



**TIME ENGINEERING BERHAD (10039-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

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Incorporated in Malaysia

Quarterly Report On Consolidated Results For The First Quarter Ended 31 March 2011

THE FIGURES HAVE NOT BEEN AUDITED

I(A) CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/3/2011 RM'000	Preceding year corresponding quarter 31/3/2010 RM'000	Three months to 31/3/2011 RM'000	Three months to 31/3/2010 RM'000
Revenue	16,398	25,431	16,398	25,431
Cost of sales	(4,402)	(11,990)	(4,402)	(11,990)
Gross profit	11,996	13,441	11,996	13,441
Other income	962	782	962	782
Expenses	(10,481)	(7,027)	(10,481)	(7,027)
Finance cost	(3,045)	(3,647)	(3,045)	(3,647)
(Loss)/Profit before income tax	(568)	3,549	(568)	3,549
Income tax (Note 13)	(1,260)	(1,674)	(1,260)	(1,674)
(Loss)/Profit for the period	(1,828)	1,875	(1,828)	1,875
(Loss)/Profit attributable to:				
- Owners of the Parent	(2,934)	871	(2,934)	871
- Non-controlling Interest	1,106	1,004	1,106	1,004
	(1,828)	1,875	(1,828)	1,875
(Loss)/Earnings per share				
- Basic	(0.38) sen	0.11 sen	(0.38) sen	0.11 sen
- Diluted	NA	NA	NA	NA

Note: NA denotes "Not Applicable"



Quarterly Report On Consolidated Results For The First Quarter Ended 31 March 2011

I(B) CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/3/2011 RM'000	Preceding year corresponding quarter 31/3/2010 RM'000	Three months to 31/3/2011 RM'000	Three months to 31/3/2010 RM'000
(Loss)/Profit for the period	(1,828)	1,875	(1,828)	1,875
Other comprehensive income for the period, net of tax				
Gain on fair value in financial assets available-for-sale	37,571	76,249	37,571	76,249
Total comprehensive income for the period	35,743	78,124	35,743	78,124
Attributable to:				
Owners of the Parent	34,637	77,120	34,637	77,120
Non-controlling interests	1,106	1,004	1,106	1,004
	35,743	78,124	35,743	78,124

The Condensed Consolidated Income Statement and Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2010.



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II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31/3/2011 RM'000	Audited As at 31/12/2010 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	7,062	7,746
Intangible assets	3,889	3,954
Investment property	303	303
Financial assets available-for-sale	535,417	497,846
	<hr/>	<hr/>
	546,671	509,849
Current assets		
Receivables, deposits and prepayments	20,294	21,894
Inventories	7	9
Tax recoverable	795	654
Cash and cash equivalents	103,469	102,217
	<hr/>	<hr/>
	124,565	124,774
	<hr/>	<hr/>
Total assets	671,236	634,623
	=====	=====
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Parent		
Share capital	155,049	155,049
Reserves	209,459	174,822
	<hr/>	<hr/>
	364,508	329,871
Non-controlling Interests	19,345	18,239
	<hr/>	<hr/>
Total equity	383,853	348,110
	<hr/>	<hr/>
Non-current liabilities		
Redeemable Secured Loan Stocks	264,960	263,334
Deferred tax liabilities	1,522	1,522
	<hr/>	<hr/>
	266,482	264,856
Current liabilities		
Payables and accruals	18,322	18,910
Tax payable	2,579	2,747
	<hr/>	<hr/>
	20,901	21,657
	<hr/>	<hr/>
Total liabilities	287,383	286,513
	<hr/>	<hr/>
Total equity and liabilities	671,236	634,623
	=====	=====
Net assets per share attributable to Owners of the Parent (RM)	0.47	0.43
	=====	=====

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2010.



Quarterly Report On Consolidated Results For The First Quarter Ended 31 March 2011

III CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Three months to 31/3/2011 RM'000	Unaudited Three months to 31/3/2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	19,500	18,945
Cash payments to suppliers	(6,419)	(8,470)
Cash payments to employees and other expenses	(7,679)	(9,284)
	<hr/>	<hr/>
Cash from operations	5,402	1,191
Net income tax (paid)/refunded	(1,571)	17,993
Zakat	51	-
	<hr/>	<hr/>
Net cash from operating activities	3,882	19,184
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(271)	(709)
Proceeds from disposal of plant and equipment	-	121
Interest received	590	264
	<hr/>	<hr/>
Net cash from/(used in) investing activities	319	(324)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Interest paid	(2,949)	-
(Increase)/Decrease in deposits pledged	(8)	1,147
Capital distribution and dividend paid by subsidiary to non-controlling interests	-	(7,763)
	<hr/>	<hr/>
Net cash used in financing activities	(2,957)	(6,616)
	<hr/>	<hr/>
Net Change in Cash and Cash Equivalents	1,244	12,244
Cash and Cash Equivalents as at beginning of financial period	99,089	68,316
	<hr/>	<hr/>
Cash and Cash Equivalents as at end of financial period (a)	100,333	80,560
	=====	=====

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

	As at 31/3/2011 RM'000	As at 31/3/2010 RM'000
Current		
Deposits with licensed banks and cash and bank balances		
- Unrestricted	100,333	80,560
- Restricted	3,136	13,163
	<hr/>	<hr/>
	103,469	93,723
	<hr/>	<hr/>
	103,469	93,723
Less: Cash and bank balances and fixed deposit pledged as security	(3,136)	(13,163)
	<hr/>	<hr/>
Cash and Cash Equivalents at end of the financial period	100,333	80,560
	=====	=====

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2010.



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Quarterly Report On Consolidated Results For The First Quarter Ended 31 March 2011

IV CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

In RM'000	← Attributable to Owners of the Parent →			Total	Non-controlling interests	Total equity
	Share Capital	Available-For-Sale Reserves	Accumulated Losses			
Three months to 31 March 2011						
Balance as at 1 January 2011	155,049	259,865	(85,043)	329,871	18,239	348,110
Total comprehensive income for the period	-	37,571	(2,934)	34,637	1,106	35,743
Balance as at 31 March 2011	155,049	297,436	(87,977)	364,508	19,345	383,853
Three months to 31 March 2010						
Balance as at 1 January 2010	155,049	-	(12,862)	142,187	21,457	163,644
Effect of adopting FRS 139			(72,618)	(72,618)	-	(72,618)
			(85,480)	69,569	21,457	91,026
Total comprehensive income for the period	-	76,249	871	77,120	1,004	78,124
Capital distribution by subsidiary to non-controlling interests	-	-	-	-	(7,763)	(7,763)
Balance as at 31 March 2010	155,049	76,249	(84,609)	146,689	14,698	161,387

The Condensed Consolidated Statement of Changes in Total Equity should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2010.



Quarterly Report On Consolidated Results For The First Quarter Ended 31 March 2011

V NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The notes to the condensed consolidated interim financial statements should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2010.

1 Accounting policies and methods of computation

The quarterly consolidated financial statements have been prepared by applying accounting policies and methods of computation consistent with those used in the preparation of the most recent audited financial statements of the Group and are in accordance with FRS 134, Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), except for the adoption of the following new/revised Financial Reporting Standards ("FRS") which are applicable to the Group with effect from 1 January 2011, as disclosed below:

FRS 1: First-time Adoption of Financial Reporting Standards
FRS 3: Business Combinations (revised)
FRS 127: Consolidated and Separate Financial Statements
Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1: Additional Exemptions for First-time Adopters
Amendments to FRS 2: Share-based Payment
Amendments to FRS 2: Share-based Payment - Group Cash-settled Share-based Payment Transactions
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7: Improving Disclosures about Financial Instruments
Amendments to FRS 132: Financial Instruments : Presentation - Classification of Rights Issues
Amendments to FRS 138: Intangible Assets
Amendments to FRSS 'Improvements to FRSS (2010)'
IC Interpretation 4: Determining Whether An Arrangement contains a Lease
IC Interpretation 12: Service Concession Arrangements
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17: Distributions of Non-cash Assets to Owners
IC Interpretation 18: Transfers of Assets from Customers
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives

The adoption of the above pronouncements does not have significant impact to the Group, except as described below:

(a) FRS 127: Consolidated and Separate Financial Statements

This Standard supersedes the existing FRS 127 and replaces the current term 'minority interest' with a new term 'non-controlling interest' which is defined as the equity in a subsidiary that is not attributable, directly or indirectly, to a parent. Accordingly, total comprehensive income shall be attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. If the Group loses control of a subsidiary, any gains or losses are recognised in profit or loss and any investment retained in the former subsidiary shall be measured at its fair value at the date when control is lost.

The Group re-phrased its minority interests as non-controlling interests and remeasured the non-controlling interests prospectively in accordance with the transitional provisions of the revised FRS 127. The adoption of the revised FRS127 did not have an impact on the Group's consolidated financial statements.



Quarterly Report On Consolidated Results For The First Quarter Ended 31 March 2011

2 Audit report in respect of the 2010 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2010 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 financial years that have a material effect in 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, share cancellations, shares held as treasury shares and resale of treasury shares for the current period ended 31 March 2011.

7 Dividend

The Directors do not recommend the payment of any dividend for the current period ended 31 March 2011 (2010: Nil).

The final dividend recommended by the Directors in respect of the financial year ended 31 December 2010 is 1.333 sen per ordinary share less tax at 25% totaling RM7,752,447 (1.0 sen net per ordinary share) in respect of the year ended 31 December 2010 is subject to the shareholders' approval at the forthcoming Annual General Meeting on 6 June 2011.

8 Segmental information for the current period

There is no disclosure of segmental information as the Group's activity is mainly carried out in Malaysia and within the Information Communications & Technologies' industry.

9 Material events subsequent to the current 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 2011 to the date of this announcement which would substantially affect the financial results of the Group for the current period ended 31 March 2011.

10 Changes in the composition of the group

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



Quarterly Report On Consolidated Results For The First Quarter Ended 31 March 2011

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 2010.

12 Capital commitments

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

13 Income tax

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year 31/3/2011 RM'000	Preceding year corresponding quarter 31/3/2010 RM'000	Three months to 31/3/2011 RM'000	Three months to 31/3/2010 RM'000
Malaysian income tax				
- Current taxation	(1,260)	(1,674)	(1,260)	(1,674)
	<u>(1,260)</u>	<u>(1,674)</u>	<u>(1,260)</u>	<u>(1,674)</u>

14 Disposal of unquoted investments and/or properties

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

15 Acquisitions and disposals of quoted securities

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

16 Investment in quoted securities

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

	Carrying value 31 March 2011 RM'000	Market value 31 March 2011 RM'000
Investment in TIME dotcom Berhad ("TdC")	535,385	535,385

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

- (i) The Company had on 17 July 2009 announced its proposal to seek a shareholders' approval, if deemed fit in the future, to dispose of up to 726,181,720 ordinary shares of RM1.00 each in TdC ("TdC Shares"), representing up to 28.69% of TdC's issued and paid-up share capital ("Proposed Disposal of Subject Shares"). The shareholders' approval for the Proposed Disposal of Subject Shares shall hereafter be referred to as the "Mandate". The Mandate was duly passed at the Extraordinary General Meeting on 21 August 2009.

Under the Mandate, the Company had from 12 July 2010 to 17 September 2010 disposed of a total of 100,000,000 ordinary shares of RM1.00 each in TdC in the open market for a total net consideration of RM57.4 million. The disposal proceeds was fully utilised towards partial early redemption of the Redeemable Secured Loan Stocks ("RSLs") and payment of accrued interest due to a development bank. Following the disposal, the Group's shareholding in TdC reduced to 24.74%.



Quarterly Report On Consolidated Results For The First Quarter Ended 31 March 2011

Status of corporate proposals announced but not completed as at the date of this announcement (contd.)

- (ii) The Company had on 21 January 2011 proposed to undertake a renounceable offer for sale of up to 626,181,720 representing 24.74% equity interest in TdC to the entitled shareholders ("Proposed OFS") on the entitlement date to be determined and announced later. The Proposed OFS is conditional upon obtaining approvals from the Securities Commission, the consent of Bank Pembangunan Malaysia Berhad, being the RSLs holder; the shareholders at an extraordinary general meeting to be convened, and any other relevant parties/authorities if required.

The consent of Bank Pembangunan Malaysia Berhad and the approval from the Securities Commission were obtained on 16 March 2011 and 19 April 2011 respectively.

18 Derivatives

There are no derivatives as at the date of this announcement.

19 Material litigation

The Company and its subsidiaries have no outstanding material litigation as at the date of this announcement, save for an action brought by a sub-contractor of a subsidiary, as disclosed in Note 34 of the Annual Audited Financial Statements for the year ended 31 December 2010.

20 Comparison between the current quarter and the immediate preceding quarter

The Group recorded lower revenue of RM16.4 million as compared to the immediate preceding quarter of RM21.9 million. The higher revenue in quarter 4, 2010 was mainly contributed from the implementation of paperless trade pilot project in Senegal and Portal Project in Myanmar.

The Group's operation remains profitable with a net operating profit of RM2.5 million reported in the current quarter against RM7.7 million in the immediate preceding quarter, before tax and finance cost.

21 Performance review for the current quarter

Quarter ended 31 March 2011 compared with quarter ended 31 March 2010

The Group recorded RM16.4 million in revenue for the current quarter as compared to the preceding year corresponding quarter of RM25.4 million. The lower revenue was mainly due to the completion of the MAMPU project and Supply of ICT Equipment for MIS Implementation in Vietnam.

The Group recorded a profit before tax and finance cost of RM2.5 million in current quarter compared to RM7.2 million in the preceding year corresponding quarter. However the Group's result is affected by the finance cost of Redeemable Secured Loan Stocks.

22 Prospects for 2011

With the realization of the business opportunities secured by the Group between the last quarter of 2010 and the first quarter of 2011, the Group will be in a better position of sustaining its operational results and improving business performance for the financial year.

23 Variance for actual and forecast profit

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



Quarterly Report On Consolidated Results For The First Quarter Ended 31 March 2011

24 (Loss)/Earnings per share

	Current year quarter 31.3.2011	Preceding year corresponding quarter 31.3.2010	Three months to 31.3.2011	Three months to 31.3.2010
(Loss)/Profit attributable to the Owners of the Parent (RM'000)	(2,934)	871	(2,934)	871
Weighted average number of shares ('000)	775,245	775,245	775,245	775,245
Basic (loss)/earnings per share (sen)	(0.38)	0.11	(0.38)	0.11

25 Supplementary information on the breakdown of realised and unrealised profits or losses

The breakdown of the accumulated losses of the Group as at 31 March 2011, into realised and unrealised losses, pursuant to the directive, is as follows:

	As at end of current financial period 31/3/2011 RM'000	As at end preceding financial year end period 31/12/2010 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(57,393)	(55,565)
- Unrealised	(1,631)	(1,631)
	<u>(59,024)</u>	<u>(57,196)</u>
Less: Consolidation adjustments	(28,953)	(27,847)
Total accumulated losses	<u>(87,977)</u>	<u>(85,043)</u>

The determination of realised and unrealised losses is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants on 20 December 2010.

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
20 May 2011

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