



**TIME ENGINEERING BERHAD (10039-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2012**

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THE FIGURES HAVE NOT BEEN AUDITED

I CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/06/2012 RM'000	Preceding year corresponding quarter 30/06/2011 RM'000	Six months to 30/06/2012 RM'000	Six months to 30/06/2011 RM'000
Revenue	25,916	17,490	41,174	33,888
Cost of sales	(12,117)	(4,013)	(15,290)	(8,415)
Gross profit	13,799	13,477	25,884	25,473
Other income	986	343	1,885	1,305
Expenses	(13,881)	(12,833)	(25,421)	(23,314)
Finance cost	-	2,765	-	(280)
Profit before income tax	904	3,752	2,348	3,184
Income tax (Note 13)	(252)	(16)	(929)	(1,276)
Profit for the period	652	3,736	1,419	1,908
Other comprehensive income for the period, net of tax				
Loss on fair value of available-for-sale financial assets	-	(72,011)	-	(34,440)
Total comprehensive income/ (expense) for the period	652	(68,275)	1,419	(32,532)



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I CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONT'D)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/06/2012 RM'000	Preceding year corresponding quarter 30/06/2011 RM'000	Six months to 30/06/2012 RM'000	Six months to 30/06/2011 RM'000
(Loss)/Profit attributable to:				
- Owners of the Company	(745)	2,535	(1,198)	(399)
- Non-controlling Interests	1,397	1,201	2,617	2,307
Profit for the period	652	3,736	1,419	1,908
Total comprehensive (expense)/income attributable to:				
- Owners of the Company	(745)	(69,476)	(1,198)	(34,839)
- Non-controlling Interests	1,397	1,201	2,617	2,307
Total comprehensive income/ (expense) for the period	652	(68,275)	1,419	(32,532)
(Loss)/Earnings per share				
- Basic	(0.10) sen	0.33 sen	(0.15) sen	(0.05) sen
- Diluted	NA	NA	NA	NA

Note: NA denotes "Not Applicable"

REMARKS TO CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/06/2012 RM'000	Preceding year corresponding quarter 30/06/2011 RM'000	Six months to 30/06/2012 RM'000	Six months to 30/06/2011 RM'000
Profit before income tax is arrived at after charging /(crediting):				
Interest income	(876)	(343)	(1,621)	(1,118)
Other income	(110)	-	(264)	(187)
Interest expenses	-	(2,765)	-	280
Depreciation and amortisation	2,491	1,287	4,720	2,642
Provision for and write off of receivables	35	105	59	105
Foreign exchange loss	6	13	12	140

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2011.



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II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30/06/2012 RM'000	Audited As at 31/12/2011 RM'000
ASSETS		
Non-current assets		
Plant and equipment	27,896	27,540
Intangible assets	4,051	4,697
Investment property	303	303
	<hr/>	<hr/>
	32,250	32,540
Current assets		
Trade and other receivables	30,044	16,058
Inventories	432	331
Tax recoverable	1,370	1,370
Cash and cash equivalents	79,221	135,382
	<hr/>	<hr/>
	111,067	153,141
Total assets	<hr/> 143,317	<hr/> 185,681
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Company		
Share capital	155,049	155,049
Reserves	(45,265)	(20,810)
	<hr/>	<hr/>
	109,784	134,239
Non-controlling Interests	19,475	18,396
	<hr/>	<hr/>
Total equity	<hr/> 129,259	<hr/> 152,635
Non-current liabilities		
Deferred tax liabilities	1,334	1,334
Deferred Income	1,005	-
	<hr/>	<hr/>
	2,339	1,334
Current liabilities		
Trade and other payables	10,897	14,731
Dividend payable	-	15,505
Tax payable	822	1,476
	<hr/>	<hr/>
	11,719	31,712
Total liabilities	<hr/> 14,058	<hr/> 33,046
Total equity and liabilities	<hr/> 143,317	<hr/> 185,681
Net assets per share attributable to Owners of the Company (RM)	<hr/> 0.14	<hr/> 0.17

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2011.



Quarterly Report On Consolidated Results For The Second Quarter Ended 30 June 2012

III CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months to 30/06/2012 RM'000	Unaudited Six months to 30/06/2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	35,612	37,875
Cash payments to suppliers	(21,624)	(14,701)
Cash payments to employees and other expenses	(20,239)	(19,724)
	<hr/>	<hr/>
Cash (used in)/from operations	(6,251)	3,450
Net income tax paid	(1,583)	(2,963)
Zakat	52	9
	<hr/>	<hr/>
Net cash (used in)/from operating activities	(7,782)	496
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(9,702)	(4,187)
Proceed from disposal of plant and equipment	2	-
Interest received	1,621	1,118
	<hr/>	<hr/>
Net cash used in investing activities	(8,079)	(3,069)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	-	(5,755)
Decrease in deposits pledged	112	651
Dividend paid to Owners of the Company	(38,762)	-
Dividend paid by a subsidiary to non-controlling interests	(1,538)	(2,328)
	<hr/>	<hr/>
Net cash used in financing activities	(40,188)	(7,432)
Net Change in Cash and Cash Equivalents	(56,049)	(10,005)
Cash and Cash Equivalents as at beginning of financial period	133,505	99,089
	<hr/>	<hr/>
Cash and Cash Equivalents as at end of financial period (a)	77,456	89,084
	<hr/> <hr/>	<hr/> <hr/>

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

	As at 30/06/2012 RM'000	As at 30/06/2011 RM'000
Current		
Cash and deposits with licensed banks		
- Unrestricted	77,456	89,084
- Restricted	1,765	2,477
	<hr/>	<hr/>
	79,221	91,561
	<hr/>	<hr/>
	79,221	91,561
Less: Cash and fixed deposit pledged as security	(1,765)	(2,477)
	<hr/>	<hr/>
Cash and Cash Equivalents as at end of financial period	77,456	89,084
	<hr/> <hr/>	<hr/> <hr/>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2011.



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IV CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

In RM'000	← Attributable to Owners of the Company →			Total	Non-controlling Interests	Total Equity
	Share Capital	Available-For-Sale Reserves	Accumulated Losses			
Six months to 30 June 2012						
Balance as at 1 January 2012	155,049	-	(20,810)	134,239	18,396	152,635
Total comprehensive income/(expense) for the period	-	-	(1,198)	(1,198)	2,617	1,419
Dividend to Owners of the Company	-	-	(23,257)	(23,257)	-	(23,257)
Dividend paid by a subsidiary to non-controlling interests	-	-	-	-	(1,538)	(1,538)
Total distribution to owners	-	-	(23,257)	(23,257)	(1,538)	(24,795)
Balance as at 30 June 2012	155,049	-	(45,265)	109,784	19,475	129,259
Six months to 30 June 2011						
Balance as at 1 January 2011	155,049	259,865	(85,043)	329,871	18,239	348,110
Loss on fair value of available-for-sale financial assets arising during the period	-	(34,440)	-	(34,440)	-	(34,440)
Loss for the period	-	-	(399)	(399)	2,307	1,908
Total comprehensive (expense)/income for the period	-	(34,440)	(399)	(34,839)	2,307	(32,532)
Dividend paid by a 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

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 2011.



Quarterly Report On Consolidated Results For The Second Quarter Ended 30 June 2012

V NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 Significant accounting policies

These condensed consolidated interim financial statements, for the period ended 30 June 2012, have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). These condensed consolidated interim financial statements also comply with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2011.

For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

These are the Group's condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 December 2012. In adopting the new framework, the Group applies MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* ("MFRS 1").

The adoption of MFRS 1 has no impact on the financial statements of the Group.

2 Audit report in respect of the 2011 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2011 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 2012.



Quarterly Report On Consolidated Results For The Second Quarter Ended 30 June 2012

7 Dividend

The Directors do not recommend the payment of any dividend for the current period ended 30 June 2012 (2011: Nil).

An interim dividend of 2.666 sen per ordinary share less tax at 25% totalling RM15,504,894 in respect of the financial year ended 31 December 2011 was declared on 30 December 2011 and paid on 16 February 2012.

The final dividend of 4.0 sen per ordinary share less tax at 25% totaling RM23,257,340 in respect of the financial year ended 31 December 2011 was approved by the shareholders during the Annual General Meeting on 2 May 2012 and paid on 1 June 2012.

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 2012 to the date of this announcement which would substantially affect the financial results of the Group for the current period ended 30 June 2012.

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.

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 2011, other than as follows:

A subsidiary is defending an action brought by a sub-contractor for a claim amount of RM4.2 million. The High Court had decided the case in favour of the sub-contractor and dismissed the subsidiary company's counter claim of RM3.2 million. On the instruction of subsidiary, the solicitors had on 15 August 2012 filed an appeal against the decision,

12 Capital commitments

Authorised capital expenditure not recognised as at the date of this announcement is as follow:

	RM'000
Purchase of plant and equipment	
- Approved and contracted for	8,500



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13	Income tax	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current year quarter 30/06/2012 RM'000	Preceding year corresponding quarter 30/06/2011 RM'000	Six months to 30/06/2012 RM'000	Six months to 30/06/2011 RM'000
	Malaysian income tax				
	- Current taxation	(252)	(16)	(929)	(1,276)
	Total	<u>(252)</u>	<u>(16)</u>	<u>(929)</u>	<u>(1,276)</u>

The effective tax rate of the Group for current quarter was lower than the statutory tax rate. The provision for tax payable has been made by profitable subsidiary company, after applied of group tax relief.

14 **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.

15 **Derivatives**

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

16 **Classification of financial assets**

For period ended 30 June 2012, there was no change in the classification of financial assets as a result of a change in the purpose or use of those assets.

17 **Material litigation**

Other than those disclosed in Note 11 of this report, the Company and its subsidiaries have no outstanding material litigation as at the date of this announcement.

18 **Comparison between the current quarter and the immediate preceding quarter**

The Group recorded higher revenue of RM25.9 million in current quarter as compared to the immediate preceding quarter of RM15.3 million. Higher revenue was mainly contributed by recognising work related to the supply, delivery, installation, testing, commissioning, maintenance and support of ICT equipment to the local polytechnics and community colleges. The current quarter's profit before income tax was affected by higher operating expenses which include the depreciation charges on the Group's investment in Integrated Enterprise Centre (IEC) at Cyberjaya.



Quarterly Report On Consolidated Results For The Second Quarter Ended 30 June 2012

19 Detailed analysis of the performance for the current quarter and year-to-date

Quarter ended 30 June 2012 compared with quarter ended 30 June 2011

The Group recorded RM25.9 million in revenue for the current quarter as compared to the preceding year corresponding quarter of RM17.5 million. Higher revenue was mainly due to recognition for work related to the supply, delivery, installation, testing, commissioning, maintenance and support of ICT equipment to the local polytechnics and community colleges.

The Group recorded a profit before tax of RM0.9 million in the current quarter compared to a profit of RM3.8 million in the preceding year corresponding quarter. The higher results in preceding year corresponding quarter was due to reversal of over-provision of finance cost of the Group's Redeemable Secured Loan Stocks ("RSLs") amounted to RM5.8 million.

Year-to-date ended 30 June 2012 compared with year-to-date ended 30 June 2011

The Group recorded RM41.2 million in revenue for the current year as compared to the preceding year of RM33.9 million. The higher revenue in the current year was mainly due to e-commerce business and work related to the supply, delivery, installation, testing, commissioning, maintenance and support of ICT equipment to the local polytechnics and community colleges.

The Group recorded a profit after tax expense of RM1.4 million in current year-to-date compared to RM1.9 million in the preceding year. The unfavourable result in current year-to-date was mainly due to higher depreciation charges on the Group's investment in Integrated Enterprise Centre (IEC) at Cyberjaya, but was mitigated by revenue from work related to the supply, delivery, installation, testing, commissioning, maintenance and support of ICT equipment to the local polytechnics and community colleges.

20 Prospects for 2012

With the work related to the supply, delivery, installation, testing, commissioning, maintenance and support of ICT equipment to the local polytechnics and community colleges, the Group is confident of improving its revenue stream.

The Group is also pursuing a number of significant projects by leveraging on its core offerings rendered via its new flagship, the Integrated Enterprise Centre (IEC) and expanding eCommerce business.

21 Variance for actual and forecast profit

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

22 (Loss)/Earnings per share

	Current year quarter 30/06/2012	Preceding year corresponding quarter 30/06/2011	Six months to 30/06/2012	Six months to 30/06/2011
(Loss)/Profit attributable to the Owners of the Company (RM'000)	(745)	2,535	(1,198)	(399)
Weighted average number of shares ('000)	775,245	775,245	775,245	775,245
Basic (loss)/earnings per share (sen)	(0.10)	0.33	(0.15)	(0.05)



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23 Breakdown of realised and unrealised profits or losses

The breakdown of the accumulated losses of the Group as at 30 June 2012, into realised and unrealised losses, pursuant to the directive, is as follows:

	As at end of current financial period 30/06/2012 RM'000	As at preceding financial year end 31/12/2011 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(13,833)	9,504
- Unrealised	(1,562)	(1,522)
	<u>(15,395)</u>	<u>7,982</u>
Less: Consolidation adjustments	(29,870)	(28,792)
Total accumulated losses	<u>(45,265)</u>	<u>(20,810)</u>

The determination of realised and unrealised profits or 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.

24 Authorisation for issue

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors.

Kuala Lumpur
15 August 2012

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