



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

**UNAUDITED INTERIM QUARTERLY REPORT**

**ON CONSOLIDATED RESULTS**

**FOR THE FIRST QUARTER ENDED 31 MARCH 2008**

UNAUDITED INTERIM QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE FIRST QUARTER ENDED 31 MARCH 2008

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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 31.3.2008 RM'000</b>	<b>Preceding year corresponding quarter 31.3.2007 RM'000</b>	<b>Three months to 31.3.2008 RM'000</b>	<b>Three months to 31.3.2007 RM'000</b>
1. (a) Revenue	53,962	214,429	53,962	214,429
(b) Cost of sales	(25,231)	(174,808)	(25,231)	(174,808)
(c) Gross profit	<u>28,731</u>	<u>39,621</u>	<u>28,731</u>	<u>39,621</u>
(d) Other income	1,079	1,581	1,079	1,581
(e) Expenses	(13,112)	(12,883)	(13,112)	(12,883)
(f) Finance cost	(7,640)	(13,219)	(7,640)	(13,219)
(g) Gain on disposal of investments	10,979	-	10,979	-
(h) Share of results of associate	-	(16,133)	-	(16,133)
(i) Profit/(Loss) before income tax	<u>20,037</u>	<u>(1,033)</u>	<u>20,037</u>	<u>(1,033)</u>
(j) Income tax expense (Note 17)	(6,376)	(7,545)	(6,376)	(7,545)
(k) Profit/(Loss) for the period	<u>13,661</u>	<u>(8,578)</u>	<u>13,661</u>	<u>(8,578)</u>
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
	<b>Attributable to:</b>			
(l) Equity holders of the Company	12,167	(9,749)	12,167	(9,749)
(m) Minority interests	1,494	1,171	1,494	1,171
	<u>13,661</u>	<u>(8,578)</u>	<u>13,661</u>	<u>(8,578)</u>
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
2. Earnings/(Loss) per share based on 1(l) above (Note 25)				
(a) Basic	1.57 sen	(1.26) sen	1.57 sen	(1.26) 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 2007.

Note: NA denotes "Not Applicable"

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<b>II CONDENSED CONSOLIDATED BALANCE SHEET</b>	<b>Unaudited As at 31.3.2008 RM'000</b>	<b>Audited As at 31.12.2007 RM'000</b>
<b>ASSETS</b>		
1. Non-current assets		
Property, plant and equipment	5,188	2,492
Investment property	303	303
Intangible assets	7,576	8,227
Deferred tax asset	1,516	1,516
Non-current receivables	17,078	17,078
Non-current bank deposits	10,978	13,057
	<hr/>	<hr/>
	42,639	42,673
2. Current assets		
Inventories	407	279
Trade and other receivables	126,928	192,828
Tax recoverable	14,420	14,420
Assets classified as held for sale	408,229	429,430
Deposits, cash and bank balances	134,324	76,813
	<hr/>	<hr/>
	684,308	713,770
	<hr/>	<hr/>
<b>Total assets</b>	<b>726,947</b>	<b>756,443</b>
	=====	=====
<b>EQUITY AND LIABILITIES</b>		
3. Equity attributable to equity holders of the Company:		
Share capital	775,245	775,245
Reserves	(607,135)	(619,302)
	<hr/>	<hr/>
Capital and reserves	168,110	155,943
4. Minority interests	17,407	15,913
	<hr/>	<hr/>
Total equity	185,517	171,856
	<hr/>	<hr/>
5. Non-current liabilities		
Deferred income	30,657	40,875
	<hr/>	<hr/>
	30,657	40,875
6. Current liabilities		
Trade and other payables	90,067	106,224
Short term borrowings – revolving credit (Note 22)	36,985	34,206
Long term borrowings due within one year (Note 6 & 22)	340,727	363,252
Deferred income	34,923	34,923
Tax payable	8,071	5,107
	<hr/>	<hr/>
	510,773	543,712
	<hr/>	<hr/>
Total liabilities	541,430	584,587
	<hr/>	<hr/>
<b>Total equity and liabilities</b>	<b>726,947</b>	<b>756,443</b>
	=====	=====
7. <b>Net assets per share attributable to ordinary equity holders of the Company (RM)</b>	<b>0.22</b>	<b>0.20</b>
	=====	=====

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2007.

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III CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Three months to 31.3.2008 RM'000	Unaudited Three months to 31.3.2007 RM'000
<b>CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES</b>		
Cash receipts from customers	83,279	280,999
Cash payments to suppliers	(17,584)	(342,361)
Cash payments to employees and other expenses	(8,309)	(8,036)
	<hr/>	<hr/>
Cash from/(used in) operations	57,386	(69,398)
Taxation paid	(4,260)	(3,637)
	<hr/>	<hr/>
<b>Net cash from/(used in) operating activities</b>	53,126	(73,035)
	<hr/>	<hr/>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(501)	(868)
Proceeds from disposal of property, plant and equipment	-	6
Proceeds from disposal of quoted investments	32,180	-
Interest received	458	1,503
	<hr/>	<hr/>
<b>Net cash from investing activities</b>	32,137	641
	<hr/>	<hr/>
<b>CASH FLOW (USED IN)/FROM FINANCING ACTIVITIES</b>		
Drawdown of bank borrowings	2,780	52,219
Repayment of bank borrowings	(22,525)	-
Interest paid	(10,086)	-
Dividend paid by a subsidiary to minority interests	-	(759)
	<hr/>	<hr/>
<b>Net cash (used in)/from financing activities</b>	(29,831)	51,460
	<hr/>	<hr/>
<b>Net Change in Cash and Cash Equivalents</b>	55,432	(20,934)
Cash and Cash Equivalents as at beginning of financial period	89,870	101,810
	<hr/>	<hr/>
<b>Cash and Cash Equivalents as at end of financial period</b>	(a) 145,302	80,876
	=====	=====

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

	As at 31.3.2008 RM'000	As at 31.3.2007 RM'000
Non-current bank deposits – restricted	10,978	9,491
Deposits, cash and bank balances		
- Unrestricted	89,260	68,143
- Restricted	45,064	3,242
	<hr/>	<hr/>
Cash and Cash Equivalents at end of the financial period	145,302	80,876
	=====	=====

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2007.

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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	
	<u>Share Capital</u>	<u>Share Premium</u>	<u>Other Reserves</u>	<u>Accumulated Losses</u>			<u>Total</u>
<b>Three months to 31 March 2008 (Unaudited)</b>							
Balance as at 1 January 2008	775,245	1,717,012	18,419	(2,354,733)	155,943	15,913	171,856
Profit for the period, representing total recognised income for the period	-	-	-	12,167	12,167	1,494	13,661
Balance as at 31 March 2008	775,245	1,717,012	18,419	(2,342,566)	168,110	17,407	185,517
<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, representing total recognised expense and income for the period	-	-	-	(9,749)	(9,749)	1,171	(8,578)
Dividend paid by subsidiary to minority interest	-	-	-	-	-	(759)	(759)
Balance as at 31 March 2007	775,245	1,717,012	18,419	(2,401,280)	109,396	12,392	121,788

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 2007.

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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 2007.

**1 BASIS OF PREPARATION**

The quarterly consolidated financial statements have been prepared in accordance with FRS134, "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 2007. 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 2007.

Assets classified as held for sale comprise the investment in an associate. In accordance to FRS 128 "Investments in Associates" the result of the associate company is no longer accounted for in the Group's financial statements using the equity method upon classified as Assets held for sale.

**2 AUDIT REPORT IN RESPECT OF THE 2007 FINANCIAL STATEMENTS**

The audit report on the Group's financial statements for the financial year ended 31 December 2007 was not qualified.

However, the auditors have expressed a modified opinion to draw attention on the validity of the going concern assumption that is dependent on the ability of the Group and the Company to raise sufficient funds by 30 June 2008 via sale from its investment in an associated company and from the proceeds repay the term loan which is due on 30 June 2008 amounting to RM422,144,000 as at 31 December 2007. At the date of their report, the auditors noted that the Company has applied for approval of an extension of the repayment of the term loan for another twelve months which was pending from the development bank.

This modified audit opinion together with the Company's shareholders' fund on consolidated basis being less than 50% of its issued and paid up capital as of 31 December 2007, has triggered the Enhanced PN17 criteria and therefore the Company is now classified as PN17 Affected Listed Issuer pursuant to the Amended Practice Note No.17/2005 ("PN17") and Paragraph 8.14C of the Listing Requirements of Bursa Malaysia Securities Berhad.

**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 period.

**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.

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

**6 DEBT AND EQUITY SECURITIES**

The Group did not undertake any issuance and/or redemption 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 2008, other than stated below:

As of 31 March 2008, the Company made partial repayments of a term loan due to a development bank comprising a principal of RM22.5 million and accrued interest of RM9.7 million. With the repayments, the term loan principal was reduced to RM340.727 million.

**7 DIVIDEND**

The Board does not recommend the payment of any dividend for the financial period ended 31 March 2008 (2007: Nil).

**8 SEGMENTAL INFORMATION**

There is no segmental reporting for the financial period ended 31 March 2008, as the Group's activity is carried out within Malaysia and is operated within the Information Communications & Technologies' industry.

**9 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 2008 to the date of this announcement which would substantially affect the financial results of the Group for the financial period ended 31 March 2008, other than stated below:

- a) As disclosed in Note 2 the Company had on 30 April 2008 announced that it has been classified as an Affected Listed Issuer pursuant to the Amended Practice Note No.17/2005 ("PN17") and Paragraph 8.14C of the Listing Requirements of Bursa Malaysia Securities Berhad.

The Company is currently formulating a Regularisation Plan to be submitted to the relevant authorities for approval in due course.

- b) The Company had between 12 May 2008 to 16 May 2008 further disposed of a total of 16,558,000 ordinary shares of RM1.00 each in TIME dotcom Berhad ("TdC") in the open market for a total net consideration of RM7.5 million. The disposal proceeds was fully utilised towards partial early repayment of a term loan principal and payment of accrued interest due to a development bank. Following the disposal, the Group's shareholdings in TdC reduced to 28.69%.
- c) On 22 May 2008, the Company obtained the approval from the development bank for an extension of the maturity date for the bullet repayment of the outstanding principal and interest of the term loan facility from 30 June 2008 to 30 June 2009 under mutually acceptable terms.

**10 CHANGES IN THE COMPOSITION OF THE GROUP**

For the financial period ended 31 March 2008, the Group did not undertake any material business combinations, acquisitions or disposals of subsidiaries and long term investments, restructuring or discontinued operations.

**11 CONTINGENT LIABILITIES**

There are no material changes to contingent liabilities as at the date of this announcement since the preceding financial year ended 31 December 2007.

**12 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**

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

The Group recorded a revenue of RM54.0 million for the current quarter compared to RM22.8 million in the fourth quarter of 2007. The higher revenue in the current quarter was mainly due to the final progress billing of the Teaching and Learning of Science and Mathematics in English Programme (“PPSMI”) project.

The Group however recorded a lower profit before tax of RM20.0 million in the current quarter, compared to RM33.4 million (excluding the share of results of associate) in the fourth quarter of 2007. The profit before tax in the fourth quarter of 2007 was higher mainly due to the gain on disposal of investments of RM41.8 million compared to RM11 million in the current quarter. The profit from operation has shown an improvement with the Group recording EBITDA of RM17.9 million in the current quarter compared to RM3.8 million in the fourth quarter of 2007. However the results of both periods were affected by the financing cost related to the investment in an associate company.

**14 PERFORMANCE REVIEW FOR THE CURRENT QUARTER**

For the current quarter, the Group recorded lower revenue of RM54.0 million as compared to RM214.4 million in the preceding year’s corresponding quarter. The lower revenue in 2008 was mainly attributed to the completion of the PPSMI Phase V project.

The Group registered a profit before taxation of RM20.0 million in the current quarter as compared to a profit before taxation of RM15.1 million (excluding the share of results of associate) in the preceding year’s corresponding quarter. In respect of operations, the Group recorded a lower EBITDA of RM17.9 million in the current quarter compared to RM29.3 million in the first quarter of 2007 due to the completion of the PPSMI project. However, the financing cost for the current quarter was lower by 42% compared to the first quarter of 2007 as the Company pared down its borrowings. In addition, the Group also recorded a gain on disposal of investments of RM11.0 million in the current quarter.

**15 PROSPECTS**

The Group is in the process of preparing the Regularisation Plan to overcome the PN17 issue. However, the Group’s current business and operations continue to be effectively pursued to improve the financial performance of the Group. The Business Plan will be implemented to improve operational profit on its existing as well as new businesses.

**16 VARIANCE FOR ACTUAL AND FORECAST PROFIT**

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

**17 INCOME TAX EXPENSE**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31.3.2008 RM'000	Preceding year corresponding quarter 31.3.2007 RM'000	Three months to 31.3.2008 RM'000	Three months to 31.3.2007 RM'000
Malaysian taxation				
- Current taxation	(5,358)	(8,241)	(5,358)	(8,241)
- Under provision in prior year	(1,018)	-	(1,018)	-
- Recovery of tax deducted at source on dividend received from subsidiaries	-	696	-	696
	<u>(6,376)</u>	<u>(7,545)</u>	<u>(6,376)</u>	<u>(7,545)</u>

The current taxation expense of about RM5.4 million in the current quarter ended 31 March 2008 was provided by profitable subsidiaries.

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

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

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

**19 ACQUISITIONS AND DISPOSALS OF QUOTED SECURITIES**

The disposals of quoted securities in the current financial period are as follows:

- The Company had between 7 January 2008 to 15 January 2008 disposed of a total of 38,573,700 ordinary shares of RM1.00 each in TIME dotCom Berhad ("TdC") in the open market for a total net consideration of RM32,179,000. The disposal proceeds was fully utilised towards partial early repayment of principal and payment of accrued interest due to a development bank as disclosed in Note 6. Following the disposal, the shareholding in TdC reduced to 29.35%.

**20 INVESTMENT IN QUOTED SECURITIES**

Investments in quoted securities included in assets classified as held for sale as at 31 March 2008 are as follows:

	Carrying value 31 March 2008 RM'000	Market value 31 March 2008 RM'000
Investment in associate	408,229	386,225

**21 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.

**22 GROUP BORROWINGS AND DEBT SECURITIES**

	As at 31.3.2008 RM'000
<b>Long term borrowings due within one year (secured)</b>	
Bank borrowing from a development bank	
- Principal	340,727
<b>Short Term borrowings due within one year (secured)</b>	
Revolving credit	36,985
	<hr/> 377,712 =====

The Company has obtained the approval from the development bank to extend the repayment date of the term loan to 30 June 2009.

The Group had on 3 April 2008 and 21 April 2008 fully settled its outstanding Revolving Credit facilities.

**23 OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

There were no financial instruments with off-balance sheet risks 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**

**24 MATERIAL LITIGATION**

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

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

	Current year quarter 31.3.2008	Preceding year corresponding quarter 31.3.2007	Three months to 31.3.2008	Three months to 31.3.2007
Profit/(Loss) attributable to equity holders of the Company (RM'000)	12,167	(9,749)	12,167	(9,749)
Weighted average number of shares ('000)	775,245	775,245	775,245	775,245
Basic earnings/(loss) per share (sen)	1.57	(1.26)	1.57	(1.26)

**26 AUTHORISATION FOR ISSUE**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors.

By Order of the Board

Kuala Lumpur  
23 May 2008

SAPIAH JAMALUDIN (MAICSA 0807355)  
Secretary