

FSBM HOLDINGS BERHAD
Company No.: 115609-U

Quarterly report on consolidated results for the third quarter ended 30 September 2005.
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
	30/9/2005	30/9/2004	30/9/2005	30/9/2004
	RM '000	RM '000	RM '000	RM '000
Revenue	16,412	12,180	54,075	43,783
Operating expenses	(13,565)	(13,579)	(46,623)	(43,965)
Other operating income	39	37	86	188
Profit from operations	2,886	(1,362)	7,538	6
Finance costs	(229)	(512)	(576)	(1,317)
Share of (losses)/profit of associated companies	(16)	(56)	(66)	97
Profit from ordinary activities before tax	2,641	(1,930)	6,896	(1,214)
Taxation	0	0	(33)	(1)
Profit from ordinary activities after tax	2,641	(1,930)	6,863	(1,215)
Minority interest	(10)	86	107	(1,604)
Net profit/(loss) for the period	2,631	(1,844)	6,970	(2,819)
Earnings per share:				
- basic	5.14	(3.61)	13.63	(5.51)
- diluted	4.68	(3.59)	12.39	(5.49)

(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 2004 and the accompanying explanatory notes attached to the interim financial report)

Unaudited Condensed Consolidated Balance Sheet

	AS AT END OF CURRENT QUARTER 30/9/2005 <hr/> RM '000	AS AT PRECEDING FINANCIAL YEAR END 31/12/2004 <hr/> RM '000
Non current assets		
Property, plant and equipment	54,507	57,523
Intangible assets	28	485
Investment in associated companies	2,404	2,395
Other investments	3,069	1,486
Current assets		
Inventories	159	163
Receivables	33,941	36,319
Tax recoverable	368	338
Deposits with licensed banks	3,507	2,093
Cash and bank balance	5,970	3,015
	<hr/> 43,945	<hr/> 41,928
Current liabilities		
Payables	20,903	23,070
Hire Purchase Creditor	277	277
Short term borrowings	4,938	5,835
Provision for tax	33	0
	<hr/> 26,151	<hr/> 29,182
Net current assets	<hr/> 17,794	<hr/> 12,746
Less: Non current liabilities		
Deferred tax liabilities	4,971	4,971
Long term borrowings	5,271	5,672
Hire Purchase Creditor	43	276
	<hr/> 10,285	<hr/> 10,919
	<hr/> 67,517	<hr/> 63,716
Capital and reserves		
Share Capital	51,150	51,150
Reserves	13,815	7,990
Shareholders' equity	<hr/> 64,965	<hr/> 59,140
Minority interest	2,552	4,576
	<hr/> 67,517	<hr/> 63,716
Net tangible assets per share (RM)	1.27	1.16

(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 2004 and the accompanying explanatory notes attached to the interim financial report)

Unaudited Condensed Consolidated Statement of Changes in Equity

	<u>Non-distributable</u>				<u>Distributable</u>	
	Share capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Exchange difference RM'000	Retained earnings RM'000	Total RM'000
Balance as at 1 January 2005	51,150	8,369	13,534	673	(14,586)	59,140
Currency translation differences	-	-	-	(40)	-	(40)
Surplus arising from revaluation of land & building, net of tax	-	-	-	-	-	-
Net profit for the financial period	-	-	-	-	6,970	6,970
Dividends	-	-	-	-	(1,105)	(1,105)
Balance as at 30 September 2005	51,150	8,369	13,534	633	(8,721)	64,965
Balance as at 1 January 2004	51,150	8,369	-	609	(17,684)	42,444
Currency translation differences	-	-	-	30	-	30
Surplus arising from revaluation of land & building, net of tax	-	-	13,534	-	-	13,534
Net loss for the financial period	-	-	-	-	(2,819)	(2,819)
Balance as at 30 September 2004	51,150	8,369	13,534	639	(20,503)	53,189

(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 2004 and the accompanying explanatory notes attached to the interim financial report)

Unaudited Condensed Consolidated Cash Flow Statement

	30 September 2005 RM'000	30 September 2004 RM'000
Net profit/(loss) attributable to shareholders	6,970	(2,819)
Adjustments for : -		
Non-cash items	4,103	4,923
Non-operating items	(8)	1,506
Operating profit before changes in working capital	<u>11,047</u>	<u>3,610</u>
Changes in working capital		
Net change in current assets	(438)	7,630
Net change in current liabilities	649	(750)
Cash generated from operations	<u>11,258</u>	<u>10,490</u>
Tax refund/(paid)	(30)	(11)
Interest paid	(569)	(677)
Interest received	41	33
Development assets expenses	<u>0</u>	<u>0</u>
Net cash flows from operating activities	10,700	9,835
Investing Activities		
- Purchase of property, plant & equipment	(202)	(744)
- Proceeds from disposal of property, plant & equipment	127	16
- Other investments	2,042	5
Net cash flows from investing activities	(2,117)	(723)
Financing Activities		
- Dividend paid	(2,677)	0
- (Repayment)/Draw down of term loan	(1,532)	(12,966)
- Deposit held as security	0	0
- Others	0	(207)
Net cash flows from financing activities	(4,209)	(13,173)
Net Change in Cash & Cash Equivalents	4,374	(4,061)
Currency Translation Differences	(5)	16
	<u>4,369</u>	<u>(4,045)</u>
Cash & Cash Equivalents at beginning of the period	5,108	12,565
Cash & Cash Equivalents at end of the period	Note (a) <u>9,477</u>	(b) <u>8,520</u>

(a) Consists of deposits with licensed banks (RM3,507,000) and cash and bank balance (RM5,970,000) less deposits pledged as security (RM Nil).

(b) Consists of deposits with licensed banks (RM1,666,000) and cash and bank balance (RM6,854,000) 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 2004 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 2004.

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 2004 .

2. Audit Report

The audit report of the Group's most recent annual audited financial statements for the year ended 31 December 2004 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 period ended 30 September 2005.

7. Dividends Paid

Interim dividend of 3 sen per share less income tax of 28% for the financial year ending 31 December 2005 were declared during the quarter under review.

8. Reclassification of Comparative Information

With effect from the current financial year, the Directors of the Group reclassified Rental Income as Revenue (instead of Other Operating Income) to better reflect the increasing material nature of these income. The comparative information has been restated accordingly.

9. Segmental Reporting

Segment analysis for the current year quarter and financial period ended 30 September 2005 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 30/9/05							
External Sales	1,202	-	4,172	10,395	673	-	16,412
Internal Sales	5,283	-	1	5,112	-	(10,396)	-
Total Sales	6,485	-	4,173	15,507	673	(10,396)	16,412
(Loss)/ Profit From Operations	3,197	35	4	1,919	(1,532)	(738)	2,886
Financial Period Ended 30/9/05							
External Sales	5,967	-	18,418	27,794	1,896	-	54,075
Internal Sales	14,365	-	6	13,668	-	(28,039)	-
Total Sales	20,332	-	18,424	41,462	1,896	(28,039)	54,075
(Loss)/ Profit From Operations	9,069	63	(1,134)	5,749	2,518	(8,728)	7,538

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 30/9/04							
External Sales	3,753	-	7,523	516	-	-	11,792
Internal Sales	7	-	9	-	-	(16)	-
Total Sales	3,760	-	7,532	516	-	(16)	11,792
(Loss)/ Profit From Operations	(3)	(27)	(85)	146	921110)	(472)	(1,362)
Financial Period Ended 30/9/04							
External Sales	9,123	315	17,648	15,666	-	-	42,752
Internal Sales	56	-	7,222	3,545	-	(10,807)	-
Total Sales	9,179	315	24,870	19,211	-	(10,823)	42,752
(Loss)/ Profit From Operations	(15)	(19)	(654)	5,275	(3,103)	(1,478)	6

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 1 September 2005, the Company acquired an additional of 50,000 ordinary shares of HK\$1.00 each, representing 20% in Asialink Technology Development Limited ("Asialink") at a cash consideration of HK\$1.00 per share. With the acquisition of the aforesaid additional shares, Asialink became a 100% owned subsidiary of FSBM.

On 15 August 2005 acquired an additional of 247,000 ordinary shares of RM1.00 each, representing 10% in FSBM Dapannet Sdn. Bhd. ("Dapannet") at a cash consideration of RM0.3420 per share. With the acquisition of the aforesaid additional shares, Dapannet became a 100% owned subsidiary of FSBM.

On 22 August 2005 the company subscribed for 5000 shares in Universal Broadband Inc (BVI) of US\$1.00 each. UBBBVI was incorporated in the British Virgin Islands on 17th January, 2005. The authorized share capital of UBBBVI is US\$50,000 divided into 50,000 ordinary shares of US\$1.00 each Following the subscription of these shares, UBBBVI became a wholly owned subsidiary of FSBM.

These acquisitions will not have any significant effect on the earnings of the Company and Group for the financial year ended 31 December 2005.

13. 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 annual balance sheet date.

14. Review of Performance

For the current period ended 30 September 2005, the Group recorded revenue of RM54.075 million against RM43.783 million in the corresponding period of the preceding year.

The Group's profit for the period was RM 6.896 million for the current period compared to a loss of RM1.214 million in the corresponding period of the preceding year.

The Group's higher revenue and better results for the current period was due to the increase in billings in Solution, Communication & Multimedia and Education Divisions as well as the higher margins earned in the Solution Division.

15. Review of Quarterly Results

The Group's reported revenue of RM16.412 million was lower than that reported in the preceding quarter of RM22.3 million. The Group's net profit for the period was RM2.631 million compared to RM 2.594 million reported for the preceding quarter.

The lower turnover for the current quarter was due to the lower activities in both the Solution and Education Divisions. However, the results were better due to the improvement in the results of an associated company in the Solution Division.

16. Current Year Prospects

For the nine months ended 30 September 2005, the profit of the Group has increased to RM6.970 million. This is more than doubled that achieved in the whole of 2004. The Group expects to continue this profitable trend through to the year-end.

17. Variance from Forecast Profit and Profit Guarantee

Not applicable.

18. Taxation

Taxation comprises:

	Current Year Quarter	Preceding Year Correspon- ding Quarter	Current Year To Date	Preceding Year Correspon- ding Period
	30/9/2005 (RM'000)	30/9/2004 (RM'000)	30/9/2005 (RM'000)	30/9/2004 (RM'000)
Taxation – current				
- Company and subsidiaries	-	-	(33)	(1)
Deferred taxation	-	-	-	-
	-	-	(33)	(1)

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
	30/9/2005 (RM'000)	30/9/2004 (RM'000)	30/9/2005 (RM'000)	30/9/2004 (RM'000)
Profit/(loss) from ordinary activities before tax	2,657	(1,930)	6,912	(1,214)
Tax calculated at the Malaysian tax rate of 28%	744	(540)	1,935	(340)
Tax effects of:				
- expenses not deductible for tax purposes	199	79	(304)	243
- pioneer (income)/loss	(86)	117	108	(220)
- income not subject to tax	(3)	-	(1,030)	(2)
- current year tax loss not recognized	(14)	(15)	(12)	27
- deductible temporary differences not recognized	(3)	177	398	510
- benefit from previously unrecognized tax losses	(837)	182	(1,062)	(217)
Tax (credit)/expense	-	-	33	1

19. Sale of Investments and Properties

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

20. 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 30 September 2005 are as set out below: -

	RM '000
Quoted shares in Malaysia:	
At Cost	1,239
Provision for diminution in value	<u>(929)</u>
	<u>310</u>
At market value	<u>310</u>
Shares listed outside Malaysia	
At Cost	<u>2,758</u>
At price of last placement of shares issued by the investee up to 30 September, 2005	<u>32,477</u>

21. Corporate Proposals

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

22. Group Borrowings

The details of the Group's borrowings as at 30 September 2005 are as set out below: -

	Secured/ Unsecured	RM'000
Short term borrowings	Secured	4,938
Long term borrowings	Secured	<u>5,271</u>
		<u>10,209</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. The balance outstanding as at 30 September 2005 amounts to RM 1.0 million.

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 30 September 2005, the subsidiary has made repayments amounting to RM510,433 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.

23. 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.

24. 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.

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 30/9/2005	Preceding Year Correspon- ding Quarter 30/9/2004	Current Year To Date 30/9/2005	Preceding Year Correspon- ding Period 30/9/2004
Group's profit/(loss) attributable to ordinary shareholders (RM)	2,631,000	(1,844,000)	6,970,000	(2,819,000)
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)	5.14	(3.61)	13.63	(5.51)

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 30/9/2005	Preceding Year Correspon- ding Quarter 30/9/2004	Current Year To Date 30/9/2005	Preceding Year Correspon- ding Period 30/9/2004
Group's profit/(loss) attributable to ordinary shareholders (RM)	2,631,000	(1,844,000)	6,970,000	(2,819,000)
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.	208,555.	5,115,000	208,555
		51,358,555		51,368,555
	56,265,000		56,265,000	
Diluted earnings per share (sen)	4.68	(3.59)	12.39	(5.49)

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

FSBM Egate Sdn Bhd remained dormant.

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.