

FSBM HOLDINGS BERHAD
Company No.: 115609-U

Quarterly report on consolidated results for the first quarter ended 31 March 2006.
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
	31/03/2006 RM '000	31/03/2005 RM '000	31/03/2006 RM '000	31/03/2005 RM '000
Revenue	35,772	15,362	35,772	15,362
Operating expenses	(32,677)	(13,532)	(32,677)	(13,532)
Other operating income	18	25	18	25
Profit from operations	3,113	1,855	3,113	1,855
Finance costs	(60)	(188)	(60)	(188)
Share of (losses)/profit of associated companies	0	(13)	0	(13)
Profit from ordinary activities before tax	3,053	1,654	3,053	1,654
Taxation	0	0	0	0
Profit from ordinary activities after tax	3,053	1,654	3,053	1,654
Attributable to:				
Equity holders of the parent	3,057	1,745	3,057	1,745
Minority Interest	(4)	(91)	(4)	(91)
	3,053	1,654	3,053	1,654
Earnings per share:				
- basic	5.98	3.41	5.98	3.41
- diluted	5.43	3.39	5.43	3.12

(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 2005 and the accompanying explanatory notes attached to the interim financial report)

Unaudited Condensed Consolidated Balance Sheet

	AS AT END OF CURRENT QUARTER 31/03/2006 <u>RM '000</u>	AS AT PRECEDING FINANCIAL PERIOD 31/03/2005 <u>RM '000</u>
Non current assets		
Property, plant and equipment	52,098	55,822
Intangible assets	3,338	470
Investment in associated companies	2,417	2,457
Investment properties-Freehold	545	560
Investment properties-Prepaid lease	144	148
Other investments	3,011	1,444
Current assets		
Inventories	78	165
Receivables	52,132	34,066
Tax recoverable	152	341
Deposits with licensed banks	586	312
Cash and bank balance	2,084	6,308
	<u>55,032</u>	<u>41,192</u>
Current liabilities		
Payables	31,207	20,041
Hire Purchase Creditor	204	277
Short term borrowings	4,032	6,185
Provision for tax	0	0
	<u>35,443</u>	<u>26,503</u>
Net current assets	<u>19,589</u>	<u>14,689</u>
Less: Non current liabilities		
Deferred tax liabilities	4,965	4,971
Long term borrowings	3,984	6,619
Hire Purchase Creditor	35	207
	<u>8,984</u>	<u>11,797</u>
	<u>72,158</u>	<u>63,793</u>
Capital and reserves		
Share Capital	51,150	51,150
Reserves	19,164	9,730
Shareholders' equity	<u>70,314</u>	<u>60,880</u>
Minority interest	1,844	2,913
	<u>72,158</u>	<u>63,793</u>
Net assets per share (RM)	1.37	1.19

(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 2005 and the accompanying explanatory notes attached to the interim financial report)

Unaudited Condensed Consolidated Statement of Changes in Equity

	Share capital	Share Premium	Revaluation Reserve	Exchange difference	Retained earnings	Sub Total	Minority Interest	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2006	51,150	8,369	13,534	637	(6,325)	67,365	1,840	69,205
Currency translation differences	-	-	-	(108)	-	(108)		(108)
Surplus arising from revaluation of land & building, net of tax	-	-	-	-	-	-		
Net profit for the financial period	-	-	-	-	3,057	3,057	4	3,053
Dividends	-	-	-	-	-	-		
Balance as at 31 March 2006	51,150	8,369	13,534	529	(3,268)	70,314	1,844	72,158
Balance as at 1 January 2005	51,150	8,369	13,534	673	(14,586)	59,140	4576	63,716
Currency translation differences	-	-	-	(5)	-	(5)		(5)
Dividend	-	-	-	-	-	-	(1,754)	(1,754)
Net profit for the financial period	-	-	-	-	1,745	1,745	91	1,836
Balance as at 31 March 2005	51,150	8,369	13,534	668	(12,841)	60,880	2,913	63,793

(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 2005 and the accompanying explanatory notes attached to the interim financial report)

Unaudited Condensed Consolidated Cash Flow Statement

		31 March 2006 RM'000	31 March 2005 RM'000
Net profit/(loss) attributable to shareholders		3,057	1,745
Adjustments for : -			
Non-cash items		1,100	1,185
Non-operating items		4	(1,650)
Operating profit before changes in working capital		4,161	1,280
Changes in working capital			
Net change in current assets		(18,889)	(563)
Net change in current liabilities		13,904	(206)
Cash generated from operations		(4,985)	511
Tax refund/(paid)		(26)	(3)
Interest paid		(119)	(201)
Interest received		11	15
Development assets expenses		0	0
Net cash flows from operating activities			322
Investing Activities			
- Purchase of property, plant & equipment		(76)	(11)
- Proceeds from disposal of property, plant & equipment		0	0
- Other investments		(57)	(33)
Net cash flows from investing activities			(44)
Financing Activities			
- Dividend paid		0	0
- (Repayment)/Draw down of term loan		(5,309)	1,228
- Deposit held as security			0
- Others			0
Net cash flows from financing activities		(5,309)	1,228
Net Change in Cash & Cash Equivalents		(6,400)	1,506
Currency Translation Differences		18	6
			1,512
Cash & Cash Equivalents at beginning of the period		9,052	5,108
Cash & Cash Equivalents at end of the period	Note (a)	2,670	(b)
			6,602

(a) Consists of deposits with licensed banks (RM586,000) and cash and bank balance (RM2,084,000) less deposits pledged as security (RM Nil).

(b) Consists of deposits with licensed banks (RM312,000) and cash and bank balance (RM6,308,000) less deposits pledged as security (RM Nil).

(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 2005 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 compliance with MASB 26, Interim Financial Reporting.

The interim financial report should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2005.

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 except for the adoption of the following new/revised FRS:-

FRS 101-Presentation of Financial statements

The adoption of the revised FRS101 has affected the presentation of minority interest at the consolidated income statement and the statement of changes in equity for the consolidated balance sheet.

FRS 117- Leases

The adoption of the revised FRS 117 has resulted in retrospective change in the accounting policy relating to the classification of leasehold land.

FRS 140- Investment Properties

The adoption of this new FRS has resulted in reclassification of properties previously lumped in Property, Plant and Equipment now classified as investment properties.

2. Audit Report

The audit report of the Group's most recent annual audited financial statements for the year ended 31 December 2005 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 financial year ended 31 December 2005.

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 2006 are set out below:

	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
(Loss)/ Profit 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
(Loss)/ Profit From Operations	3,834	-	(297)	734	(1,293)	135	3,113

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 31/03/05							
External Sales	2,305	29	6,770	5,658	600	-	15,362
Internal Sales	2,490	-	3	2,782	-	(5,275)	-
Total Sales	4,795	29	6,773	8,440	600	(5,275)	15,362
(Loss)/ Profit From Operations	4,601	(10)	(742)	1,641	2,121	(5,756)	1,855
Financial Period Ended 31/03/05							
External Sales	2,305	29	6,770	5,658	600	-	15,362
Internal Sales	2,490	-	3	2,782	-	(5,275)	-
Total Sales	4,795	29	6,773	8,440	600	(5,275)	15,362
(Loss)/ Profit From Operations	4,601	(10)	(742)	1,641	2,121	(5,756)	1,855

10. Property, Plant and Equipment

The carrying value of freehold land and buildings is based on a valuation carried out on 29 March 2004 by independent qualified valuers using the market value basis to reflect fair value.

11. Events Subsequent to the Balance Sheet Date

There are no material events subsequent to the end of the period under review that has not been reflected in the quarterly report.

12. Changes in the Composition of the Group

There were some changes in the composition of the Company and of the Group in the current quarter with the following details:-

On 10 February 2006, the company's wholly owned subsidiary, Infotalent Sdn Bhd (Infotalent) subscribed for 50,000 ordinary shares in Prestige Strategies Concept Sdn Bhd (PSC) of RM1.00 representing 20% of the enlarged issued and paid-up capital in PSC at issue price of RM 1.00 per share.

The aforesaid change will not have any significant effect on the earnings of the Company and Group for the financial year ending 31 December 2006.

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

The Group reported revenue of RM 35.8 million for the current period ended 31 March 2006 as compared to RM15.4 million in the corresponding period of the preceding year. This increase in revenue arose from a substantial increase in sale of hardware and software in the current quarter.

The Group's profit for the period was RM3.1 million for the current period compared to a profit of RM 1.7 million in the corresponding period of the preceding year.

14. Review of Quarterly Results

The Group's revenue for the 1st Quarter of RM 35.7 million was higher than the RM18.6 million reported in the preceding quarter. The Group's net profit for the period was RM3.1 million compared to RM 2.7 million reported for the preceding quarter. This increase in revenue arose from a substantial increase in sale of hardware and software in the current quarter.

15. Current Year Prospects

The Group, while pursuing traditional ICT business, has seen tremendous opportunities in telecommunications and education and has been focusing on these as its new targets for business growth. This has led to recent successes in securing big projects in these sectors.

As Malaysia continues to see the standard of living of its citizens rise, the healthcare industry has begun to receive special attention. This has translated into substantial investments for better hospital management systems in existing hospitals and for the building of new hospitals. The 9th Malaysian Plan has revealed the Government's commitment towards improving the country's healthcare infrastructure as a whole, and pushing health tourism as a significant initiative for the nation.

Following its recent success in securing the project to provide Total Hospital Information System for University Malaya Medical Center, the Group has also broadened its sight at the potential healthcare business in ASEAN.

The Telecommunications Industry is highly competitive and the recent entries of new Telecommunication Providers, 3G-licensees Time and MiTV, has exacerbated the situation. These represent opportunities for suppliers, such as the Group, to offer compelling products and services to help these Telecommunication Providers.

With its success in implementing the teachers training program for the Malaysian government, there is an opportunity to extend its services beyond the present contract. Further, the opportunity for such business in Vietnam and Indonesia looks positive.

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
	31/03/2006 (RM'000)	31/03/2005 (RM'000)	31/03/2006 (RM'000)	31/03/2005 (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
	31/03/2006 (RM'000)	31/03/2005 (RM'000)	31/03/2006 (RM'000)	31/03/2005 (RM'000)
Profit/(loss) from ordinary activities before tax	3,053	1,654		1,654
Tax calculated at the Malaysian tax rate of 28%	855	463	855	463
Tax effects of:				
- expenses not deductible for tax purposes	544	250	544	250
- pioneer (income)/loss	(203)	9	(203)	9
- income not subject to tax	-	(1,026)	-	(1,026)
- current year tax loss not recognized	65	(21)	65	(21)
- deductible temporary differences not recognized	1	1,463	1	1,463
- benefit from previously unrecognized tax losses	(1,262)	(1,138)	(1,262)	(1,138)
Tax (credit)/expense	0	0	0	0

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 except for the acceptance of 145,000 shares of Amaru, Inc (which is listed outside Malaysia) at the price of US\$3.00 per share in satisfaction of debt due from a related party.

The details of investments in quoted shares as at 31 March 2006 are as set out below: -

	RM '000
Quoted shares in Malaysia:	
At Cost	1,239
Provision for diminution in value	<u>(924)</u>
	<u>315</u>
At market value	<u>315</u>
Shares listed outside Malaysia	
At Cost	<u>2,697</u>
At price of last placement of shares issued by the investee up to 31 March, 2006	<u>44,064</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 2006 are as set out below: -

	Secured/ Unsecured	RM'000
Short term borrowings	Secured	4,032
Long term borrowings	Secured	<u>3,984</u>
		<u>8,016</u>

On 17 June 2003, the Company has drawn-down a Time Loan for the sum of RM5.0 million under credit facilities with Citibank Berhad. On 1 March 2004, the Company has made repayment amounting to RM1.0 million in respect of the said time loan facility. Subsequently, on 15 March 2004, the said time loan facility has been converted into term loan payable by 24 equal monthly installments plus interest commencing 1 April 2004.

On 1/3/06 the Timeloan has been fully settled .

On 11 December 2003, a wholly owned subsidiary of the Company has accepted a Hire Purchase Facility from Alliance Finance Berhad for the sum of RM830,000. Up to 31 March 2006, the subsidiary has made repayments amounting to RM 648,777 in respect of the said hire purchase facility.

On 30 December 2004, the Company was granted a Contract Financing package of RM24.5 million from Malayan Banking Berhad to finance the Teachers Training Programme. On 29 March

2005, the Company drew down RM2.5 million which is repayable over 24 months from 1st October 2005 at an interest of Base Lending Rate plus 1.5% per annum. The Company has since formalized the Contract Financing Package on 24 May 2005 at the revised sum of RM 15.5 million to minimize its borrowing exposure.

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. Material Litigation

KT Technology (M) Sdn Bhd

The Company has filed the Creditor's Petition with the official assignee against the 5th defendant, the judgment debtor on 25 February 2003. At the hearing on 13 November 2003, the court has struck off the proceedings as the official assignee has informed the court that the 5th defendant was adjudicated a bankrupt on 13 March 2003. The Company has on 17 February 2004 filed the Proof of Debt General Form and General Proxy with the official assignee in respect of the 5th defendant.

In relation to the above litigation, the 2nd and 3rd defendants are bankrupt as confirmed in the recent bankruptcy search. The Company has filed the Proof of Debt General Form and General Proxy with the official assignee for both defendants.

Dataprep Distribution Sdn Bhd

On 4 June 2004, the Company has filed the Proof of Debt General Forms, General Proxy and Special Proxy with the Director General of Insolvency in respect of the defendant.

24. Dividend payable

The Directors recommend a final dividend of 3% less tax for the year ended 31st December 2005 which would be subjected to the approval of the shareholders at the Company's Annual General Meeting and will be paid at a date to be determined later.

25. 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
	31/03/2006	31/03/2005	31/03/2006	31/03/2005
Group's profit/(loss) attributable to ordinary shareholders (RM)	3,057,000	1,745,000	3,057,000	1,745,000
Number of ordinary shares in issue at the beginning of the period	51,150,000	51,150,000	51,150,000	51,150,000
Basic earnings per share (sen)	5.98	3.41	5.98	3.41

26. 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 31/03/2006	Preceding Year Correspon- ding Quarter 30/9/2004	Current Year To Date 31/03/2006	Preceding Year Correspon- ding Period 31/03/2005
Group's profit/(loss) attributable to ordinary shareholders (RM)	3,057,000	1,745,000	3,057,000	1,745,000
Number of ordinary shares in issue at the beginning of the period	51,150,000	51,150,000	51,150,000	51,150,000
ESOS: Potential dilutive shares	5,115,000	4,798,000	5,115,000	4,798,000
	<u>56,265,000</u>	<u>55,948,000</u>	<u>56,265,000</u>	<u>55,948,000</u>
Diluted earnings per share (sen)	5.43	3.12	5.43	3.12

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

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

28. Provision of Financial Assistance

The Company has obtained a mandate on 28 June 2005 from its shareholders pursuant to paragraph 10.09 of the Listing Requirements to provide financial assistance to its associate and subsidiary companies.