



**TIME ENGINEERING BERHAD (10039-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2011**

CONTENTS

Page

I(A) CONDENSED CONSOLIDATED INCOME STATEMENT	2
I(B) CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	3
II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	4
III CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	5
IV CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY	6
V NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	7
1 Accounting policies and methods of computation	7
2 Audit report in respect of the 2010 financial statements	8
3 Seasonal or cyclical factors	8
4 Unusual items due to their nature, size or incidence	8
5 Material changes in estimates used	8
6 Debt and equity securities	8
7 Dividend	8
8 Segmental information for the current period	8
9 Material events subsequent to the current period	8
10 Changes in the composition of the group	8
11 Contingent liabilities	9
12 Capital commitments	9
13 Income tax	9
14 Disposal of unquoted investments and/or properties	9
15 Acquisitions and disposals of quoted securities	9
16 Investment in quoted securities	9
17 Status of corporate proposals announced	9
18 Derivatives	10
19 Material litigation	10
20 Comparison between the current quarter and the immediate preceding quarter	10
21 Performance review for the current quarter and year-to-date	10
22 Prospects for 2011	10
23 Variance for actual and forecast profit	11
24 Earnings/(Loss) per share	11
25 Supplementary information on the breakdown of realised and unrealised profits or losses	11
26 Authorisation for issue	11



TIME ENGINEERING BERHAD (10039-P)
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Second Quarter Ended 30 June 2011

THE FIGURES HAVE NOT BEEN AUDITED

I(A) CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/6/2011 RM'000	Preceding year corresponding quarter 30/6/2010 RM'000	Six months to 30/6/2011 RM'000	Six months to 30/6/2010 RM'000
Revenue	17,490	24,442	33,888	49,873
Cost of sales	(4,013)	(9,863)	(8,415)	(21,853)
Gross profit	13,477	14,579	25,473	28,020
Other income	343	613	1,305	1,395
Expenses	(12,833)	(13,282)	(23,314)	(20,309)
Finance cost	2,765	(3,699)	(280)	(7,346)
Profit/(Loss) before income tax	3,752	(1,789)	3,184	1,760
Income tax (Note 13)	(16)	(916)	(1,276)	(2,590)
Profit/(Loss) for the period	3,736	(2,705)	1,908	(830)
Profit/(Loss) attributable to:				
- Owners of the Parent	2,535	(4,293)	(399)	(3,422)
- Non-controlling Interests	1,201	1,588	2,307	2,592
	3,736	(2,705)	1,908	(830)
Earnings/(Loss) per share				
- Basic	0.33 sen	(0.55) sen	(0.05) sen	(0.44) sen
- Diluted	NA	NA	NA	NA

Note: NA denotes "Not Applicable"



TIME ENGINEERING BERHAD (10039-P)
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Second Quarter Ended 30 June 2011

I(B) CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/6/2011 RM'000	Preceding year corresponding quarter 30/6/2010 RM'000	Six months to 30/6/2011 RM'000	Six months to 30/6/2010 RM'000
Profit/(Loss) for the period	3,736	(2,705)	1,908	(830)
Other comprehensive income for the period, net of tax				
(Loss)/Gain on fair value in financial assets available-for-sale	(72,011)	(14,524)	(34,440)	61,725
Total comprehensive income for the period	(68,275)	(17,229)	(32,532)	60,895
Attributable to:				
Owners of the Parent	(69,476)	(18,817)	(34,839)	58,303
Non-controlling Interests	1,201	1,588	2,307	2,592
	(68,275)	(17,229)	(32,532)	60,895
	=====	=====	=====	=====

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.



TIME ENGINEERING BERHAD (10039-P)
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Second Quarter Ended 30 June 2011

II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30/6/2011 RM'000	Audited As at 31/12/2010 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	25,521	7,746
Intangible assets	4,101	3,954
Investment property	303	303
Financial assets available-for-sale	-	497,846
	<hr/>	<hr/>
	29,925	509,849
Current assets		
Receivables, deposits and prepayments	20,998	21,894
Inventories	313	9
Tax recoverable	1,780	654
Assets classified as held for sale	463,374	-
Cash and cash equivalents	91,561	102,217
	<hr/>	<hr/>
	578,026	124,774
Total assets	607,951	634,623
	=====	=====
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Parent		
Share capital	155,049	155,049
Reserves	139,983	174,822
	<hr/>	<hr/>
	295,032	329,871
Non-controlling Interests	18,218	18,239
	<hr/>	<hr/>
Total equity	313,250	348,110
	<hr/>	<hr/>
Non-current liabilities		
Redeemable Secured Loan Stocks	-	263,334
Deferred tax liabilities	1,522	1,522
	<hr/>	<hr/>
	1,522	264,856
Current liabilities		
Redeemable Secured Loan Stocks	260,760	-
Payables and accruals	30,232	18,910
Tax payable	2,187	2,747
	<hr/>	<hr/>
	293,179	21,657
Total liabilities	294,701	286,513
	<hr/>	<hr/>
Total equity and liabilities	607,951	634,623
	=====	=====
Net assets per share attributable to Owners of the Parent (RM)	0.38	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 Second Quarter Ended 30 June 2011

III CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months to 30/6/2011 RM'000	Unaudited Six months to 30/6/2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	37,875	43,175
Cash payments to suppliers	(14,701)	(25,729)
Cash payments to employees and other expenses	(19,724)	(14,850)
	<hr/>	<hr/>
Cash from operations	3,450	2,596
Net income tax (paid)/refunded	(2,963)	16,510
Zakat	9	-
	<hr/>	<hr/>
Net cash from operating activities	496	19,106
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,187)	(1,095)
Proceeds from disposal of plant and equipment	-	121
Interest received	1,118	684
	<hr/>	<hr/>
Net cash from/(used in) investing activities	(3,069)	(290)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Interest paid	(5,755)	(3,392)
Decrease in deposits pledged	651	1,461
Capital distribution and dividend paid by subsidiary to non-controlling interests	(2,328)	(7,763)
Dividend paid to Owners of the Company	-	(7,752)
	<hr/>	<hr/>
Net cash used in financing activities	(7,432)	(17,446)
Net Change in Cash and Cash Equivalents	(10,005)	1,370
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)	89,084	69,686
	=====	=====

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

	As at 30/6/2011 RM'000	As at 30/6/2010 RM'000
Current		
Cash and deposits with licensed banks		
- Unrestricted	89,084	69,686
- Restricted	2,477	12,849
	<hr/>	<hr/>
	91,561	82,535
	<hr/>	<hr/>
	91,561	82,535
Less: Cash and fixed deposit pledged as security	(2,477)	(12,849)
	<hr/>	<hr/>
Cash and Cash Equivalents at end of the financial period	89,084	69,686
	=====	=====

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.



TIME ENGINEERING BERHAD (10039-P)
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Second Quarter Ended 30 June 2011

IV CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

← Attributable to Owners of the Parent →
Non-distributable

In RM'000	Share Capital	Available- For-Sale Reserves	Accumulated Losses	Total	Non- controlling interests	Total equity
Six months to 30 June 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	-	(34,440)	(399)	(34,839)	2,307	(32,532)
Dividend paid by subsidiary to non- controlling interests	-	-	-	-	(2,328)	(2,328)
Balance as at 30 June 2011	155,049	225,425	(85,442)	295,032	18,218	313,250
Six months to 30 June 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)
Balance as at 1 January 2010 (restated)	155,049	-	(85,480)	69,569	21,457	91,026
Total comprehensive income for the period	-	61,725	(3,422)	58,303	2,592	60,895
Capital distribution by subsidiary to non- controlling interests	-	-	-	-	(7,763)	(7,763)
Dividend paid to Owners of the Company	-	-	(7,752)	(7,752)	-	(7,752)
Balance as at 30 June 2010	155,049	61,725	(96,654)	120,120	16,286	136,406

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 Second Quarter Ended 30 June 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 Second Quarter Ended 30 June 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 30 June 2011.

7 **Dividend**

The Directors do not recommend the payment of any dividend for the current period ended 30 June 2011 (2010: Nil).

A final gross dividend of 1.333 sen, less tax of 25% on ordinary shares in issue of 775,244,683 was approved by the shareholders at the forty first Annual General Meeting of the Company and was subsequently paid in July 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 30 June 2011 to the date of this announcement which would substantially affect the financial results of the Group for the current period ended 30 June 2011, other than those disclosed in Note 17(ii).

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, other than those disclosed in Note 17(ii).



Quarterly Report On Consolidated Results For The Second Quarter Ended 30 June 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 quarter 30/6/2011 RM'000	Preceding year corresponding quarter 30/6/2010 RM'000	Six months to 30/6/2011 RM'000	Six months to 30/6/2010 RM'000
Malaysian income tax				
- Current taxation	(651)	(1,256)	(1,911)	(2,930)
- Overprovision in prior year	635	340	635	340
	<u>(16)</u>	<u>(916)</u>	<u>(1,276)</u>	<u>(2,590)</u>

The current quarter and financial year-to-date tax expense was provided for profit making subsidiary and after take into consideration of group relief.

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 30 June 2011 RM'000	Market value 30 June 2011 RM'000
Investment in TIME dotcom Berhad ("TdC")	463,374	463,374

17 Status of corporate proposals announced

- (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 Second Quarter Ended 30 June 2011

Status of corporate proposals announced (cont'd)

- (ii) The Company had on 21 January 2011 proposed to undertake a renounceable offer for sale of up to 626,181,720 shares representing 24.74% equity interest in TdC to the entitled shareholders ("OFS").

The OFS was successfully completed on 2 August 2011. The proceeds received from OFS of RM331.876 million was partly utilised to redeem the entire outstanding RSLs and accrued interest totalling RM261.975 million due to Bank Pembangunan on 8 August 2011. The balance proceeds of approximately RM68 million, after deducting the expenses relating to the OFS, is available for investments, if any, as and when such opportunities arise and committed capital expenditure.

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 higher revenue of RM17.5 million as compared to the immediate preceding quarter of RM16.4 million, representing quarter-to-quarter growth of 6.7% mainly from its e-commerce business.

The Group's operation remains profitable with a net operating profit of RM2.3 million reported in the current quarter against RM2.5 million in the immediate preceding quarter. The Group had undertaken several cost cutting measures, including amongst others, the implementation of a voluntary separation scheme in current quarter.

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

Quarter ended 30 June 2011 compared with quarter ended 30 June 2010

The Group recorded RM17.5 million in revenue for the current quarter as compared to the preceding year corresponding supply quarter of RM24.4 million. The lower revenue was mainly due to the completion of the MAMPU project and of ICT Equipment for MIS Implementation in Vietnam.

The Group recorded a profit before tax of RM3.8 million in current quarter compared to loss of RM1.8 million in the preceding year corresponding quarter. The favourable results in current reporting quarter was mainly due to the reversal of RM5.8 million, being over-provision of the finance cost of the Group's RSLs.

Year-to-date ended 30 June 2011 compared with year-to-date ended 30 June 2010

The Group recorded RM33.9 million in revenue for the current year as compared to the preceding year of RM49.9 million. The lower revenue in the current year 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 RM3.2 million in current year compared to profit of RM1.8 million in the preceding year. The favourable results in current year was mainly due to the reversal of RM5.8 million, being over-provision of the finance cost of the Group's RSLs.

22 Prospects for 2011

The Group will be in a better position in improving its business and services offerings as the Integrated Enterprise Centre will be in operation by the end of the third quarter as well as the expected continuous expansion from the e-commerce portfolios.



TIME ENGINEERING BERHAD (10039-P)
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Second Quarter Ended 30 June 2011

23 **Variance for actual and forecast profit**

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

24 **Earnings/ (Loss) per share**

	Current year quarter 30/6/2011	Preceding year corresponding quarter 30/6/2010	Six months to 30/6/2011	Six months to 30/6/2010
Profit/(Loss) attributable to the Owners of the Parent (RM'000)	2,535	(4,293)	(399)	(3,422)
Weighted average number of shares ('000)	775,245	775,245	775,245	775,245
Basic earnings/(loss) per share (sen)	0.33	(0.55)	(0.05)	(0.44)

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

The breakdown of the accumulated losses of the Group as at 30 June 2011, into realised and unrealised losses, pursuant to the directive, is as follows:

	As at end of current financial period 30/6/2011 RM'000	As at end of preceding financial year 31/12/2010 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(55,485)	(55,565)
- Unrealised	(2,131)	(1,631)
	<u>(57,616)</u>	<u>(57,196)</u>
Less: Consolidation adjustments	<u>(27,826)</u>	<u>(27,847)</u>
Total accumulated losses	<u><u>(85,442)</u></u>	<u><u>(85,043)</u></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
24 August 2011

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