



**TIME ENGINEERING BERHAD (10039-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2009**

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THE FIGURES HAVE NOT BEEN AUDITED

I CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/3/2009 RM'000	Preceding year corresponding quarter 31/3/2008 RM'000	Three months to 31/3/2009 RM'000	Three months to 31/3/2008 RM'000
1. (a) Revenue	25,182	53,962	25,182	53,962
(b) Cost of sales	(2,124)	(20,881)	(2,124)	(20,881)
(c) Gross profit	23,058	33,081	23,058	33,081
(d) Other income	1,167	1,079	1,167	1,079
(e) Expenses	(16,192)	(17,462)	(16,192)	(17,462)
(f) Finance cost	(23)	(7,640)	(23)	(7,640)
(g) Gain on disposal of investments	-	10,979	-	10,979
(h) Profit before income tax	8,010	20,037	8,010	20,037
(i) Income tax (Note 17)	24	(6,376)	24	(6,376)
(j) Profit for the period	8,034	13,661	8,034	13,661
Attributable to:				
(k) Equity holders of the Company	6,895	12,167	6,895	12,167
(l) Minority interests	1,139	1,494	1,139	1,494
	8,034	13,661	8,034	13,661
	=====	=====	=====	=====
2. Earnings per share based on 1(k) above (Note 25)				
(a) Basic	0.89 sen	1.57 sen	0.89 sen	1.57 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 2008.

Note: NA denotes "Not Applicable"



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II CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited As at 31/3/2009 RM'000	Audited As at 31/12/2008 RM'000
ASSETS		
1. Non-current assets		
Property, plant and equipment	5,494	7,730
Intangible assets	9,191	6,610
Investment property	303	303
Other investment	348,599	348,599
Non-current receivables	-	17,078
	363,587	380,320
2. Current assets		
Trade and other receivables	47,688	49,103
Inventories	744	317
Tax recoverable	14,272	14,472
Cash and cash equivalents	100,966	112,093
	163,670	175,985
Total assets	527,257 =====	556,305 =====
EQUITY AND LIABILITIES		
3. Equity attributable to equity holders of the Company:		
Share capital	775,245	775,245
Reserves	(649,788)	(656,683)
	125,457	118,562
4. Minority interests	20,147	19,008
Total equity	145,604	137,570
5. Non-current liabilities		
Deferred tax liabilities	138	138
	138	138
6. Current liabilities		
Payables and accruals	32,395	45,857
Bank borrowings (Note 6 & 22)	322,355	335,474
Tax payable	572	2,343
Deferred income	26,193	34,923
	381,515	418,597
Total liabilities	381,653	418,735
Total equity and liabilities	527,257 =====	556,305 =====
7. Net assets per share attributable to ordinary equity holders of the Company (RM)	0.16 =====	0.15 =====

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2008.



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III CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Three months to 31/3/2009 RM'000	Unaudited Three months to 31/3/2008 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from customers	35,573	83,279
Cash payments to suppliers	(10,231)	(17,584)
Cash payments to employees and other expenses	(9,335)	(8,309)
	16,007	57,386
Cash from operations	16,007	57,386
Net income tax paid	(1,547)	(4,260)
	14,460	53,126
Net cash from operating activities	14,460	53,126
CASH FLOW (USED IN)/FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(1,013)	(501)
Proceeds from disposal of quoted investments	-	32,180
Interest received	576	458
	(437)	32,137
Net cash (used in)/from investing activities	(437)	32,137
CASH FLOW USED IN FINANCING ACTIVITIES		
Drawdown of bank borrowings	-	2,780
Repayment of bank borrowings	(13,119)	(22,525)
Interest paid	(12,031)	(10,086)
Decrease/(Increase) in deposits pledged	(6,443)	(36,178)
	(31,593)	(66,009)
Net cash used in financing activities	(31,593)	(66,009)
Net Change in Cash and Cash Equivalents	(17,570)	19,254
Cash and Cash Equivalents as at beginning of financial period	94,479	70,006
	76,909	89,260
Cash and Cash Equivalents as at end of financial period	(a) 76,909	89,260
	=====	=====

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

	As at 31/3/2009 RM'000	As at 31/3/2008 RM'000
Non-current		
Deposits with licensed banks		
– Restricted	-	10,978
Current		
Deposits with licensed banks and cash and bank balances		
- Unrestricted	76,909	89,260
- Restricted	24,057	45,064
	100,966	134,324
	100,966	145,302
Less: Fixed deposit pledged as security	(24,057)	(56,042)
	76,909	89,260
Cash and Cash Equivalents at end of the financial period	76,909	89,260
	=====	=====

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2008.



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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			
Three months to 31 March 2009 (Unaudited)							
Balance as at 1 January 2009	775,245	1,717,012	18,419	(2,392,114)	118,562	19,008	137,570
Profit for the period, representing total recognised income for the period	-	-	-	6,895	6,895	1,139	8,034
Balance as at 31 March 2009	775,245	1,717,012	18,419	(2,385,219)	125,457	20,147	145,604
Three months to 31 March 2008 (Unaudited)							
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

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 2008.



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2009

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 2008.

1 Accounting policies and methods of computation

The quarterly consolidated financial statements have been prepared in accordance with Financial Reporting Standards 134: "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 2008. 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 2008.

2 Audit report in respect of the 2008 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2008 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 items affecting assets, liabilities, equity, net income, or cash flows that were unusual because of their nature, size or incidence in the current period.

5 Material changes in estimates used

There were no changes in estimates of amounts reported in prior interim period of the 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 other 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 period ended 31 March 2009, other than stated below:

The Company had on 27 February 2009 entered into a Debt Restructuring Agreement ("DRA") with a development bank for the restructuring of the existing term loan facility. The remaining term loan principal amount of RM335,474,000 is to be converted into a seven (7) years redeemable secured loan stocks at RM0.48 each ("RSLs") with coupon rates of two percent (2%) per annum from the date of issuance of the RSLs until 31 December 2011, and three percent (3%) for the last four (4) years expiring on 31 December 2015. The RSLs will be secured by 726,181,720 of TIME dotCom Berhad ("TdC") shares.

The Securities Commission (Private Debt Securities) had approved the issuance of the RSLs on 16 March 2009; and the Company had on 18 March 2009 made a partial repayment amounting to RM25 million to the development bank in cash. See Note 21 "Status of corporate proposals announced but not completed as at the date of this announcement" for developments subsequent to the period ended 31 March 2009.



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2009

PART A – EXPLANATORY NOTES PURSUANT TO FRS134, PARAGRAPH 16

7 Dividend

The Directors do not recommend the payment of any dividend for the current period ended 31 March 2009 (2008: Nil).

8 Segmental information for the current financial period

There is no segmental reporting for the financial period ended 31 March 2009, 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 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 2009 to the date of this announcement which would substantially affect the financial results of the Group for the current period ended 31 March 2009.

10 Changes in the composition of the group

There were no significant changes in the composition of the Group for the current quarter including business combinations, acquisitions or disposals of subsidiaries and long term investments, restructuring or discontinuing operations.

11 Contingent liabilities

There are no material changes in the contingent liabilities as at the date of this announcement since the preceding financial year ended 31 December 2008.

12 Capital commitments

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



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2009

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's revenue for the current quarter was 17% lower compared to the immediate preceding quarter of RM30.4 million mainly due to:

- i. the impact of the global economic crisis which resulted in a lower volume of transactions for the Sistem Maklumat Kastam-Dagang*Net related e-Commerce services; and
- ii. the completion of certain phases of maintenance work in relation to the Teaching and Learning of Science and Mathematics in English Programme ("PPSMI") project. The remaining maintenance work for PPSMI project is to end by 2010.

The Group's operation remained profitable with improved margin. The current quarter also recorded a lower financing cost as a result of the waiver pending the completion of the debt restructuring exercise with the development bank.

14 Performance review for the current quarter

Quarter ended 31 March 2009 compared with quarter ended 31 March 2008

The Group recorded a lower revenue of RM25.2 million in the current year quarter compared to the preceding year's corresponding quarter of RM54.0 million mainly due to:

- i. the impact of the global economic crisis which resulted in a lower volume of transactions for the Sistem Maklumat Kastam-Dagang*Net related e-Commerce services; and
- ii. the completion of the PPSMI project Phase V in first quarter 2008.

The Group recorded an operation profit before tax of RM8.0 million with an improved profit margin, the improved margin was mainly contributed by the Group's cost cutting measures implemented on its e-Commerce, maintenance and contact centre services.

15 Prospects

With the current economic environment, the prospects for year 2009 remain challenging. However, the Group is expected to maintain its operational profit in 2009 through enhanced e-Commerce services and ICT outsourcing businesses. The Group has also embarked on a resource rationalisation exercise with the objective of improving process efficiencies and hence reducing operational costs.

16 Variance for actual and forecast profit

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

17 Income taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/3/2009 RM'000	Preceding year corresponding quarter 31/3/2008 RM'000	Three months to 31/3/2009 RM'000	Three months to 31/3/2008 RM'000
Malaysian taxation				
- Current taxation	(2,976)	(5,358)	(2,976)	(5,358)
- Over/(Under) provision in prior year	3,000	(1,018)	3,000	(1,018)
	24	(6,376)	24	(6,376)



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2009

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

18 Disposal of unquoted investments and/or properties

There was no disposal of unquoted investments and/or properties in the current financial period.

19 Acquisitions and disposals of quoted securities

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

20 Investment in quoted securities

Details of the total investments in quoted securities held by the Group are as follows:

	Carrying value	Market value
	31 March 2009	31 March 2009
	RM'000	RM'000
Investment in TIME dotcom Bhd ("TdC")	348,567	159,760

21 Status of corporate proposals announced but not completed as at the date of this announcement

In accordance with the guideline under the Amended Practice Note No. 17/2005 pursuant to the Paragraph 8.14C of the Listing requirements, the Company had on 18 February 2009 made the requisite announcement; and subsequently submitted to the Securities Commission a regularization plan on 20 February 2009 detailing the following proposals to be undertaken by the Company:

- (i) Proposed Capital Restructuring;
- (ii) Proposed Debt Restructuring; and
- (iii) Proposed Private Placement.

(a) Details of the Proposed Restructuring Exercise are set out in the ensuing paragraphs.

- (i) Proposed capital reduction wherein the issued and paid-up share capital of the Company of RM775,244,683 comprising 775,244,683 ordinary shares of RM1.00 each shall be reduced to RM155,048,937 comprising 775,244,683 ordinary shares of RM0.20 each ("Proposed Par Value Reduction");
- (ii) Proposed set-off of the Company's share premium account standing at RM1,717,012,458 against the accumulated losses of the Company ("Proposed Share Premium Reduction");
- (iii) Proposed cancellation of reserves which involves the utilization of the capital reserve of RM18,419,328 to set-off against the accumulated losses of the Company ("Proposed Capital Reserve Reduction");
- (iv) Proposed amendment to the Memorandum and Articles of Association ("M&A") of the Company to facilitate the change in par value of the Company's ordinary shares from RM1.00 to RM0.20 ("Proposed M&A Amendment");

(The Proposed Par Value Reduction, Proposed Share Premium Reduction, Proposed Capital Reserve Reduction and Proposed M&A Amendment are collectively referred to as the "Proposed Capital Restructuring").

- (v) Proposed debt restructuring which entails the proposed issuance of 712,500,000 redeemable secured loan stocks at RM0.48 each ("RSLs") totaling RM342,000,000, as settlement of the outstanding term loan facilities owing to the development bank ("Proposed Debt Restructuring"). See item (b) below;



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2009

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

- (vi) Proposed private placement of up to ten percent (10%) of the revised issued and paid-up share capital of the Company (“Proposed Private Placement”).

The Proposed Capital Restructuring, the Proposed Debt Restructuring and the Proposed Private Placement are collectively referred to as the “Proposed Restructuring Exercise”.

- (b) As of to date, the Company has secured the following key milestones for the implementation of the Proposed Debt Restructuring:
- i. The Debt Restructuring Agreement (“DRA”) and the RSLs Subscription Agreement were executed on 27 February 2009;
 - ii. The Deed of Assignment on the Debt Service Reserve Account was executed on 3 March 2009;
 - iii. The Securities Commission (Private Debt Securities) had approved the issuance of the RSLs on 16 March 2009; and
 - iv. The Company had on 18 March 2009 and 16 April 2009 made payments amounting to RM25.0 million and RM22.4 million respectively to the development bank in cash and the said payments had been duly acknowledged by the development bank.

22 Group borrowings

	As at 31/3/2009 RM'000
Bank borrowing from a development bank (Secured) (Note 6 & 21)	
- Principal	322,355 =====

23 Off balance sheet financial instruments

There are 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 Earnings per share

	Three months to 31/3/2009	Three months to 31/3/2008
Profit attributable to equity holders of the Company (RM'000)	6,895	12,167
Weighted average number of shares ('000)	775,245	775,245
Basic earnings per share (sen)	0.89	1.57

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.

Kuala Lumpur
15 May 2009

By Order of the Board
SAPIAH JAMALUDIN
(MAICSA 0807355)
Company Secretary