



**TIME ENGINEERING BERHAD
(10039-P)**

UNAUDITED INTERIM QUARTERLY REPORT

ON CONSOLIDATED RESULTS

FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2006

**UNAUDITED INTERIM QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2006**

CONTENTS	Page
I	CONDENSED CONSOLIDATED INCOME STATEMENT 3
II	CONDENSED CONSOLIDATED BALANCE SHEET 4
III	CONDENSED CONSOLIDATED CASH FLOW STATEMENT 5
IV	CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY 6
V	NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 7
1	BASIS OF PREPARATION 7
2	CHANGES IN ACCOUNTING POLICIES 7
3	AUDIT REPORT IN RESPECT OF THE 2005 FINANCIAL STATEMENTS 9
4	SEASONAL OR CYCLICAL FACTORS 9
5	UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE 9
6	MATERIAL CHANGES IN ESTIMATES USED 9
7	DEBT AND EQUITY SECURITIES 10
8	DIVIDEND 10
9	SEGMENTAL INFORMATION 10
10	VALUATION OF PROPERTY, PLANT & EQUIPMENT 10
11	MATERIAL EVENTS SUBSEQUENT TO THE CURRENT FINANCIAL YEAR 10
12	CHANGES IN THE COMPOSITION OF THE GROUP 10
13	CONTINGENT LIABILITIES 11
14	CAPITAL COMMITMENTS 11
15	COMPARISON BETWEEN THE CURRENT QUARTER AND THE IMMEDIATE PRECEDING QUARTER 12
16	PERFORMANCE REVIEW FOR THE CURRENT QUARTER AND YEAR 12
17	PROSPECTS 12
18	VARIANCE FOR ACTUAL AND FORECAST PROFIT 12
19	INCOME TAX 13
20	DISPOSAL OF UNQUOTED INVESTMENTS AND/OR PROPERTIES 13
21	(a) ACQUISITIONS AND DISPOSALS OF QUOTED SECURITIES 13
21	(b) INVESTMENT IN QUOTED SECURITIES 13
22	STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED AS AT THE DATE OF THIS ANNOUNCEMENT 14
23	GROUP BORROWINGS AND DEBT SECURITIES 14
24	OFF BALANCE SHEET FINANCIAL INSTRUMENTS 14
25	MATERIAL LITIGATION 14
26	LOSS PER SHARE ("LPS") 14
27	AUTHORISATION FOR ISSUE 14

**UNAUDITED INTERIM QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2006**

THE FIGURES HAVE NOT BEEN AUDITED

I CONDENSED CONSOLIDATED INCOME STATEMENT

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current year quarter 31.12.2006 RM'000	Preceding year corresponding quarter 31.12.2005 (As restated) RM'000	Twelve months to 31.12.2006 RM'000	Audited Twelve months to 31.12.2005 (As restated) RM'000
1.	(a) Revenue	102,278	29,728	422,125	173,933
	(b) Cost of sales	(81,528)	(6,209)	(308,165)	(95,628)
	(c) Gross profit	20,750	23,519	113,960	78,305
	(d) Other income/(charges)	5,302	(4,439)	12,560	7,747
	(e) Expenses	(19,772)	(20,514)	(84,448)	(61,470)
	(f) Impairment loss on investment	-	(123,429)	-	(123,429)
	(g) Finance cost	(13,720)	(14,611)	(59,900)	(63,515)
	(h) Gain on disposal of investments	11,414	136	65,217	136
	(i) Loss on dilution of interest in subsidiary	-	(906)	-	(906)
	(j) Share of results of associate	(21,731)	(20,706)	(76,761)	(91,258)
	(k) Loss before income tax	(17,757)	(160,950)	(29,372)	(254,390)
	(l) Income tax (Note 19)	(2,633)	344	388	(7,177)
	(m) Loss for the year	<u>(20,390)</u>	<u>(160,606)</u>	<u>(28,984)</u>	<u>(261,567)</u>
Attributable to:					
	(n) Equity holders of the company	(21,292)	(161,352)	(34,676)	(266,040)
	(o) Minority interests	902	746	5,692	4,473
		<u>(20,390)</u>	<u>(160,606)</u>	<u>(28,984)</u>	<u>(261,567)</u>
		=====	=====	=====	=====
2.	Loss per share based on 1 (n) above (Note 26)				
	(a) Basic	(2.7) sen	(20.9) sen	(4.5) sen	(34.5) sen
	(b) Diluted	NA	NA	NA	NA

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2005.

Note: NA denotes "Not Applicable"

TIM E ENGINEERING BERHAD (10039-P)
Incorporated in Malaysia

**UNAUDITED INTERIM QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2006**

II CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited as at 31.12.2006	Audited as at 31.12.2005 (As restated)
	RM'000	RM'000
ASSETS		
1. Non-current assets		
Property, plant and equipment	7,547	11,015
Investment property	303	581
Investment in associate s	631,170	773,643
Other investments	30	40,299
Goodwill	2,242	971
Intangible assets	3,522	3,162
Deferred tax assets	-	731
Long term other receivables	12,529	-
Non-current bank deposits	9,384	7,561
	<hr/>	<hr/>
	666,727	837,963
2. Current asset		
Inventories	16,353	10,728
Trade and other receivables	142,368	53,773
Tax recoverable	12,745	17,206
Deposits, cash and bank balances	92,426	80,880
	<hr/>	<hr/>
	263,892	162,587
	<hr/>	<hr/>
Total Assets	930,619	1,000,550
	=====	=====
EQUITY AND LIABILITIES		
3. Equity attributable to equity holders of the company:		
Share capital	775,245	775,245
Reserves	(656,100)	(621,424)
	<hr/>	<hr/>
Capital and Reserves	119,145	153,821
4. Minority interests	11,980	12,405
	<hr/>	<hr/>
Total equity	131,125	166,226
	<hr/>	<hr/>
5. Non-current liabilities		
Long term borrowings	-	665,623
Deferred tax liabilities	828	593
	<hr/>	<hr/>
	828	666,216
6. Current liabilities		
Trade and other payables	148,365	56,919
Short term borrowings	-	1,820
Bonds and long term borrowings due within one year (Note 23)	647,855	108,940
Tax payable	2,446	429
	<hr/>	<hr/>
	798,666	168,108
	<hr/>	<hr/>
Total liabilities	799,494	834,324
	<hr/>	<hr/>
Total equity and liabilities	930,619	1,000,550
	=====	=====
7. Net assets per share attributable to ordinary equity holders of the company (RM)	0.15	0.20
	=====	=====

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2005.

**UNAUDITED INTERIM QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2006**

III CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Twelve months to 31.12.2006 RM'000	Audited Twelve months to 31.12.2005 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from customers	342,647	653,103
Cash payments to suppliers	(243,312)	(94,765)
Cash payments to employees and for expenses	(75,317)	(49,075)
	24,018	509,263
Cash generated from operations	24,018	509,263
Taxation refunded/(paid)	7,830	(9,074)
Interest received	1,776	891
	33,624	501,080
Net cash from operating activities	33,624	501,080
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(4,354)	(6,519)
Acquisition of investment	(6,585)	-
Proceeds from disposal of property, plant and equipment	17	19
Proceeds from disposal of quoted investments	171,066	7,914
Capital repayment from associate company	50	1,200
Capital distribution by subsidiary to minority	(133)	-
Dividend received	-	1,001
Interest received	974	602
	161,035	4,217
Net cash from investing activities	161,035	4,217
CASH FLOW USED IN FINANCING ACTIVITIES		
Drawdown of bank borrowings	199,628	73,476
Repayment of bank borrowings/redemption of bonds	(362,774)	(519,806)
Interest paid	(16,452)	(26,596)
Dividend paid by a subsidiary to minority shareholders	(1,641)	(447)
	(181,239)	(473,373)
Net cash used in financing activities	(181,239)	(473,373)
Net Change in Cash and Cash Equivalents	13,420	31,924
Cash and Cash Equivalents as at beginning of financial year	88,390	56,466
	(a) 101,810	88,390
Cash and Cash Equivalents as at end of financial year	101,810	88,390
	=====	=====

(a) **Cash and Cash Equivalents comprise the following amounts:**

	Unaudited As at 31.12.2006 RM'000	Audited As at 31.12.2005 As restated RM'000
Non-current bank deposits – restricted	9,384	7,561
Deposits, cash and bank balances		
- Unrestricted	89,184	61,292
- Restricted	3,242	19,588
	101,810	88,441
Bank overdrafts (included in short term borrowings)	-	(51)
	101,810	88,390
Cash and Cash Equivalents at end of the financial year	101,810	88,390
	=====	=====

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2005.

**UNAUDITED INTERIM QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2006**

IV CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

In RM'000	← Equity attributable to equity holders of the company →					Total	Minority interests	Total equity
	Share Capital	Loan Stock	Share Premium	Other Reserves	Accumulated Losses			
	← Non-distributable →							
Twelve months to 31 December 2006 (Unaudited)								
Balance as at 1 January 2006	775,245	-	1,717,012	18,419	(2,356,855)	153,821	12,405	166,226
(Loss)/profit for the year	-	-	-	-	(34,676)	(34,676)	5,692	(28,984)
Total recognised income and expense for the year	-	-	-	-	(34,676)	(34,676)	5,692	(28,984)
Dividend paid by subsidiary to minority interests	-	-	-	-	-	-	(1,641)	(1,641)
Capital distribution by subsidiary to minority	-	-	-	-	-	-	(133)	(133)
Acquisition of minority interest	-	-	-	-	-	-	(4,343)	(4,343)
Balance as at 31 December 2006	775,245	-	1,717,012	18,419	(2,391,531)	119,145	11,980	131,125
Twelve months to 31 December 2005 (Audited)								
Balance as at 1 January 2005	768,155	21,199	1,702,903	18,419	(2,090,651)	420,025	7,645	427,670
Interest expense on loan stocks	-	-	-	-	(164)	(164)	-	(164)
Expense recognised directly in equity	-	-	-	-	(164)	(164)	-	(164)
(Loss)/profit for the year	-	-	-	-	(266,040)	(266,040)	4,473	(261,567)
Total recognised income and expense for the year	-	-	-	-	(266,204)	(266,204)	4,473	(261,731)
Issue of shares:								
Conversion of loan stocks	7,090	(21,199)	14,109	-	-	-	-	-
Dilution of interest in a subsidiary	-	-	-	-	-	-	287	287
Balance as at 31 December 2005	775,245	-	1,717,012	18,419	(2,356,855)	153,821	12,405	166,226

The Condensed Consolidated Statement of Changes in Total Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2005.

UNAUDITED INTERIM QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2006

PART A – EXPLANATORY NOTES PURSUANT TO FRS134, PARAGRAPH 16

V NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The notes to the condensed Consolidated Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2005.

1 BASIS OF PREPARATION

The quarterly consolidated financial statements have been prepared in accordance with Financial Reporting Standard (FRS)134²⁰⁰⁴, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (MASB) and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”), and should be read in conjunction with the Group’s financial statements for the year ended 31 December 2005. The accounting policies, methods of computation and basis of consolidation adopted for the interim financial reports are consistent with those adopted for the annual financial statements for the year ended 31 December 2005, except for the accounting policy changes arising from the adoption of the new and revised FRS effective from 1 January 2006. Where applicable the comparatives have been restated as a result of the changes in accounting policies upon adoption of the new/revised FRS as set out in Note 2.

2 CHANGES IN ACCOUNTING POLICIES

The MASB has issued a number of new and revised FRS that are effective for accounting periods beginning on or after 1 January 2006 as disclosed below:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of FRS 2, 5, 102, 108, 110, 116, 121, 127, 128, 131, 132, 133 and 136 does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the other new/revised FRSs are discussed below :-

(a) FRS 3, Business Combination

In accordance with FRS 3, the Group no longer amortises positive goodwill. Such goodwill is tested annually for impairment and impairment losses are recognised when the carrying value of the cash generating unit to which the goodwill has been allocated exceeds its recoverable amount.

The new policy in respect of positive goodwill has been applied prospectively in accordance with the transitional arrangements under FRS 3. As a result, comparative amounts have not been restated, the cumulative amount of amortisation as of 1 January 2006 has been offset against the cost of goodwill and no amortisation charge for goodwill has been recognised in the income statement for the twelve months ended 31 December 2006. This has increased the Group’s profit after tax for the twelve months ended 31 December 2006 by RM54,000.

**UNAUDITED INTERIM QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2006**

PART A – EXPLANATORY NOTES PURSUANT TO FRS134, PARAGRAPH 16

(a) FRS 3, Business Combination (cont'd)

The adoption of the new FRS 3 will result in any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost of acquisition (previously referred to as negative goodwill arising from acquisition), after reassessment, being recognised immediately in the income statement as it arises.

The change in policy relating to negative goodwill had no effect on the interim financial report as there was no negative goodwill deferred as at 31 December 2005.

(b) FRS 101, Presentation of Financial Statements

The adoption of the revised FRS 101 requires changes in the presentation of minority interests, share of net after tax results of associates and other disclosures in the consolidated income statement.

In the consolidated balance sheet, minority interests are now presented within total equity, separately from the equity attributable to the equity holders of the parent whilst in the consolidated income statement the minority interests are presented as an allocation of the total profit or loss for the period between the minority interests and the equity holders of the parent.

FRS also requires disclosure, on the face of the statement of changes in equity, total recognized income and expense for the year, showing separately the amounts attributable to equity holders of the parent and to minority interests.

In the consolidated balance sheet also, cash and cash equivalents which are restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date are now reclassified as non-current assets. In the income statement, the share of results of associate is disclosed net of income tax.

The restated balances of balance sheet and income statements are as follows:

	As at 31.12.2005 Audited RM'000	Adjustment RM'000	As at 31.12.2005 As restated RM'000
Balance sheet			
Non-current assets			
Non-current bank deposits	-	7,561	7,561
Current Assets			
Cash and bank balances	88,441	(7,561)	80,880
Income statement			
Share in results of associate	(90,823)	(435)	(91,258)

The current year presentation of the Group's financial statements is based on the revised requirements of FRS 101 with the comparatives restated to conform with the current year's presentation.

(c) FRS 138, Intangible Assets and FRS 140, Investment Property

With the adoption of FRS 138, the Group has reclassified certain acquired computer software and licenses that do not form an integral part of the related hardware as intangible assets from property, plant and equipment ("PPE").

Likewise, with the adoption of FRS 140, the Group has reclassified property held for capital gain or rental purposes from PPE to Investment Properties. The investment properties are measured initially at cost, including transaction costs.

UNAUDITED INTERIM QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2006

PART A – EXPLANATORY NOTES PURSUANT TO FRS134, PARAGRAPH 16

(c) **FRS 138, Intangible Assets and FRS 140, Investment Property(cont'd)**

Following initial recognition, investment properties are carried at cost less any accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated. Investment properties carried at cost are depreciated over the estimated economic useful life.

The presentation in the consolidated balance sheet for the comparative year has been restated accordingly as follows:

	As at 31.12.2005 Audited RM'000	Adjustment RM'000	As at 31.12.2005 As restated RM'000
Property, plant & equipment	14,653	(3,638)	11,015
Investment property	-	581	581
Intangible assets – others	105	3,057	3,162

3 AUDIT REPORT IN RESPECT OF THE 2005 FINANCIAL STATEMENTS

The audit report on the Group's financial statements for the year ended 31 December 2005 was not qualified.

4 SEASONAL OR CYCLICAL FACTORS

The Group's operations are not subject to any seasonal or cyclical factors.

5 UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no other items affecting assets, liabilities, equity, net income, or cash flows that were unusual because of their nature, size or incidence in the current and preceding financial year except as disclosed below:

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31.12.2006 RM'000	Preceding year corresponding quarter 31.12.2005 RM'000	Twelve months to 31.12.2006 RM'000	Twelve months to 31.12.2005 RM'000
Gain on disposal of investments (quoted shares)	11,414	136	65,217	136
Impairment loss on investments	-	123,429	-	123,429

6 MATERIAL CHANGES IN ESTIMATES USED

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or prior financial years that have a material effect to the financial statements of the current year.

UNAUDITED INTERIM QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2006

PART A – EXPLANATORY NOTES PURSUANT TO FRS134, PARAGRAPH 16

7 DEBT AND EQUITY SECURITIES

The Group did not undertake any other issuance and/or repayment of debt and equity securities, share buy-backs, cancellations, repurchases, shares held as treasury shares and resale of treasury shares for the current financial year ended 31 December 2006 except as disclosed below:

- (a) On 31 March 2006, the Company made a prepayment of USD28.82 million of its USD Bonds due on 30 June 2006.
- (b) On 3 November 2006, the Company made a prepayment of USD3.8 million of its USD Bonds due on 30 June 2007.
- (c) On 12 December 2006, the Company made a prepayment of USD1.8 million of its USD Bonds due on 30 June 2007.

8 DIVIDEND

The Board does not recommend the payment of any dividend for the financial year ended 31 December 2006 (2005: Nil).

9 SEGMENTAL INFORMATION

There is no segmental reporting for the financial year ended 31 December 2006, as the Group's activity is carried out within Malaysia and is operated within the Information Communications & Technologies' industry.

10 VALUATION OF PROPERTY, PLANT & EQUIPMENT

The valuations of property, plant and equipment used in the condensed consolidated financial statements have been brought forward without amendment from the previous annual financial statements.

11 MATERIAL EVENTS SUBSEQUENT TO THE CURRENT FINANCIAL YEAR

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature which have arisen since 31 December 2006 to the date of this announcement which would substantially affect the financial results of the Group for the financial year ended 31 December 2006.

12 CHANGES IN THE COMPOSITION OF THE GROUP

For the financial year ended 31 December 2006, the Group did not undertake any other material business combinations, acquisitions or disposals of subsidiaries and long term investments, restructuring or discontinued operations except as stated below:

- (a) Shares in TIME dotCom Berhad
The Company has disposed of 102,392,900 ordinary shares of RM1.00 each in TIME dotCom Berhad ("TdC") in the open market for a total consideration of RM73.8 million. Following the disposal, the shareholding in TdC has been reduced from 44.73% to 40.68%.
- (b) Shares in UEM World Berhad
The Company has disposed of its entire 115,731,528 ordinary shares of RM1.00 each in UEM World Berhad ("UEMW") in the open market for a total consideration of RM96.7 million. Following the disposal, TIME has ceased to be a shareholder of UEMW.
- (c) Acquisition of shares in subsidiary from minority shareholders
In October 2006, the Group acquired an additional 11.08% interest in Dagang Net Technologies Sdn Bhd ("DagangNet") for approximately RM6.6 million in cash, increasing its ownership from 60.17% to 71.25%. The carrying amount of DagangNet's net assets in the consolidated financial statements on the date of acquisition was RM39.2 million. The Group recognised a decrease in minority interest of RM4.4 million and goodwill of approximately RM2.2 million.

UNAUDITED INTERIM QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2006

PART A – EXPLANATORY NOTES PURSUANT TO FRS134, PARAGRAPH 16

13 CONTINGENT LIABILITIES

There were no material changes to contingent liabilities as at the date of this announcement since the preceding financial year ended 31 December 2005.

14 CAPITAL COMMITMENTS

There are no material capital commitments as at the date of this announcement

UNAUDITED INTERIM QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2006

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BMSB

15 COMPARISON BETWEEN THE CURRENT QUARTER AND THE IMMEDIATE PRECEDING QUARTER

The Group recorded an improvement in the revenue of RM102.3 million for the fourth quarter compared to RM24.9 million in the third quarter. The increase in revenue in the current quarter is mainly due to the partial completion of the Teaching and Learning of Science and Mathematics in English Programme (“PPSMI”) Phase V project undertaken by TIME System Integrators Sdn Bhd.

The Group recorded a loss before tax of RM17.8 million in the fourth quarter compared to a loss of RM30.4 million in the third quarter. The improvement in results for the fourth quarter is mainly due to contribution from PPSMI Phase V. The results of both periods were affected by the share of losses in associate and financing cost.

16 PERFORMANCE REVIEW FOR THE CURRENT QUARTER AND YEAR

The Group recorded an improvement in the results for the current quarter and financial year ended 31 December 2006 compared to the corresponding quarter and financial year ended 31 December 2005. The Group’s revenue for the current financial year increased to RM422.1 million compared to RM173.9 million in the preceding year. The increase is mainly attributable to the PPSMI Phase IV and V contract as well as increase in revenue from SMK-Dagang*Net services.

Following the improved revenue, the Group’s performance improved from a loss before tax of RM254.4 million in the preceding financial year ended 31 December 2005 to a loss before tax of RM29.4 million for the current financial year. The results for the current financial year was enhanced by a gain on disposal of investments of RM65.2 million compared to the effect of the impairment loss on investment of RM123.4 million in the preceding financial year. As in the previous financial year, the results of the financial year under review were also affected by the share of losses of associate and financing cost.

17 PROSPECTS

The Group is expected to improve its operational performance in 2007 with the contribution from PPSMI Phase V project, growth in SMK-Dagang*Net related services and ICT outsourcing businesses to both the public and private sectors.

With regards to the Company’s debt obligations, several measures are being considered to resolve the outstanding debts.

18 VARIANCE FOR ACTUAL AND FORECAST PROFIT

The Company did not issue any profit forecast or profit guarantee during the financial year .

UNAUDITED INTERIM QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2006

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BMSB

19 INCOME TAX

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31.12.2006 RM'000	Preceding year corresponding quarter 31.12.2005 (As restated) RM'000	Twelve months to 31.12.2006 RM'000	Twelve months to 31.12.2005 (As restated) RM'000
Malaysian taxation				
- Current taxation	(3,840)	(481)	(12,552)	(3,829)
- Over/(under) provision in respect of prior years	229	1,508	10,999	814
- Deferred taxation	(966)	(993)	(966)	(4,593)
- Recovery of tax deducted at source on dividend received from subsidiaries	1,944	310	2,907	431
	<u>(2,633)</u>	<u>344</u>	<u>388</u>	<u>(7,177)</u>

The current taxation expense of RM12.6 million in the current year was provided by profitable subsidiaries. The overprovision of tax expense in respect of prior years arose due to the changes in the tax treatment of certain expenses that were previously not allowed as deductions by the Inland Revenue Board.

20 DISPOSAL OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no disposals of unquoted investments and/or properties in the current financial year.

21 (a) ACQUISITIONS AND DISPOSALS OF QUOTED SECURITIES

Total disposals of quoted securities in the current financial year other than securities in existing subsidiaries and associate areas follows:

	Current year quarter 31.12.2006 RM'000	Current year to date 31.12.2006 RM'000
Total sales proceeds	-	97,288
Total profit on disposal	-	57,019

21 (b) INVESTMENT IN QUOTED SECURITIES

Investments in quoted securities included in investment in associates as at 31 December 2006 are as follows:

	At cost 31 December 2006 (RM'000)	Carrying value 31 December 2006 (RM'000)	Market value 31 December 2006 (RM'000)
Investment in associate	1,114,097	631,170	761,900

UNAUDITED INTERIM QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2006

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BMSB

22 STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED AS AT THE DATE OF THIS ANNOUNCEMENT

There are no corporate proposals announced but not completed as at the date of this announcement.

23 GROUP BORROWINGS AND DEBT SECURITIES

	As at 31.12.2006 RM'000
Long term borrowings due within one year (secured)	
USD Bonds	47,943
Bank borrowing from a development bank	
- Principal	516,342
- Accrued interest	83,570
	<u>647,855</u> =====

24 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no financial instruments with off-balance sheet risks as at the date of this announcement.

25 MATERIAL LITIGATION

The Company and its subsidiaries have no outstanding material litigation as at the date of this announcement.

26 LOSS PER SHARE (“LPS”)

	Current year quarter 31.12.2006	Preceding year corresponding quarter 31.12.2005	Twelve months to 31.12.2006	Twelve months to 31.12.2005
Loss per share				
Loss for the period (RM'000)	(20,390)	(160,606)	(28,984)	(261,567)
Less: Amount attributable to minority interest (RM'000)	(902)	(746)	(5,692)	(4,473)
Other movements in accumulated losses as per Statement of Changes in Total Equity (RM'000)	-	(40)	-	(164)
	<u>(21,292)</u>	<u>(161,392)</u>	<u>(34,676)</u>	<u>(266,204)</u>
Weighted average number of shares ('000)	775,245	772,506	775,245	772,194
Basic loss per share (sen)	(2.7)	(20.9)	(4.5)	(34.5)

27 AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 February 2007.

By Order of the Board

Kuala Lumpur
26 February 2007

SAPIAH JAMALUDIN (MAICSA 0807355)
Secretary