	63	84
Total equity	<u>86,442</u>	<u>82,981</u>
Non-current liabilities		
Deferred income	557	853
Borrowings	1,624	2,803
Deferred taxation	5,324	5,454
	<u>7,505</u>	<u>9,110</u>
Current liabilities		
Borrowings	45,752	26,029
Trade and other payables	24,127	22,775
	<u>69,879</u>	<u>48,804</u>
Total liabilities	<u>77,384</u>	<u>57,914</u>
TOTAL EQUITY AND LIABILITIES	<u>163,826</u>	<u>140,895</u>
Net assets per share (RM)	1.58	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 RM'000	Total Equity RM'000
	Non-Distributable				Retained earnings RM'000	Sub Total RM'000		
	Share capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Exchange difference RM'000				
At 1 January 2007	54,833	8,454	-	666	18,944	82,897	84	82,981
Currency translation differences	-	-	-	15	-	15	-	15
Profit for the period	-	-	-	-	3,634	3,634	(282)	3,352
Total recognized income and expense for the period	-	-	-	15	3,634	3,649	(282)	3,367
Dividends	-	-	-	-	(167)	(167)	-	(167)
Changes in composition of the Group	-	-	-	-	-	-	189	189
Acquisition of shares in a subsidiary	-	-	-	-	-	-	72	72
At 30 September 2007	54,833	8,454	-	681	22,411	86,379	63	86,442
At 1 January 2006	51,150	8,369	13,534	637	(6,325)	67,365	1,840	69,205
Currency translation differences	-	-	-	(95)	-	(95)	-	(95)
Profit for the period	-	-	-	-	8,886	8,886	(34)	8,852
Total recognized income and expense for the period	-	-	-	(95)	8,886	8,791	(34)	8,757
Issue of Ordinary Shares pursuant to ESOS	3,683	85	-	-	-	3,768	-	3,768
Dividends	-	-	-	-	(2,335)	(2,335)	-	(2,335)
Changes in composition of the Group	-	-	-	-	-	-	(1,725)	(1,725)
Acquisition of new subsidiary	-	-	-	-	-	-	9	9
At 30 September 2006	54,833	8,454	13,534	542	226	77,589	90	77,679

(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 September 2007 RM'000	30 September 2006 RM'000
Profit before tax	3,284	8,852
Adjustments for : -		
Non-cash items	3,520	4,292
Non-operating items	(1,854)	(1)
Operating profit before changes in working capital	4,950	13,143
Changes in working capital		
Net change in current assets	(20,276)	(26,892)
Net change in current liabilities	3,320	12,437
Cash used in operations	(12,006)	(1,312)
Tax paid	(147)	(64)
Interest paid	(1,450)	(613)
Interest received	188	20
Net cash used in operating activities	(13,415)	(1,969)
Cash flows from investing Activities		
- Purchase of property, plant & equipment	(895)	(6,988)
- Purchase of investment property	(117)	-
- Proceed from disposal of property, plant & equipment		5
- Proceed from disposal of quoted securities	328	-
- Acquisition of share in subsidiary	(30)	(1,565)
- Other investments	(232)	(357)
Net cash used in investing activities	(946)	(8,905)
Cash flows from financing activities		
- Draw down of bank borrowings	58,629	-
- Repayment of bank borrowings	(32,634)	(285)
- Dividend paid	(2,168)	(1,151)
- Proceed from issuance of Ordinary Shares for ESOS	-	3,768
Net cash generated from/(used in) financing activities	23,827	(2,332)
Net Decrease in Cash & Cash Equivalents	9,466	(8,542)
Effects of Exchange Rate Changes	(22)	9
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>8,400</u>	(b) <u>519</u>

(a) Consists of deposits with licensed banks (RM2,972,000), cash and bank balance (RM5,904,000) and bank overdraft (RM476,000)

(b) Consists of deposits with licensed banks (RM933,000), cash and bank balance (RM3,061,000) and bank overdraft (RM3,475,000)

(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 2006

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 September 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 30/09/07							
External Sales	5,711	15	2,556	-	901	-	9,183
Internal Sales	35	-	3	-	-	(38)	-
Total Sales	5,746	15	2,559	-	901	(38)	9,183
Profit/ (Loss) From Operations	943	-	(1,378)	(1,535)	(428)	1,272	(1,126)
Financial Period Ended 30/09/07							
External Sales	41,679	15	8,023	11,966	2,418	-	64,101
Internal Sales	6,511	-	13	5,780	-	(12,304)	-
Total Sales	48,190	15	8,036	17,746	2,418	(12,304)	64,101
Profit/ (Loss) From Operations	8,372	(32)	(3,612)	484	(1,308)	815	4,719

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 30/09/06							
External Sales	2,095	-	4,265	10,058	760	-	17,178
Internal Sales	6,498	-	4	3,571	-	(10,073)	-
Total Sales	8,593	-	4,269	13,629	760	(10,073)	17,178
Profit/ (Loss) From Operations	4,669	9	(621)	689	(1,892)	(128)	2,726
Financial Period Ended 30/09/06							
External Sales	27,437	-	12,277	28,041	2,299	-	70,054
Internal Sales	17,591	-	10	10,491	-	(28,092)	-
Total Sales	45,028	-	12,287	38,532	2,299	(28,092)	70,054
Profit/ (Loss) From Operations	12,970	-	(1,065)	2,368	(4,538)	(284)	9,451

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").
- (j) On 23 August the Company, through Asialink Technology Development Limited ("Asialink HK"), a 55% owned subsidiary has subscribed for 70 ordinary shares of AUD\$1.00 each, representing 70% issued and paid-up share capital of MyUnos Australia Pty Ltd ("MyUnos Australia"),

- (k) On 26 September, the Company's 55% owned subsidiary, Asialink Technology Development Limited ("Asialink") had increased its issued and paid-up share capital from HKD500,000 to HKD1,000,000 ("Increase In Share Capital"). Pursuant to the increase in Share Capital, the Company had subscribed for an additional 275,000 ordinary shares of HK\$1.00 each in Asialink ("Subscription").

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 was RM 9.2 million against RM 17.2 million for the corresponding quarter of the preceding year; and RM 64.1 million for the current 9-months period ended 30th September, 2007 against RM70.0 million for the corresponding period of the preceding year.

The revenue in the current quarter and 9-months period reflects the lower revenue from the Solution Division and the Education Division. The Education Division has successfully completed and delivered the Teachers Training Programme in June and no further training was conducted.

The lower revenue has led to a loss, after tax, in the current quarter of RM 1.8 million (profit, after tax, of RM 2.4 million in the quarter of the previous year). The Group's cumulative profit, after tax, for the 9 months for the current year of RM 3.4 million is lower than the RM8.9 million reported for the corresponding period of the previous year due to the lower revenue.

14. Review of Quarterly Results

The Group's revenue for the current quarter of RM 9.2 million is lower than that reported in the preceding quarter of RM 25.7 million as a result of the lower revenue in the Solution and Education Divisions. For this reason, the Group reported a loss, after tax, of RM1.8 million compared to the profit, after tax, of RM2.1 million.

15. Current Year Prospects

The Group has submitted bids for a number of sizeable projects, totaling in excess of RM500 million.

The Group has received further orders to supply Telekom Malaysia additional equipment for their Remote Digital Subscriber Line Access Multiplexer (RDSLAM) devices.

The implementation of the Total Hospital Information System (THIS) for University Malaya Medical Centre (UMMC) is progressing well and is on schedule with several key components of the THIS having gone live. The Group is using the experiences gained in UMMC to engage other hospitals in both the public and the private sectors.

The commercial rollout of UNOS (an IP-based Communication and Application Platform developed by the Group) in China was delayed due to the slower than expected process to secure the relevant approvals from the Government. The service was successfully launched on 22 October

2007 in Beijing. Greater efforts are being placed on the China market given that there are some 500 millions mobile phone users there.

In various other countries, UNOS is being progressively introduced either directly by the Group or through strategic partners and/or Resellers.

The Group was particularly pleased that UNOS was lauded in the international Mobile Innovation Summit held in Macau on 12-13 November 2007, as one of the Top 50 Innovators for the GSMA Asia Mobile Innovation Awards. At the same Summit, UNOS won the “Mobile Monday Audience Choice Award”.

On the education front, the Group is still in discussion with the Ministry of Education to train an additional 25,000 teachers, after having completed the initial contract to train 100,000 teachers. FSBM hopes to be able to commence training for the next batch of teachers in early 2008.

Further, FSBM has successfully completed the trial training programme in Indonesia (SEED Programme) in mid 2007 and is in the midst of finalizing a new SBI (Sekolah Bertaraf International) Programme with the Ministry of Education of Indonesia to train Head Teachers and Teachers before the end of 2007. FSBM is cautiously optimistic that this will lead to greater opportunity in Indonesia. Further, the Group is pursuing similar opportunities in Saudi Arabia and in Viet Nam. Based on the foregoing, the Group’s performance for the current year is expected to be satisfactory.

16. Variance from Forecast Profit and Profit Guarantee

Not applicable.

17. Taxation

Taxation comprises:

	Current Year Quarter 30/06/2007 (RM’000)	Preceding Year Correspon- ding Quarter 30/09/2006 (RM’000)	Current Year To Date 30/06/2007 (RM’000)	Preceding Year Correspon- ding Period 30/09/2006 (RM’000)
Taxation – current				
- Company and subsidiaries	62	1	62	1
Deferred taxation	(126)	-	(130)	-
	<u>(64)</u>	<u>1</u>	<u>(68)</u>	<u>1</u>

The explanation of the relationship between tax expense and profit/ (loss) from ordinary activities before tax is as follows:

	Current Year Quarter 30/09/2007 (RM’000)	Preceding Year Correspon- ding Quarter 30/09/2006 (RM’000)	Current Year To Date 30/09/2007 (RM’000)	Preceding Year Correspon- ding Period 30/09/2006 (RM’000)
Profit/(loss) from ordinary activities before tax	(1,883)	2,422	3,284	8,853
Tax calculated at the Malaysian tax rate of 27 %(2006:28%)	(774)	678	621	2,479
Tax effects of:				
- expenses not deductible for tax purposes	171	352	952	1,051

- pioneer (income)/loss	(690)	(66)	(891)	(645)
- current year tax loss not recognized	355	96	602	221
- deductible temporary differences not recognized	(221)	(6)	39	8
- benefit from previously unrecognized tax losses	1,165	(1,053)	(1,321)	(3,113)
- Over provision of deferred tax in prior year	(130)	-	(130)	-
- Under provision in prior year	60	-	60	-
Tax (credit)/expense	(64)	1	(68)	1

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 September 2007 as set out below: -

	RM '000
Quoted shares in Malaysia:	
At Cost	917
Provision for diminution in value	<u>(653)</u>
	<u>264</u>
At market value	<u>264</u>
Shares listed outside Malaysia	
At Cost	<u>2,487</u>
At price of last placement of shares issued by the investee up to 30 September 2007	<u>21,640</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 September 2007 are as set out below: -

	RM'000
Short Term Borrowings	
<u>Unsecured</u>	
Revolving Credits	5,000
Bankers Acceptance	19,471
Trust Receipts	1,089
	<u>25,560</u>

Secured

Letter of Credit	456
Bankers Acceptance	7,000
Term Loans	12,160
Overdraft	476
Hire Purchase	100
	<hr/>
	20,192
	<hr/>

Long Term Borrowings

Secured

Term Loans	1,415
Hire Purchase	209
	<hr/>
	1,624
	<hr/>

Total Borrowings

47,376

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	Preceding Year Correspon- ding Quarter	Current Year To Date	Preceding Year Correspon- ding Period
	30/09/2007	30/09/2006	30/09/2007	30/09/2006
Group's profit attributable to ordinary shareholders (RM)	(1,605,000)	2,428,000	3,634,000	8,886,000
Number of ordinary shares in issue at the beginning of the period	54,833,000	54,833,000	54,833,000	54,833,000
Basic earnings per share (sen)	(2.93)	4.43	6.63	16.20

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	Preceding Year	Current Year	Preceding Year
-----------------	-------------------	-----------------	-------------------

	Quarter 30/09/2007	Correspon- ding Quarter 30/09/2006	To Date 30/09/2007	Correspon- ding Period 30/09/2006
Group's profit attributable to ordinary shareholders (RM)	(1,605,000)	2,428,000	3,634,000	8,886,000
Number of ordinary shares in issue at the beginning of the period	54,833,000	54,833,000	54,833,000	54,833,000
ESOS: Potential dilutive shares	Nil	Nil	Nil	Nil
	<u>54,833,000</u>	<u>54,833,000</u>	<u>54,833,000</u>	<u>54,833,000</u>
Diluted earnings per share (sen)	(2.93)	4.43	6.63	16.20

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.