



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

**UNAUDITED INTERIM QUARTERLY REPORT**

**ON CONSOLIDATED RESULTS**

**FOR THE FIRST QUARTER ENDED 31 MARCH 2007**

UNAUDITED INTERIM QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE FIRST QUARTER ENDED 31 MARCH 2007

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THE FIGURES HAVE NOT BEEN AUDITED

**I CONDENSED CONSOLIDATED INCOME STATEMENT**

		<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
		<b>Current year quarter 31.3.2007 RM'000</b>	<b>Preceding year corresponding quarter 31.3.2006 RM'000</b>	<b>Three months to 31.3.2007 RM'000</b>	<b>Three months to 31.3.2006 RM'000</b>
1.	(a) Revenue	214,429	179,325	214,429	179,325
	(b) Cost of sales	(174,808)	(148,822)	(174,808)	(148,822)
	(c) Gross profit	39,621	30,503	39,621	30,503
	(d) Other income	1,581	5,497	1,581	5,497
	(e) Expenses	(12,883)	(10,337)	(12,883)	(10,337)
	(f) Finance cost	(13,219)	(15,574)	(13,219)	(15,574)
	(g) Gain on disposal of investments	-	49,200	-	49,200
	(h) Share of results of associate	(16,133)	(18,744)	(16,133)	(18,744)
	(i) (Loss)/Profit before income tax	(1,033)	40,545	(1,033)	40,545
	(j) Income tax (Note 18)	(7,545)	(5,636)	(7,545)	(5,636)
	(k) (Loss)/Profit for the period	(8,578)	34,909	(8,578)	34,909
<b>Attributable to:</b>					
	(l) Equity holders of the Company	(9,749)	33,403	(9,749)	33,403
	(m) Minority interests	1,171	1,506	1,171	1,506
		(8,578)	34,909	(8,578)	34,909
		=====	=====	=====	=====
2.	(Loss)/Earnings per share based on 1(l) above (Note 26)				
	(a) Basic	(1.3) sen	4.3 sen	(1.3) sen	4.3 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 2006.

Note: NA denotes "Not Applicable"

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**I CONDENSED CONSOLIDATED BALANCE SHEET**

	<b>Unaudited As at 31.3.2007 RM'000</b>	<b>Audited As at 31.12.2006 RM'000</b>
<b>ASSET S</b>		
1. Non-current assets		
Property, plant and equipment	7,700	7,547
Investment property	303	303
Investment in associates	615,037	631,170
Other investments	30	30
Intangible assets	5,862	5,764
Non-current receivables	12,529	12,529
Non-current bank deposits	9,491	9,363
	650,952	666,706
2. Current asset		
Inventories	137,195	15,698
Trade and other receivables	94,345	142,536
Tax recoverable	13,442	12,745
Deposits, cash and bank balances	71,385	92,447
	316,367	263,426
<b>Total Assets</b>	<b>967,319</b>	<b>930,132</b>
<b>EQUITY AND LIABILITIES</b>		
3. Equity attributable to equity holders of the company:		
Share capital	775,245	775,245
Reserves	(665,849)	(656,100)
Capital and Reserves	109,396	119,145
4. Minority interests	12,392	11,980
Total equity	121,788	131,125
5. Non-current liabilities		
Deferred tax liabilities	828	828
	828	828
6. Current liabilities		
Trade and other payables	130,987	147,878
Short term borrowings	52,219	-
Bonds and long term borrowings due within one year (Note 23)	658,677	647,855
Tax payable	2,820	2,446
	844,703	798,179
Total liabilities	845,531	799,007
<b>Total equity and liabilities</b>	<b>967,319</b>	<b>930,132</b>
7. <b>Net assets per share attributable to ordinary equity holders of the Company (RM)</b>	<b>0.14</b>	<b>0.15</b>

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2006.

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III CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Three months to 31.3.2007 RM'000	Unaudited Three months to 31.3.2006 RM'000
<b>CASH FLOW USED IN OPERATING ACTIVITIES</b>		
Cash receipts from customers	280,999	30,313
Cash payments to suppliers	(342,361)	(40,009)
Cash payments to employees and for expenses	(8,036)	(10,194)
Other income	-	648
	<hr/>	<hr/>
Cash used in operations	(69,398)	(19,242)
Taxation paid	(3,637)	(7,671)
Interest received	-	383
Other payments	-	(990)
	<hr/>	<hr/>
<b>Net cash used in operating activities</b>	<b>(73,035)</b>	<b>(27,520)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(868)	(1,511)
Proceeds from disposal of property, plant and equipment	6	6
Proceeds from disposal of quoted investments	-	100,235
Interest received	1,503	-
Others	-	(1,326)
	<hr/>	<hr/>
<b>Net cash from investing activities</b>	<b>641</b>	<b>97,404</b>
<b>CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES</b>		
Drawdown of bank borrowings	52,219	16,885
Repayment of bank borrowings/redemption of bonds	-	(106,614)
Interest paid	-	(6,493)
Others	-	1,421
Dividend paid by a subsidiary to minority shareholders	(759)	(774)
	<hr/>	<hr/>
<b>Net cash from/(used in) financing activities</b>	<b>51,460</b>	<b>(95,575)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(20,934)</b>	<b>(25,691)</b>
Cash and Cash Equivalents as at beginning of financial period	101,810	88,390
	<hr/>	<hr/>
<b>Cash and Cash Equivalents as at end of financial period</b>	<b>(a) 80,876</b>	<b>62,699</b>
	=====	=====

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

	As at 31.3.2007 RM'000	As at 31.3.2006 RM'000
Non-current bank deposits – restricted	9,491	4,416
Deposits, cash and bank balances		
- Unrestricted	68,143	47,905
- Restricted	3,242	10,378
	<hr/>	<hr/>
Cash and Cash Equivalents at end of the financial period	80,876	62,699
	=====	=====

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2006.

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**IV CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY**

In RM'000	← Equity attributable to equity holders of the Company →					Minority interests	Total equity
	← Non-distributable →				Total		
	Share Capital	Share Premium	Other Reserves	Accumulated Losses			
<b>Three months to 31 March 2007 (Unaudited)</b>							
Balance as at 1 January 2007	775,245	1,717,012	18,419	(2,391,531)	119,145	11,980	131,125
(Loss)/profit for the period	-	-	-	(9,749)	(9,749)	1,171	(8,578)
Total recognised income and expense for the period	-	-	-	(9,749)	(9,749)	1,171	(8,578)
Dividend paid by subsidiary to minority interests	-	-	-	-	-	(759)	(759)
Balance as at 31 March 2007	775,245	1,717,012	18,419	(2,401,280)	109,396	12,392	121,788
<b>Three months to 31 March 2006 (Unaudited)</b>							
Balance as at 1 January 2006	775,245	1,717,012	18,419	(2,356,855)	153,821	12,405	166,226
Profit for the period	-	-	-	33,403	33,403	1,506	34,909
Total recognised income for the period	-	-	-	33,403	33,403	1,506	34,909
Dividend paid by subsidiary to minority interests	-	-	-	-	-	(774)	(774)
Capital distribution by subsidiary to minority Interest	-	-	-	-	-	(107)	(107)
Balance as at 31 March 2006	775,245	1,717,012	18,419	(2,323,452)	187,224	13,030	200,254

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 2006.

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**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 2006.

**1 BASIS OF PREPARATION**

The quarterly consolidated financial statements have been prepared in accordance with Financial Reporting Standard (FRS)134<sup>2004</sup>, *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 2006. 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 2006. The new revised FRS117, Leases, Amendment to FRS119, Employee Benefits and FRS121, The Effects of Changes in Foreign Exchange Rate – Net Investment in a Foreign Operation effective from 1 January 2007 do not have any impact to the Group.

**2 AUDIT REPORT IN RESPECT OF THE 2006 FINANCIAL STATEMENTS**

The audit report on the Group’s financial statements for the year ended 31 December 2006 was not qualified.

**3 SEASONAL OR CYCLICAL FACTORS**

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

**4 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:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current</b>	<b>Preceding</b>	<b>Three</b>	<b>Three</b>
	<b>year quarter</b>	<b>year</b>	<b>months to</b>	<b>months to</b>
	<b>31.3.2007</b>	<b>corresponding</b>	<b>31.3.2007</b>	<b>31.3.2006</b>
	<b>RM’000</b>	<b>quarter</b>	<b>RM’000</b>	<b>RM’000</b>
		<b>31.3.2006</b>		
		<b>RM’000</b>		
Gain on disposal of investments (quoted shares)	-	49,200	-	49,200

**5 MATERIAL CHANGES IN ESTIMATES USED**

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

**6 DEBT AND EQUITY SECURITIES**

The Group did not undertake any 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 period ended 31 March 2007.

**7 DIVIDEND**

The Board does not recommend the payment of an interim dividend for the financial period ended 31 March 2007 (2006: Nil).

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**PART A – EXPLANATORY NOTES PURSUANT TO FRS134, PARAGRAPH 16**

**8 SEGMENTAL INFORMATION**

There is no segmental reporting for the financial period ended 31 March 2007, as the Group's activity is carried out within Malaysia and is operated within the Information Communications & Technologies' industry.

**9 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.

**10 MATERIAL EVENTS SUBSEQUENT TO THE CURRENT FINANCIAL PERIOD**

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature which have arisen since 31 March 2007 to the date of this announcement which would substantially affect the financial results of the Group for the financial period ended 31 March 2007, other than stated below:

- (a) On 11 April 2007 the bank agreed to extend the maturity of the term loan for another one year up to 30 June 2008. The Group has an outstanding term loan of RM516.3 million as of 31 March 2007.
- (b) On 9 May 2007, the Company has disposed of a total of 20,750,100 ordinary shares of RM1.00 each in TIME dotCom Bhd in the open market for a total net consideration of RM18.25 million. The disposal proceeds was utilised towards partial early redemption of principal and payment of accrued interest due to the USD Bondholders on 30 June 2007.

**11 CHANGES IN THE COMPOSITION OF THE GROUP**

For the financial period ended 31 March 2007, the Group did not undertake any material business combinations, acquisitions or disposals of subsidiaries and long term investments, restructuring or discontinued operations.

**12 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 2006.

**13 CAPITAL COMMITMENTS**

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



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

**14 COMPARISON BETWEEN THE CURRENT QUARTER AND THE IMMEDIATE PRECEDING QUARTER**

The Group recorded an improvement in the revenue of RM214.4 million for the current quarter compared to RM102.3 million in the fourth quarter 2006. The increase is mainly due to the progress billing made in current quarter for the Teaching and Learning of Science and Mathematics in English Programme (“PPSMI”) Phase V project undertaken by TIME Systems Integrators Sdn Bhd.

The Group recorded a lower loss before tax of RM1.0 million in the current quarter compared to a loss of RM17.8 million in the fourth quarter 2006. The improvement in results for the first quarter is mainly due to the contribution from PPSMI Phase V project. The results of both periods were affected by the share of losses in associate and financing cost.

**15 PERFORMANCE REVIEW FOR THE CURRENT QUARTER**

The Group recorded an improvement in the results for the current quarter ended 31 March 2007 compared to the corresponding quarter ended 31 March 2006. The Group’s revenue for the current quarter increased to RM214.4 million compared to RM179.3 million in the preceding year. The increase is mainly attributable to the PPSMI project as well as increase in revenue from SMK-Dagang\*Net services.

The Group recorded a loss before tax of RM1.0 million in the current quarter ended 31 March 2007, an improvement over the preceding corresponding quarter loss of RM8.7 million before the gain on disposal of investments of RM49.2 million. As in the previous financial period, the results of the financial period under review were also affected by the share of losses of associate and financing cost.

**16 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 the continued repayment of debts, the Group is expected to further strengthen its financial performance for the year ending 31 December 2007.

**17 VARIANCE FOR ACTUAL AND FORECAST PROFIT**

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

**18 INCOME TAX**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current year quarter 31.3.2007 RM'000</b>	<b>Preceding year corresponding quarter 31.3.2006 RM'000</b>	<b>Three months to 31.3.2007 RM'000</b>	<b>Three months to 31.3.2006 RM'000</b>
Malaysian taxation				
- Current taxation	(8,241)	(5,636)	(8,241)	(5,636)
- Recovery of tax deducted at source on dividend received from subsidiaries	696	-	696	-
	(7,545)	(5,636)	(7,545)	(5,636)

The current taxation expense of RM8.2 million in the current period was provided by profitable subsidiaries.

**19 DISPOSAL OF UNQUOTED INVESTMENTS AND/OR PROPERTIES**

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

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

**20 ACQUISITIONS AND DISPOSALS OF QUOTED SECURITIES**

There were no acquisitions and disposals of quoted securities in the current period.

**21 INVESTMENT IN QUOTED SECURITIES**

Investments in quoted securities included in investment in associates as at 31 March 2007 are as follows:

	At cost 31 March 2007 (RM'000)	Carrying value 31 March 2007 (RM'000)	Market value 31 March 2007 (RM'000)
Investment in associate	970,071	615,037	833,972

**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**

	<b>As at 31.3.2007 RM'000</b>
<b>Long term borrowings due within one year (secured)</b>	
USD Bonds	47,943
Bank borrowing from a development bank	
- Principal	516,342
- Accrued interest	94,392
	658,677
	=====

**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.

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

**26 (LOSS)/EARNINGS PER SHARE**

	Current year quarter 31.3.2007	Preceding year corresponding quarter 31.3.2006	Three months to 31.3.2007	Three months to 31.3.2006
(Loss)/Earnings per share				
(Loss)/Profit for the period (RM'000)	(8,578)	34,909	(8,578)	34,909
Less: Amount attributable to minority interest (RM'000)	(1,171)	(1,506)	(1,171)	(1,506)
	-----	-----	-----	-----
	(9,749)	33,403	(9,749)	33,403
	-----	-----	-----	-----
Weighted average number of shares ('000)	775,245	775,245	775,245	775,245
Basic (loss)/earnings per share (sen)	(1.3)	4.3	(1.3)	4.3

**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 29 May 2007.

By Order of the Board

Kuala Lumpur  
29 May 2007

SAPIAH JAMALUDIN (MAICSA 0807355)  
Secretary