



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

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Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Third Quarter Ended 30 September 2011

THE FIGURES HAVE NOT BEEN AUDITED

I(A) CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/9/2011 RM'000	Preceding year corresponding quarter 30/9/2010 RM'000	Nine months to 30/9/2011 RM'000	Nine months to 30/9/2010 RM'000
Revenue	15,442	15,907	49,330	65,780
Cost of sales	(4,125)	(4,293)	(12,540)	(26,146)
Gross profit	11,317	11,614	36,790	39,634
Other income	1,250	1,692	2,555	3,087
Expenses	(10,895)	(8,226)	(34,209)	(28,535)
Finance cost	(1,215)	(9,957)	(1,495)	(17,303)
Gain on disposal of investment	91,927	19,637	91,927	19,637
Profit before income tax	92,384	14,760	95,568	16,520
Income tax (Note 13)	(1,763)	(1,839)	(3,039)	(4,429)
Profit for the period	90,621	12,921	92,529	12,091
Profit attributable to:				
- Owners of the Parent	89,703	11,083	89,304	7,661
- Non-controlling Interests	918	1,838	3,225	4,430
	90,621	12,921	92,529	12,091
Earnings per share				
- Basic	11.57 sen	1.43 sen	11.52 sen	0.99 sen
- Diluted	NA	NA	NA	NA

Note: NA denotes "Not Applicable"

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



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I(B) CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/9/2011 RM'000	Preceding year corresponding quarter 30/9/2010 RM'000	Nine months to 30/9/2011 RM'000	Nine months to 30/9/2010 RM'000
Profit for the period	90,621	12,921	92,529	12,091
Other comprehensive income for the period, net of tax				
(Loss)/Gain on fair value of financial assets available-for-sale	(28,178)	105,065	(62,618)	166,790
Reversal of gain on fair value of financial assets available-for-sale upon full disposal	(105,320)	-	(105,320)	-
Reclassification adjustments for: - gains included in consolidated income statement (1A)	(91,927)	(19,637)	(91,927)	(19,637)
Other comprehensive income for the period	(225,425)	85,428	(259,865)	147,153
Total comprehensive income for the period	(134,804)	98,349	(167,336)	159,244
Attributable to:				
Owners of the Parent	(135,722)	96,511	(170,561)	154,814
Non-controlling Interests	918	1,838	3,225	4,430
	(134,804)	98,349	(167,336)	159,244

The Condensed Consolidated 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 30/9/2011 RM'000	Audited As at 31/12/2010 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	28,548	7,746
Intangible assets	4,575	3,954
Investment property	303	303
Financial assets available-for-sale	-	497,846
	<hr/>	<hr/>
	33,426	509,849
Current assets		
Receivables, deposits and prepayments	24,389	21,894
Inventories	469	9
Tax recoverable	1,870	654
Cash and cash equivalents	132,271	102,217
	<hr/>	<hr/>
	158,999	124,774
	<hr/>	<hr/>
Total assets	192,425	634,623
	=====	=====
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Parent		
Share capital	155,049	155,049
Reserves	(3,491)	174,822
	<hr/>	<hr/>
	151,558	329,871
Non-controlling Interests	17,985	18,239
	<hr/>	<hr/>
Total equity	169,543	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		
Payables and accruals	20,521	18,910
Tax payable	839	2,747
	<hr/>	<hr/>
	21,360	21,657
	<hr/>	<hr/>
Total liabilities	22,882	286,513
	<hr/>	<hr/>
Total equity and liabilities	192,425	634,623
	=====	=====
Net assets per share attributable to Owners of the Parent (RM)	0.20	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 Third Quarter Ended 30 September 2011

III CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Nine months to 30/9/2011 RM'000	Unaudited Nine months to 30/9/2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	57,704	67,191
Cash payments to suppliers	(24,188)	(34,437)
Cash payments to employees and other expenses	(30,447)	(24,139)
	<hr/>	<hr/>
Cash from operations	3,069	8,615
Net income tax (paid)/refunded	(6,161)	15,146
Zakat	4	-
	<hr/>	<hr/>
Net cash from operating activities	(3,088)	23,761
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(21,635)	(1,492)
Proceeds from disposal of plant and equipment	1	121
Proceeds from disposal of investment	331,876	57,447
Interest received	1,861	1,141
	<hr/>	<hr/>
Net cash from investing activities	312,103	57,217
CASH FLOWS USED IN FINANCING ACTIVITIES		
Repayment of bank borrowings	(261,360)	(54,240)
Interest paid	(6,370)	(3,513)
Decrease in deposits pledged	1,240	2,315
Capital distribution and dividend paid by subsidiary to non-controlling interests	(3,479)	(8,694)
Dividend paid to Owners of the Parent	(7,752)	(7,752)
	<hr/>	<hr/>
Net cash used in financing activities	(277,721)	(71,884)
	<hr/>	<hr/>
Net Change in Cash and Cash Equivalents	31,294	9,094
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) 130,383	77,410
	=====	=====

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

	As at 30/9/2011 RM'000	As at 30/9/2010 RM'000
Current		
Cash and deposits with licensed banks		
- Unrestricted	130,383	77,410
- Restricted	1,888	11,995
	<hr/>	<hr/>
	132,271	89,405
	<hr/>	<hr/>
	132,271	89,405
Less: Cash and fixed deposit pledged as security	(1,888)	(11,995)
	<hr/>	<hr/>
Cash and Cash Equivalents at end of the financial period	130,383	77,410
	=====	=====

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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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
Nine months to 30 September 2011						
Balance as at 1 January 2011	155,049	259,865	(85,043)	329,871	18,239	348,110
Profit for the period	-	-	89,304	89,304	3,225	92,529
Total other comprehensive income for the period	-	(259,865)	-	(259,865)	-	(259,865)
Total comprehensive income for the period	-	(259,865)	89,304	(170,561)	3,225	(167,336)
Dividend paid to Owners of the Parent	-	-	(7,752)	(7,752)	-	(7,752)
Dividend paid by subsidiary to non- controlling interests	-	-	-	-	(3,479)	(3,479)
Balance as at 30 September 2011	155,049	-	(3,491)	151,558	17,985	169,543
Nine months to 30 September 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
Profit for the period	-	-	7,661	7,661	4,430	12,091
Total other comprehensive income for the period	-	147,153	-	147,153	-	147,153
Total comprehensive income for the period	-	147,153	7,661	154,814	4,430	159,244
Capital distribution by subsidiary to non- controlling interests	-	-	-	-	(8,694)	(8,694)
Dividend paid to Owners of the Parent	-	-	(7,752)	(7,752)	-	(7,752)
Balance as at 30 September 2010	155,049	147,153	(85,571)	216,631	17,193	233,824

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 Third Quarter Ended 30 September 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 Third Quarter Ended 30 September 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 September 2011 other than stated below:

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 ("TdC shares") to the entitled shareholders ("OFS").

The OFS was successfully completed on 2 August 2011. The proceeds received from OFS of RM331.9 million was partly utilised to redeem the entire outstanding RSLs and accrued interest totalling RM262.0 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.

7 Dividend

The Directors do not recommend the payment of any dividend for the current period ended 30 September 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 September 2011 to the date of this announcement which would substantially affect the financial results of the Group for the current period ended 30 September 2011.



Quarterly Report On Consolidated Results For The Third Quarter Ended 30 September 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, other than the completion of OFS as disclosed in Note 6.

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	Preceding year corresponding quarter	Nine months to 30/9/2011	Nine months to 30/9/2010
	30/9/2011	30/9/2010	30/9/2011	30/9/2010
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
- Current taxation	(2,255)	(1,839)	(4,166)	(4,769)
- Overprovision in prior year	492	-	1,127	340
	<u>(1,763)</u>	<u>(1,839)</u>	<u>(3,039)</u>	<u>(4,429)</u>

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

The effective tax rate of the Group for current quarter and year-to-date was lower than the statutory tax rate mainly due to gain on disposal of investment which is not taxable.

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 other than the disposal of TdC shares through OFS as disclosed in Note 6. Following the completion of OFS, the Group has no shareholding in TdC.

16 Investment in quoted securities

There was no investment in quoted securities as at the date of this report.

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

There were no announced corporate proposals not completed as at the date of this report.



Quarterly Report On Consolidated Results For The Third Quarter Ended 30 September 2011

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 RM15.4 million as compared to the immediate preceding quarter of RM17.5 million. The revenue in the current quarter was mainly derived from its e-commerce business. The Group's revenue from its systems integration business was affected by unfavorable market conditions as well as competitive pricing during the current quarter. However, the current quarter's results benefited from lower finance cost due to early full redemption of Redeemable Secured Loan Stocks ("RSLs").

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

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

The Group recorded RM15.4 million in revenue for the current quarter as compared to the preceding year corresponding quarter of RM15.9 million. Lower revenue was mainly due to reduction in the Group's system integration business.

The Group recorded a profit before tax of RM92.4 million in current quarter compared to profit before tax of RM14.8 million in the preceding year corresponding quarter. The current quarter's results benefited from lower finance cost due to early full redemption of RSLs and the gain on disposal of investment as stated in Note 6 above.

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

The Group recorded RM49.3 million in revenue for the current period as compared to the preceding year corresponding period of RM65.8 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 of RM95.6 million in current period compared to profit of RM16.5 million in the preceding year corresponding period. The improved overall results in current period was mainly due to the gain on disposal of investment as stated in Note 6 above and the reversal of RM5.8 million, being over-provision of the finance cost arising from the early full redemption of the Group's RSLs.

22 Prospects for 2011

The Group will be focusing to improve its business and services offerings in its e-commerce portfolios. The Integrated Enterprise Centre has recently commenced operations and is expected to begin contributing to the Group results.

23 Variance for actual and forecast profit

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



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Incorporated in Malaysia

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24 Earnings per share

	Current year quarter 30/9/2011	Preceding year corresponding quarter 30/9/2010	Nine months to 30/9/2011	Nine months to 30/9/2010
Profit attributable to the Owners of the Parent (RM'000)	89,703	11,083	89,304	7,661
Weighted average number of shares ('000)	775,245	775,245	775,245	775,245
Basic earnings per share (sen)	11.57	1.43	11.52	0.99

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 September 2011, into realised and unrealised losses, pursuant to the directive, is as follows:

	As at end of current financial period 30/9/2011 RM'000	As at end of preceding financial year 31/12/2010 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised	25,733	(55,565)
- Unrealised	(2,131)	(1,631)
	<hr/> 23,602	<hr/> (57,196)
Less: Consolidation adjustments	(27,093)	(27,847)
Total accumulated losses	<hr/> <hr/> (3,491)	<hr/> <hr/> (85,043)

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
22 November 2011

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