



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

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Incorporated in Malaysia

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THE FIGURES HAVE NOT BEEN AUDITED

I CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/9/2009 RM'000	Preceding year corresponding quarter 30/9/2008 RM'000	Nine months to 30/9/2009 RM'000	Nine months to 30/9/2008 RM'000
1. (a) Revenue	30,638	29,675	94,369	120,592
(b) Cost of sales	(6,599)	(1,727)	(19,767)	(32,059)
(c) Gross profit	24,039	27,948	74,602	88,533
(d) Other income	1,151	1,142	2,758	3,933
(e) Expenses	(16,400)	(16,270)	(49,050)	(53,376)
(f) Finance cost	(3,365)	(7,130)	(2,011)	(22,268)
(g) Gain on disposal of investments	-	-	-	9,383
(h) Profit before income tax	5,425	5,690	26,299	26,205
(i) Income tax (Note 17)	(2,884)	4,522	(6,992)	(2,421)
(j) Profit for the period	2,541	10,212	19,307	23,784
Attributable to:				
(k) Shareholders of the Company	254	8,336	14,031	18,144
(l) Minority interests	2,287	1,876	5,276	5,640
	2,541	10,212	19,307	23,784
	=====	=====	=====	=====
2. Earnings per share based on 1(k) above (Note 24)				
(a) Basic	0.03 sen	1.08 sen	1.81 sen	2.34 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"



TIME ENGINEERING BERHAD (10039-P)
Incorporated in Malaysia

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II CONDENSED CONSOLIDATED BALANCE SHEET		Unaudited	Audited
		As at	As at
		30/9/2009	31/12/2008
		RM'000	RM'000
ASSETS			
1.	Non-current assets		
	Property, plant and equipment	10,002	7,730
	Intangible assets	5,787	6,610
	Investment property	303	303
	Other investments	348,599	348,599
	Non-current receivables	-	17,078
		<hr/>	<hr/>
		364,691	380,320
2.	Current assets		
	Receivables, deposits and prepayments	47,752	49,103
	Inventories	409	317
	Tax recoverable	13,834	14,472
	Cash and cash equivalents	79,936	112,093
		<hr/>	<hr/>
		141,931	175,985
		<hr/>	<hr/>
	Total assets	506,622	556,305
		=====	=====
EQUITY AND LIABILITIES			
3.	Equity		
	Share capital	775,245	775,245
	Reserves	(642,652)	(656,683)
		<hr/>	<hr/>
	Total equity attributable to the shareholders of the Company	132,593	118,562
4.	Minority interests	21,722	19,008
		<hr/>	<hr/>
	Total equity	154,315	137,570
		<hr/>	<hr/>
5.	Non-current liabilities		
	Redeemable Secured Loan Stocks (Note 6)	342,000	-
	Less: interest in suspend	(40,052)	-
		<hr/>	<hr/>
		301,948	-
	Deferred tax liabilities	138	138
		<hr/>	<hr/>
		302,086	138
6.	Current liabilities		
	Payables and accruals	38,515	45,857
	Bank borrowings (Note 6)	-	335,474
	Tax payable	2,931	2,343
	Deferred income	8,775	34,923
		<hr/>	<hr/>
		50,221	418,597
		<hr/>	<hr/>
	Total liabilities	352,307	418,735
		<hr/>	<hr/>
	Total equity and liabilities	506,622	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.



TIME ENGINEERING BERHAD (10039-P)
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Third Quarter Ended 30 September 2009

III CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Nine months to 30/9/2009 RM'000	Unaudited Nine months to 30/9/2008 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from customers	95,439	204,296
Cash payments to suppliers	(42,326)	(38,211)
Cash payments to employees and other expenses	(25,025)	(30,140)
	<hr/>	<hr/>
Cash from operations	28,088	135,945
Net income tax paid	(5,811)	(7,171)
	<hr/>	<hr/>
Net cash from operating activities	22,277	128,774
CASH FLOW (USED IN)/FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(5,180)	(2,632)
Proceeds from disposal of quoted investments	-	41,280
Interest received	1,344	2,568
	<hr/>	<hr/>
Net cash (used in)/from investing activities	(3,836)	41,216
CASH FLOW USED IN FINANCING ACTIVITIES		
Drawdown of bank borrowings	-	2,780
Repayment of bank borrowings	(35,474)	(64,763)
Interest paid	(12,562)	(74,025)
Decrease/(Increase) in deposits pledged	7,309	(364)
Dividend paid by a subsidiary to its minority shareholders	(2,562)	(3,790)
	<hr/>	<hr/>
Net cash used in financing activities	(43,289)	(140,162)
Net Change in Cash and Cash Equivalents	(24,848)	29,828
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) 69,631	99,834
	=====	=====

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

	As at 30/9/2009 RM'000	As at 30/9/2008 RM'000
Non-current		
Deposits with licensed banks		
- Restricted	-	1,128
Current		
Deposits with licensed banks and cash and bank balances		
- Unrestricted	69,631	99,834
- Restricted	10,305	19,100
	<hr/>	<hr/>
	79,936	118,934
	<hr/>	<hr/>
Less: Fixed deposit pledged as security	79,936 (10,305)	120,062 (20,228)
	<hr/>	<hr/>
Cash and Cash Equivalents at end of the financial period	69,631	99,834
	=====	=====

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)
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Third Quarter Ended 30 September 2009

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			
Nine months to 30 September 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	-	-	-	14,031	14,031	5,276	19,307
Dividend paid by subsidiary to minority interests	-	-	-	-	-	(2,562)	(2,562)
Balance as at 30 September 2009	775,245	1,717,012	18,419	(2,378,083)	132,593	21,722	154,315
Nine months to 30 September 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	-	-	-	18,144	18,144	5,640	23,784
Dividend paid by subsidiary to minority interests	-	-	-	-	-	(3,790)	(3,790)
Balance as at 30 September 2008	775,245	1,717,012	18,419	(2,336,589)	174,087	17,763	191,850

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

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 September 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.



Quarterly Report On Consolidated Results For The Third Quarter Ended 30 September 2009

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

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 September 2009 (2008: Nil).

8 Segmental information for the current financial period

There is no segmental reporting for the financial period ended 30 September 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 September 2009 to the date of this announcement which would substantially affect the financial results of the Group for the current period ended 30 September 2009, other than the following:-

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");



Quarterly Report On Consolidated Results For The Third Quarter Ended 30 September 2009

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

(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.

The Proposed Capital Restructuring was duly passed at the Extraordinary General Meeting on 21 August 2009.

An office copy of the Order granted by the High Court of Malaya dated 17 September 2009 confirming the Company's Proposed Par Value Reduction, Proposed Share Premium Reduction and Proposed Capital Reserve Reduction had been lodged with the Companies Commission of Malaysia on 8 October 2009.

TIME had on 3 November 2009, submitted a letter to the Securities Commission (“SC”) informing the SC that the Company does not intend to implement the Proposed Private Placement, as such, with the notification to the SC on the discontinuance of the Proposed Private Placement, TIME had completed all proposals for its Proposed Restructuring Exercise.

Bursa Malaysia Securities Berhad had on 4 November 2009, approved the upliftment of the Company from its PN17 status effective on 5 November 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, other than below:

The Company had on 11 September 2009 completed the disposal of its entire stake of 102,000 ordinary shares of RM1.00 each representing 51% of the issued and paid up capital of Smartcard Systems (M) Sdn Bhd for a nominal sum of RM1.00. The disposal has no material effect to the Group's financial position and results for the current financial period ended 30 September 2009.

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 recorded lower revenue of RM30.6 million in current quarter compared to the immediate preceding quarter of RM38.5 million. The variance was mainly attributable to timing difference in revenue recognition of the Group's integrated infrastructure projects, higher project revenue was recognized in second quarter 2009.

The Group's operation remained profitable in current quarter. The Group reported an operation profit margin of 29% and 30% respectively for current quarter and the immediate preceding quarter.

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

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

The Group recorded a higher revenue of RM30.6 million in the current year quarter compared to the preceding year's corresponding quarter of RM29.7 million. The marginal increased revenue was mainly contributed from partial revenue recognition of integrated infrastructure projects. The traffic volume of the Group's e-Commerce business was improved in current reporting quarter, but yet to fully recover from the economic downturn due to the global financial crisis in the second half of 2008.

The Group recorded a profit before tax of RM5.4 million compared to preceding year's corresponding quarter of RM5.6 million. The decrease was mainly due to lower revenue was recorded from the Group's e-Commerce business and relatively lower profit margin for integrated infrastructure projects .

However, the Group's finance cost has substantially reduced (53%) to RM3.3 million following the completion of the Group's Proposed Debt Restructuring exercise in second quarter 2009.

Nine months ended 30 September 2009 compared with nine months ended 30 September 2008

The Group recorded lower revenue of RM94.4 million in the current period compared to RM120.6 million for the nine months ended 30 September 2008. The decrease was attributable to the completion of the Teaching and Learning of Science and Mathematics in English Programme ("PPSMI") project Phase V in Quarter 1 of 2008.

The Group's operation remained profitable with the current period operation profit margin before taxation of 30% as compared to 32% for the nine months ended 30 September 2008. The lower operation profit margin in 2009 was mainly attributed to the reduction in traffic volume in the Group's e-Commerce business.

15 Prospects

2009 is a challenging year for the ICT sector and in particular a downturn in trade volume and e-commerce transactions, lower Government budget and cutbacks in private sector spending. Nevertheless with the completion of the Company's debt restructuring resulting in the upliftment of the Company's PN17 status on 5 November 2009 and the award of the contract of National Single Window by the Government for 5 years on 18 September 2009, the Group is now poised to pursue growth opportunities in its business areas of e-commerce and ICT services.

16 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 Third Quarter Ended 30 September 2009

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

17 Income taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/9/2009	Preceding year corresponding quarter 30/9/2008	Nine months to 30/9/2009	Nine months to 30/9/2008
	RM'000	RM'000	RM'000	RM'000
Malaysian taxation				
- Current taxation	(3,439)	(5,732)	(10,173)	(13,157)
- Over provision in prior year	55	1,173	564	155
- Recovery of tax deducted at source on dividend received from subsidiary companies	500	9,081	2,617	10,581
	<u>(2,884)</u>	<u>4,522</u>	<u>(6,992)</u>	<u>(2,421)</u>

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 September 2009	30 September 2009
	RM'000	RM'000
Investment in TIME dotcom Bhd ("TdC")	348,567	275,949

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

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 "**Proposed Shareholders' Mandate**".

The Proposed Shareholders' Mandate was duly passed at the Extraordinary General Meeting on 21 August 2009.

22 Off balance sheet financial instruments

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



Quarterly Report On Consolidated Results For The Third Quarter Ended 30 September 2009

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

23 Material litigation

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

24 Earnings per share

	Current year quarter 30.9.2009	Preceding year corresponding quarter 30.9.2008	Nine months to 30.9.2009	Nine months to 30.9.2008
Profit attributable to the shareholders of the Company (RM'000)	254	8,336	14,031	18,144
Weighted average number of shares ('000)	775,245	775,245	775,245	775,245
Basic earnings per share (sen)	0.03	1.08	1.81	2.34

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
12 November 2009

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