



**TIME ENGINEERING BERHAD (10039-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2009**

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THE FIGURES HAVE NOT BEEN AUDITED

I CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/6/2009 RM'000	Preceding year corresponding quarter 30/6/2008 RM'000	Six months to 30/6/2009 RM'000	Six months to 30/6/2008 RM'000
1. (a) Revenue	38,549	36,955	63,731	90,917
(b) Cost of sales	(11,044)	(9,452)	(13,168)	(30,332)
(c) Gross profit	27,505	27,503	50,563	60,585
(d) Other income	440	1,712	1,607	2,791
(e) Expenses	(16,458)	(19,644)	(32,650)	(37,106)
(f) Finance cost	1,377	(7,498)	1,354	(15,138)
(g) (Loss)/Gain on disposal of investments	-	(1,596)	-	9,383
(h) Profit before income tax	12,864	477	20,874	20,515
(i) Income tax (Note 17)	(4,132)	(567)	(4,108)	(6,943)
(j) Profit/(Loss) for the period	8,732	(90)	16,766	13,572
Attributable to:				
(k) Shareholders of the Company	6,882	(2,359)	13,777	9,808
(l) Minority interests	1,850	2,269	2,989	3,764
	8,732	(90)	16,766	13,572
	=====	=====	=====	=====
2. Earnings per share based on 1(k) above (Note 24)				
(a) Basic	0.89 sen	(0.30) sen	1.78 sen	1.27 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 30/6/2009 RM'000	Audited As at 31/12/2008 RM'000
ASSETS		
1. Non-current assets		
Property, plant and equipment	7,210	7,730
Intangible assets	6,070	6,610
Investment property	303	303
Other investment	348,599	348,599
Non-current receivables	-	17,078
	<hr/>	<hr/>
	362,182	380,320
2. Current assets		
Receivables, deposits and prepayments	90,576	49,103
Inventories	361	317
Tax recoverable	13,339	14,472
Cash and cash equivalents	85,431	112,093
	<hr/>	<hr/>
	189,707	175,985
	<hr/>	<hr/>
Total assets	551,889	556,305
	=====	=====
EQUITY AND LIABILITIES		
3. Equity		
Share capital	775,245	775,245
Reserves	(642,906)	(656,683)
	<hr/>	<hr/>
Total equity attributable to the shareholders of the Company	132,339	118,562
4. Minority interests	19,435	19,008
	<hr/>	<hr/>
Total equity	151,774	137,570
	<hr/>	<hr/>
5. Non-current liabilities		
Redeemable Secured Loan Stocks (Note 6 & 21)	342,000	-
Deferred tax liabilities	138	138
	<hr/>	<hr/>
	342,138	138
6. Current liabilities		
Payables and accruals	36,953	45,857
Bank borrowings (Note 6 & 21)	-	335,474
Tax payable	3,514	2,343
Deferred income	17,510	34,923
	<hr/>	<hr/>
	57,977	418,597
	<hr/>	<hr/>
Total liabilities	400,115	418,735
	<hr/>	<hr/>
Total equity and liabilities	551,889	556,305
	=====	=====
7. Net assets per share attributable to the shareholders of the Company (RM)	0.17	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 Six months to 30/6/2009 RM'000	Unaudited Six months to 30/6/2008 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from customers	71,393	183,274
Cash payments to suppliers	(27,810)	(21,187)
Cash payments to employees and other expenses	(17,202)	(23,491)
	<hr/>	<hr/>
Cash from operations	26,381	138,596
Net income tax paid	(1,805)	(2,315)
	<hr/>	<hr/>
Net cash from operating activities	24,576	136,281
CASH FLOW (USED IN)/FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(1,665)	(2,138)
Proceeds from disposal of quoted investments	-	39,684
Interest received	1,025	1,476
	<hr/>	<hr/>
Net cash (used in)/from investing activities	(640)	39,022
CASH FLOW USED IN FINANCING ACTIVITIES		
Drawdown of bank borrowings	-	2,780
Repayment of bank borrowings	(35,474)	(64,763)
Interest paid	(12,562)	(22,508)
Decrease/(Increase) in deposits pledged	1,761	(456)
Dividend paid by a subsidiary to its minority shareholders	(2,562)	(1,723)
	<hr/>	<hr/>
Net cash used in financing activities	(48,837)	(86,670)
Net Change in Cash and Cash Equivalents	(24,901)	88,633
Cash and Cash Equivalents as at beginning of financial period	94,479	70,006
	<hr/>	<hr/>
Cash and Cash Equivalents as at end of financial period	(a) 69,578	158,639
	=====	=====

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

	As at 30/6/2009 RM'000	As at 30/6/2008 RM'000
Non-current		
Deposits with licensed banks		
- Restricted	-	918
Current		
Deposits with licensed banks and cash and bank balances		
- Unrestricted	69,578	158,639
- Restricted	15,853	19,402
	<hr/>	<hr/>
	85,431	178,041
	<hr/>	<hr/>
	85,431	178,959
Less: Fixed deposit pledged as security	(15,853)	(20,320)
	<hr/>	<hr/>
Cash and Cash Equivalents at end of the financial period	69,578	158,639
	=====	=====

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



TIME ENGINEERING BERHAD (10039-P)
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IV CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

In RM'000	Attributable to the shareholders of the Company				Total	Minority interests	Total equity
	Share Capital	Share Premium	Other Reserves	Accumulated Losses			
Six months to 30 June 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	-	-	-	13,777	13,777	2,989	16,766
Dividend paid by subsidiary to minority interests	-	-	-	-	-	(2,562)	(2,562)
Balance as at 30 June 2009	775,245	1,717,012	18,419	(2,378,337)	132,339	19,435	151,774
Six months to 30 June 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	-	-	-	9,808	9,808	3,764	13,572
Dividend paid by subsidiary to minority interests	-	-	-	-	-	(1,723)	(1,723)
Balance as at 30 June 2008	775,245	1,717,012	18,419	(2,344,925)	165,751	17,954	183,705

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.



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 30 June 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. Pursuant to the DRA, the outstanding indebtedness under the term loan facility of RM347,355,096, comprises of a principal portion of RM335,473,735 and interest accrued of RM11,881,361, would be satisfied in the following manner:-

- i) Upon execution of the DRA, RM25 million would be paid in cash by the Company to the development bank ("Part Settlement 1");
- ii) Upon the approval of the proposed issuance of the Company's Redeemable Secured Loan Stocks ("TIME RSLs") by the Securities Commission, RM22,355,096 would be paid in cash by the Company to the development Bank ("Part Settlement 2"); and
- iii) RM300 million of the term loan facility and RM42 million of the capitalized interest would be converted to TIME RSLs.



PART A – EXPLANATORY NOTES PURSUANT TO FRS134, PARAGRAPH 16

Cash repayment amounting to RM47,355,096, being the sum of Part Settlement 1 and Part Settlement 2, was made by the Company via internally generated funds. The balance of principal amount owing to the development bank of RM300 million shall bear a fixed interest at the rate of two percent (2%) per annum for the tenure of seven (7) years. As such, the aggregate interest of RM42 million, i.e. RM6 million per annum for seven (7) years was inputted into the principal balance amount of RM300 million bringing the final principal amount of the term loan facility to RM342 million, which was then converted to TIME RSLs and issued to the development bank on 11 June 2009.

TIME RSLs bear coupon rates of two percent (2%) per annum from the date of issuance until 31 December 2011, and three percent (3%) for the last four (4) years expiring on 31 December 2015. TIME RSLs are secured by 726,181,720 of TIME dotCom Berhad ("TdC") shares.

7 Dividend

The Directors do not recommend the payment of any dividend for the current period ended 30 June 2009 (2008: Nil).

8 Segmental information for the current financial period

There is no segmental reporting for the financial period ended 30 June 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 30 June 2009 to the date of this announcement which would substantially affect the financial results of the Group for the current period ended 30 June 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.



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 53% or RM13.3 million higher compared to the immediate preceding quarter of RM25.2 million mainly due to:

- i. Rebound of transactions for the Sistem Maklumat Kastam-Dagang*Net related e-Commerce services close to its level prior to the economic downturn; and
- ii. Partial recognition of new projects revenues.

The Group's operation remained profitable.

14 Performance review for the current quarter and year-to-date

Quarter ended 30 June 2009 compared with quarter ended 30 June 2008

The Group recorded higher revenue of RM38.5 million in the current year quarter compared to the preceding year's corresponding quarter of RM37.0 million mainly due to the partial revenue recognition of new projects.

The Group recorded a higher operation profit margin before tax of 30% compared to preceding year's corresponding quarter of 26%. The improved operation performance was mainly due to cost control initiatives and contributions from new projects.

Six months ended 30 June 2009 compared with six months ended 30 June 2008

The Group recorded lower revenue of RM63.7 million in the current period compared to RM90.9 million for the six months 2008. The decrease was attributable to the completion of the PPSMI project Phase V in Quarter 1 2008.

The Group's operation remained profitable with the current period operation profit margin before taxation of 31% as compared to 29% for the six months 2008. The improved margin resulted from controlled spending and contributions from new projects.

15 Prospects

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 resources rationalisation exercise embarked on by the Group early this year has started showing positive results.

16 Variance for actual and forecast profit

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



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

17 Income taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/6/2009 RM'000	Preceding year corresponding quarter 30/6/2008 RM'000	Six months to 30/6/2009 RM'000	Six months to 30/6/2008 RM'000
Malaysian taxation				
- Current taxation	(3,758)	(2,067)	(6,734)	(7,425)
- Over/(Under) provision in prior year	(2,491)	-	509	(1,018)
- Recovery of tax deducted at source on dividend received from subsidiary companies	2,117	1,500	2,117	1,500
	(4,132)	(567)	(4,108)	(6,943)

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
	30 June 2009	30 June 2009
	RM'000	RM'000
Investment in TIME dotcom Bhd ("TdC")	348,567	297,735

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");



Quarterly Report On Consolidated Results For The Second Quarter Ended 30 June 2009

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

- (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;
- (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) The Proposed Debt Restructuring was fully implemented, subsequent to the issuance of 712,500,000 TIME RSLs at RM0.48 per unit totaling RM342,000,000 on 11 June 2009.
- (c) On 30 June 2009, the Company announced that the Securities Commission had vide its letter dated 29 June 2009, approved the Proposed Restructuring Exercise in relation to the Proposed Par Value Reduction, Proposed Share Premium Reduction, Proposed Capital Reserve Reduction, and Proposed M&A Amendment as stated in (a) above.
- (d) The Company had on 17 July 2009 announced that the Company proposes to seek its 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 "Proposed Shareholders' Mandate".

The Company will be holding its Extraordinary General Meeting on 21 August 2009 for the purpose of passing a resolution on the Proposed Capital Restructuring and Proposed Shareholders' Mandate.

22 Off balance sheet financial instruments

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

23 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

24 Earnings per share

	Current year quarter 30.6.2009	Preceding year corresponding quarter 30.6.2008	Six months to 30.6.2009	Six months to 30.6.2008
Profit attributable to the shareholders of the Company (RM'000)	6,882	(2,359)	13,777	9,808
Weighted average number of shares ('000)	775,245	775,245	775,245	775,245
Basic (loss)/earnings per share (sen)	0.89	(0.30)	1.78	1.27

25 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
13 August 2009

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