



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

UNAUDITED INTERIM QUARTERLY REPORT

ON CONSOLIDATED RESULTS

FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

TIME ENGINEERING BERHAD (10039-P)
Incorporated in Malaysia

**UNAUDITED INTERIM QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008**

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	AUDIT REPORT IN RESPECT OF THE 2007 FINANCIAL STATEMENTS 7
3	SEASONAL OR CYCLICAL FACTORS 7
4	UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE 7
5	MATERIAL CHANGES IN ESTIMATES USED 8
6	DEBT AND EQUITY SECURITIES 8
7	DIVIDEND 8
8	SEGMENTAL INFORMATION 8
9	MATERIAL EVENTS SUBSEQUENT TO THE CURRENT FINANCIAL YEAR 8
10	CHANGES IN THE COMPOSITION OF THE GROUP 8
11	CONTINGENT LIABILITIES 8
12	CAPITAL COMMITMENTS 8
13	COMPARISON BETWEEN THE CURRENT QUARTER AND THE IMMEDIATE PRECEDING QUARTER 9
14	PERFORMANCE REVIEW FOR THE CURRENT QUARTER AND YEAR-TO-DATE 9
15	PROSPECTS 9
16	VARIANCE FOR ACTUAL AND FORECAST PROFIT 9
17	INCOME TAX EXPENSE 10
18	DISPOSAL OF UNQUOTED INVESTMENTS AND/OR PROPERTIES 10
19	ACQUISITIONS AND DISPOSALS OF QUOTED SECURITIES 10
20	INVESTMENT IN QUOTED SECURITIES 10
21	STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED AS AT THE DATE OF THIS ANNOUNCEMENT 10
22	GROUP BORROWINGS AND DEBT SECURITIES 11
23	OFF BALANCE SHEET FINANCIAL INSTRUMENTS 11
24	MATERIAL LITIGATION 11
25	(LOSS)/EARNINGS PER SHARE 11
26	AUTHORISATION FOR ISSUE 11

**UNAUDITED INTERIM QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008**

THE FIGURES HAVE NOT BEEN AUDITED

I CONDENSED CONSOLIDATED INCOME STATEMENT

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current year quarter 31.12.2008 RM'000	Preceding year corresponding quarter 31.12.2007 RM'000	Twelve months to 31.12.2008 RM'000	Twelve months to 31.12.2007 RM'000
1.	(a) Revenue	32,887	22,839	153,479	547,864
	(b) Cost of sales	(6,100)	(7,150)	(38,159)	(390,089)
	(c) Gross profit	<u>26,787</u>	<u>15,689</u>	<u>115,320</u>	<u>157,775</u>
	(d) Other income	6,694	4,995	10,627	8,450
	(e) Expenses	(17,198)	(19,149)	(70,574)	(104,638)
	(f) Impairment loss on investment	(50,561)	-	(50,561)	-
	(g) Finance cost	(7,294)	(9,333)	(29,562)	(47,978)
	(h) Gain on disposal of investments	-	41,839	9,383	94,982
	(i) Share of results of associate	-	(15,712)	-	(59,764)
	(j) (Loss)/Profit before income tax	<u>(41,572)</u>	<u>18,329</u>	<u>(15,367)</u>	<u>48,827</u>
	(k) Zakat	(200)	(600)	(200)	(600)
	(l) Income tax (Note 17)	(12,699)	10,532	(15,120)	(5,941)
	(m) (Loss)/Profit for the year	<u>(54,471)</u>	<u>28,261</u>	<u>(30,687)</u>	<u>42,286</u>
Attributable to:					
	(n) Equity holders of the Company	(55,711)	27,254	(37,567)	36,798
	(o) Minority interests	<u>1,240</u>	<u>1,007</u>	<u>6,880</u>	<u>5,488</u>
		<u>(54,471)</u>	<u>28,261</u>	<u>(30,687)</u>	<u>42,286</u>
		=====	=====	=====	=====
2.	(Loss)/Earnings per share based on 1(n) above (Note 25)				
	(a) Basic	(7.19) sen	3.52 sen	(4.85) sen	4.75 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"

**UNAUDITED INTERIM QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008**

II CONDENSED CONSOLIDATED BALANCE SHEET	Unaudited As at 31.12.2008 RM'000	Audited As at 31.12.2007 RM'000
ASSETS		
1. Non-current assets		
Property, plant and equipment	5,075	2,492
Investment property	303	303
Other investment	348,567	-
Intangible assets	9,266	8,227
Deferred tax asset	1,516	1,516
Non-current receivables	17,078	17,078
Non-current bank deposits	1,002	13,057
	<hr/>	<hr/>
	382,807	42,673
2. Current assets		
Inventories	317	279
Trade and other receivables	50,209	192,828
Tax recoverable	13,537	14,420
Assets classified as held for sale	-	429,430
Deposits, cash and bank balances	111,503	76,813
	<hr/>	<hr/>
	175,566	713,770
	<hr/>	<hr/>
Total assets	558,373	756,443
	=====	=====
EQUITY AND LIABILITIES		
3. Equity attributable to equity holders of the Company:		
Share capital	775,245	775,245
Reserves	(656,869)	(619,302)
	<hr/>	<hr/>
	118,376	155,943
4. Minority interests	19,002	15,913
	<hr/>	<hr/>
Total equity	137,378	171,856
	<hr/>	<hr/>
5. Non-current liabilities		
Deferred income	-	40,875
	<hr/>	<hr/>
	-	40,875
6. Current liabilities		
Trade and other payables	46,846	106,224
Short term borrowings – revolving credit	-	34,206
Bank borrowings (Note 6 & 22)	335,474	363,252
Deferred income	34,923	34,923
Tax payable	3,752	5,107
	<hr/>	<hr/>
	420,995	543,712
	<hr/>	<hr/>
Total liabilities	420,995	584,587
	<hr/>	<hr/>
Total equity and liabilities	558,373	756,443
	=====	=====
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 2007.

**UNAUDITED INTERIM QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008**

III CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Twelve months to 31.12.2008 RM'000	Audited Twelve months to 31.12.2007 RM'000
CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES		
Cash receipts from customers	231,071	564,245
Cash payments to suppliers	(47,540)	(528,081)
Cash payments to employees and other expenses	(42,658)	(37,347)
	140,873	(1,183)
Cash from/(used in) operations	140,873	(1,183)
Taxation paid	(15,825)	(7,299)
Interest received	-	33
Zakat paid	(200)	(600)
	124,848	(9,049)
Net cash from/(used in) operating activities	124,848	(9,049)
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(5,685)	(3,259)
Proceeds from disposal of property, plant and equipment	-	7
Proceeds from disposal of quoted investments	39,684	236,958
Interest received	3,587	1,440
	37,586	235,146
Net cash from investing activities	37,586	235,146
CASH FLOW USED IN FINANCING ACTIVITIES		
Drawdown of bank borrowings	2,780	256,016
Repayment of bank borrowings	(64,763)	(421,204)
Interest paid	(74,025)	(71,294)
Capital distribution by subsidiary to minority interests	-	(2)
Dividend paid by a subsidiary to minority interests	(3,791)	(1,553)
	(139,799)	(238,037)
Net cash used in financing activities	(139,799)	(238,037)
Net Change in Cash and Cash Equivalents	22,635	(11,940)
Cash and Cash Equivalents as at beginning of financial year	89,870	101,810
Cash and Cash Equivalents as at end of financial year	(a) 112,505	89,870
	112,505	89,870

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

	As at 31.12.2008 RM'000	As at 31.12.2007 RM'000
Non-current		
Deposits with licensed banks		
– Restricted	1,002	13,057
Current		
Deposits with licensed banks and cash and bank balances		
– Unrestricted	94,892	70,006
– Restricted	16,611	6,807
	112,505	89,870
Cash and Cash Equivalents at end of the financial year	112,505	89,870

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

TIME ENGINEERING BERHAD (10039-P)
Incorporated in Malaysia

**UNAUDITED INTERIM QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008**

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 →						
	<u>Share Capital</u>	<u>Share Premium</u>	<u>Other Reserves</u>	<u>Accumulated Losses</u>	<u>Total</u>		
Twelve months to 31 December 2008 (Unaudited)							
Balance as at 1 January 2008	775,245	1,717,012	18,419	(2,354,733)	155,943	15,913	171,856
(Loss)/Profit for the year, representing total recognised expense/income for the year	-	-	-	(37,567)	(37,567)	6,880	(30,687)
Dividend paid by subsidiary to minority interest	-	-	-	-	-	(3,791)	(3,791)
Balance as at 31 December 2008	775,245	1,717,012	18,419	(2,392,300)	118,376	19,002	137,378
Twelve months to 31 December 2007 (Audited)							
Balance as at 1 January 2007	775,245	1,717,012	18,419	(2,391,531)	119,145	11,980	131,125
Profit for the year, representing total recognised income for the year	-	-	-	36,798	36,798	5,488	42,286
Dividend paid by subsidiary to minority interest	-	-	-	-	-	(1,553)	(1,553)
Capital distribution by subsidiary to minority interest	-	-	-	-	-	(2)	(2)
Balance as at 31 December 2007	775,245	1,717,012	18,419	(2,354,733)	155,943	15,913	171,856

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.

UNAUDITED INTERIM QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

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.

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 was due on 30 June 2008 amounting to RM422,144,000 as at 31 December 2007. At the date of their report on 30 April 2008, 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.

The Development Bank ("DB's letter") via a letter dated 22 May 2008 granted an extension of the term loan settlement due date from 30 June 2008 to 30 June 2009. On 2 June 2008, the Company announced that the auditors had issued a letter dated 30 May 2008 to the Company, and of the view that, if DB's letter was available to them on the date of their audit report, they would have issued an unqualified audit opinion without any emphasis of matters. Based on this letter, the Company had on 27 June 2008 sought the approval of Bursa Malaysia Securities Berhad ("Bursa") for the upliftment of its PN17 status.

The Company had on 31 December 2008, announced that the DB had in its letter dated 31 December 2008 approved the Company's revised Debt Restructuring Proposal submitted to the DB on 27 November 2008 for the restructuring of the remaining outstanding debt obligations. The term loan facility is proposed to be converted to Redeemable Secured Loan Stock for a tenure of seven (7) years maturing on 31 December 2015. The Company shall enter into a Debt Restructuring Agreement to finalise the details of this Debt Restructuring Proposal in due course.

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 the 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.

UNAUDITED INTERIM QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

PART A – EXPLANATORY NOTES PURSUANT TO FRS134, PARAGRAPH 16

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 year.

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 year ended 31 December 2008, other than stated below:

- i. For the financial year ended 31 December 2008, the Company made partial repayments of the outstanding term loan due to a Development Bank totalling RM101.2 million. With the repayments, the term loan principal was reduced to RM335.5 million.
- ii. The Development Bank had in its letter dated 31 December 2008 approved the Company's Debt Restructuring Proposal for the restructuring of the remaining outstanding debt obligations. The term loan facility is proposed to be converted to Redeemable Secured Loan Stock for a tenure of seven (7) years maturing on 31 December 2015. The Company shall enter into a Debt Restructuring Agreement to finalise the details of this Debt Restructuring Proposal in due course.

7 DIVIDEND

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

8 SEGMENTAL INFORMATION

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

9 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 2008 to the date of this announcement which would substantially affect the financial results of the Group for the financial year ended 31 December 2008.

10 CHANGES IN THE COMPOSITION OF THE GROUP

For the financial year ended 31 December 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.

UNAUDITED INTERIM QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

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 registered a revenue of RM32.9 million for the current quarter compared to RM29.7 million in the third quarter of 2008. The improvement in current quarter was contributed by implementation of new projects secured by the Group in particular a Project Definition Study for Bandar Nusajaya project in the Iskandar Development Region (“IDR”) which implementation started in Quarter 4, 2008.

The Group's operation remain profitable, higher profit before tax of RM9.0 million (excluding the impairment loss on investment of RM50.6 million) was reported in the current quarter, compared to RM5.7 million in the third quarter 2008. The current quarter profit before taxation includes the recovery of a long outstanding trade receivable of RM6.2 million which was provided for in prior year. However the results of both quarters were affected by the financing cost related to the investment in TIME dotcom Bhd.

14 PERFORMANCE REVIEW FOR THE CURRENT QUARTER AND YEAR-TO-DATE

Quarter ended 31 December 2008 compared with quarter ended 31 December 2007

The Group recorded higher revenue of RM32.9 million in the current quarter compared to RM22.8 million for the preceding year's corresponding quarter. The current quarter revenue was higher mainly contributed by increased in EDI transactions and new value added SMK related revenue in DagangNet Technologies Sdn Bhd and the on-going Project Definition Study (PDS) for Nusajaya Intelligent City Management Platform by TIME Quantum Sdn Bhd.

The Group recorded profit before taxation of RM9.0 million (excluding impairment loss on investment of RM50.6 million) compared to RM18.3 million in the preceding year's corresponding quarter. The financial results of the preceding year's corresponding quarter include the extraordinary gain from the partial disposal of investment in an associate company of RM41.8 million and share of losses in an associate of RM15.7 million.

Lower financing cost of RM7.3 million was also reported in current quarter; a reduction of RM2.0 million or 21.8% compared to fourth quarter of 2007 as the Company pared down its borrowings.

Twelve months ended 31 December 2008 compared with twelve months ended 31 December 2007

The Group recorded lower revenue of RM153.5 million in the current year compared to RM547.9 million for the twelve months 2007. The decrease was attributable to the completion of the PPSMI project Phase V in Quarter 1, 2008.

The Group recorded a positive EBITDA of RM60.6 million, compared to RM67.5 million for the twelve month 2007. The improved EBITDA margin in 2008 was mainly contributed by the Group's e-commerce, maintenance and contact centre services.

Both years' results were affected by the extraordinary gain for the partial disposal of investment (2008: RM9.4 million; and 2007: RM95.0 million) and financing costs.

15 PROSPECTS

The Group will continue to focus on growing its ICT business. The Group is expected to maintain its operational profit in 2009 through higher margin, enhanced e-commerce services and ICT outsourcing businesses. The Group is in the process of undertaking the Restructuring exercise for implementation.

16 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 2008**

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

17 INCOME TAX

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31.12.2008 RM'000	Preceding year corresponding quarter 31.12.2007 RM'000	Twelve months to 31.12.2008 RM'000	Twelve months to 31.12.2007 RM'000
Malaysian taxation				
- Current taxation	(14,104)	(2,145)	(27,261)	(20,397)
- Over provision in prior year	1,405	132	1,560	488
- Deferred taxation	-	1,580	-	1,580
- Recovery of tax deducted at source on dividend received from subsidiaries	-	10,965	10,581	12,388
	<u>(12,699)</u>	<u>10,532</u>	<u>(15,120)</u>	<u>(5,941)</u>

18 DISPOSAL OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

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

19 ACQUISITIONS AND DISPOSALS OF QUOTED SECURITIES

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

- The Company had between 7 January 2008 to 16 May 2008 disposed of a total of 55,131,200 ordinary shares of RM1.00 each in TIME dotCom Berhad ("TdC") in the open market for a total net consideration of RM39.7million. The disposal proceeds was fully utilised towards partial 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 is reduced to 28.69%.

20 INVESTMENT IN QUOTED SECURITIES

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

	Carrying value	Market value
	31 December 2008	31 December 2008
	RM'000	RM'000
Investment in TIME dotcom Bhd ("TdC")	348,567	185,685

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.

**UNAUDITED INTERIM QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008**

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

22 GROUP BORROWINGS

**As at
31.12.2008
RM'000**

Bank borrowing from a Development Bank (Secured)	335,474
- Principal	=====

The Company has obtained the approval from the Development Bank for the debt restructuring on the conversion of the Term Loan Facility into Redeemable Secured Loan Stock (“RSLs”). The Company shall enter into a Debt Restructuring Agreement to finalise the details of this Debt Restructuring Proposal in due course.

23 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

24 MATERIAL LITIGATION

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

25 (LOSS)/EARNINGS PER SHARE

	Current year quarter 31.12.2008	Preceding year corresponding quarter 31.12.2007	Twelve months to 31.12.2008	Twelve months to 31.12.2007
(Loss)/Profit attributable to equity holders of the Company (RM'000)	(55,711)	27,254	(37,567)	36,798
Weighted average number of shares ('000)	775,245	775,245	775,245	775,245
Basic (loss)/earnings per share (sen)	(7.19)	3.52	(4.85)	4.75

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
18 February 2008

SAPIAH JAMALUDIN (MAICSA 0807355)
Secretary