



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

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Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Third Quarter Ended 30 September 2012

THE FIGURES HAVE NOT BEEN AUDITED

I CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/09/2012 RM'000	Preceding year corresponding quarter 30/09/2011 RM'000	Nine months to 30/09/2012 RM'000	Nine months to 30/09/2011 RM'000
Revenue	33,560	15,442	74,734	49,330
Cost of sales	(18,400)	(4,125)	(33,690)	(12,540)
Gross profit	15,160	11,317	41,044	36,790
Other income	786	1,250	2,671	2,555
Expenses	(18,187)	(10,895)	(43,608)	(34,209)
Finance cost	-	(1,215)	-	(1,495)
Gain on disposal of investment	-	91,927	-	91,927
(Loss)/Profit before income tax	(2,241)	92,384	107	95,568
Income tax (Note 13)	(1,300)	(1,763)	(2,229)	(3,039)
(Loss)/Profit for the period	(3,541)	90,621	(2,122)	92,529
Other comprehensive expenses for the period, net of tax				
Loss arising during the period	-	(28,178)	-	(62,618)
Less : Reversal of gain on fair value of available for sale financial assets upon disposal	-	(197,247)	-	(197,247)
Other comprehensive loss for the period	-	(225,425)	-	(259,865)
Total comprehensive expense for the period	(3,541)	(134,804)	(2,122)	(167,336)



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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/09/2012 RM'000	Preceding year corresponding quarter 30/09/2011 RM'000	Nine months to 30/09/2012 RM'000	Nine months to 30/09/2011 RM'000
(Loss)/Profit attributable to:				
- Owners of the Company	(4,684)	89,703	(5,882)	89,304
- Non-controlling Interests	1,143	918	3,760	3,225
(Loss)/Profit for the period	(3,541)	90,621	(2,122)	92,529
Total comprehensive (expense) attributable to:				
- Owners of the Company	(4,684)	(135,722)	(5,882)	(170,561)
- Non-controlling Interests	1,143	918	3,760	3,225
Total comprehensive (expense) for the period	(3,541)	(134,804)	(2,122)	(167,336)
(Loss)/Earnings per share				
- Basic	(0.60) sen	11.57 sen	(0.76) sen	11.52 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 30/09/2012 RM'000	Preceding year corresponding quarter 30/09/2011 RM'000	Nine months to 30/09/2012 RM'000	Nine months to 30/09/2011 RM'000
Profit before income tax is arrived at after charging /(crediting):				
Interest income	(546)	(742)	(2,167)	(1,860)
Other income	(240)	(508)	(504)	(695)
Interest expenses	-	1,215	-	1,495
Depreciation and amortisation	2,467	1,345	7,187	3,987
Provision for and write off of receivables	307	78	366	183
Gain on disposal of quoted investment	-	(91,927)	-	(91,927)
Foreign exchange loss	1	18	13	158

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 30/09/2012 RM'000	Audited As at 31/12/2011 RM'000
ASSETS		
Non-current assets		
Plant and equipment	31,296	27,540
Intangible assets	3,760	4,697
Investment property	303	303
	<hr/>	<hr/>
	35,359	32,540
Current assets		
Trade and other receivables	49,051	16,058
Inventories	555	331
Tax recoverable	1,055	1,370
Cash and cash equivalents	63,721	135,382
	<hr/>	<hr/>
	114,382	153,141
	<hr/>	<hr/>
Total assets	149,741	185,681
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Company		
Share capital	155,049	155,049
Reserves	(49,949)	(20,810)
	<hr/>	<hr/>
	105,100	134,239
Non-controlling Interests	19,531	18,396
	<hr/>	<hr/>
Total equity	124,631	152,635
Non-current liabilities		
Deferred tax liabilities	1,334	1,334
Deferred Income	2,385	-
	<hr/>	<hr/>
	3,719	1,334
Current liabilities		
Trade and other payables	20,718	14,731
Dividend payable	-	15,505
Tax payable	673	1,476
	<hr/>	<hr/>
	21,391	31,712
	<hr/>	<hr/>
Total liabilities	25,110	33,046
	<hr/>	<hr/>
Total equity and liabilities	149,741	185,681
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Net assets per share attributable to Owners of the Company (RM)	0.14	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 Third Quarter Ended 30 September 2012

III CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Nine months to 30/09/2012 RM'000	Unaudited Nine months to 30/09/2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	55,177	57,704
Cash payments to suppliers	(43,144)	(24,188)
Cash payments to employees and other expenses	(31,847)	(30,447)
	<hr/>	<hr/>
Cash (used in)/from operations	(19,814)	3,069
Net income tax paid	(2,717)	(6,161)
Zakat	50	4
	<hr/>	<hr/>
Net cash used in operating activities	(22,481)	(3,088)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(9,962)	(21,635)
Proceeds from disposal of plant and equipment	2	1
Proceeds from disposal of investment	-	331,876
Interest received	2,167	1,861
	<hr/>	<hr/>
Net cash (used in)/from investing activities	(7,793)	312,103
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	-	(6,370)
Repayment of bank borrowings	-	(261,360)
(Increase)/Decrease in deposits pledged	(2,311)	1,240
Dividend paid to Owners of the Company	(38,762)	(7,752)
Dividend paid by a subsidiary to non-controlling interests	(2,625)	(3,479)
	<hr/>	<hr/>
Net cash used in financing activities	(43,698)	(277,721)
	<hr/>	<hr/>
Net Change in Cash and Cash Equivalents	(73,972)	31,294
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)	59,533	130,383
	<hr/> <hr/>	<hr/> <hr/>

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

	As at 30/09/2012 RM'000	As at 30/09/2011 RM'000
Cash and deposits with licensed banks		
- Unrestricted	59,533	130,383
- Restricted	4,188	1,888
	<hr/>	<hr/>
	63,721	132,271
	<hr/>	<hr/>
Less: Cash and fixed deposit pledged as security	63,721 (4,188)	132,271 (1,888)
	<hr/>	<hr/>
Cash and Cash Equivalents as at end of financial period	59,533	130,383
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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 →					Non-controlling Interests	Total Equity
	Share Capital	Available-For-Sale Reserves	Accumulated Losses	Total	Non-distributable		
Nine months to 30 September 2012							
Balance as at 1 January 2012	155,049	-	(20,810)	134,239	18,396	152,635	
Total comprehensive (expenses)/income for the period	-	-	(5,882)	(5,882)	3,760	(2,122)	
Dividend to Owners of the Company	-	-	(23,257)	(23,257)	-	(23,257)	
Dividend paid by a subsidiary to non-controlling interests	-	-	-	-	(2,625)	(2,625)	
Total distribution to owners	-	-	(23,257)	(23,257)	(2,625)	(25,882)	
Balance as at 30 September 2012	155,049	-	(49,949)	105,100	19,531	124,631	
Nine months to 30 September 2011							
Balance as at 1 January 2011	155,049	259,865	(85,043)	329,871	18,239	348,110	
Loss arising during the period	-	(62,618)	-	(62,618)	-	(62,618)	
Reversal of gain on fair value of available for sale financial assets upon disposal	-	(197,247)	-	(197,247)	-	(197,247)	
Profit for the period	-	-	89,304	89,304	3,225	92,529	
Total comprehensive (expense)/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 a subsidiary to non-controlling interests	-	-	-	-	(3,479)	(3,479)	
Total distribution to owners	-	-	(7,752)	(7,752)	(3,479)	(11,231)	
Balance as at 30 September 2011	155,049	-	(3,491)	151,558	17,985	169,543	

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 Third Quarter Ended 30 September 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 September 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 September 2012.



Quarterly Report On Consolidated Results For The Third Quarter Ended 30 September 2012

7 Dividend

The Directors do not recommend the payment of any dividend for the current period ended 30 September 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 September 2012 to the date of this announcement which would substantially affect the financial results of the Group for the current period ended 30 September 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 contingent liabilities as at the date of this announcement.

12 Capital commitments

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

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



Quarterly Report On Consolidated Results For The Third Quarter Ended 30 September 2012

13 Income tax

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year 30/09/2012 RM'000	Preceding year corresponding quarter 30/09/2011 RM'000	Nine months to 30/09/2012 RM'000	Nine months to 30/09/2011 RM'000
Malaysian income tax				
- Current taxation	(1,300)	(2,255)	(2,229)	(4,166)
- Overprovision in prior year	-	492	-	1,127
Total	(1,300)	(1,763)	(2,229)	(3,039)

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

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 September 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

The Company and its subsidiaries have no outstanding material litigation as at the date of this announcement, other than as follow:

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'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 to the Court of Appeal.

The subsidiary had on 23 October 2012 received a Notice pursuant to Section 218 of the Companies Act, 1965 from the sub-contractor's solicitor. On the instruction of the subsidiary, its solicitors had on 30 October 2012 filed an application for Stay of Execution of Judgment to the High Court.

18 Comparison between the current quarter and the immediate preceding quarter

The Group recorded higher revenue of RM33.6 million in current quarter as compared to the immediate preceding quarter of RM25.9 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 provision for claim made by a subsidiary's sub-contractor (as disclosed in Paragraph 17 on Material Litigation) and depreciation charges on the Group's investment in Integrated Enterprise Centre (IEC) at Cyberjaya.



Quarterly Report On Consolidated Results For The Third Quarter Ended 30 September 2012

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

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

The Group recorded RM33.6 million in revenue for the current quarter as compared to the preceding year corresponding quarter of RM15.4 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 Loss Before Interest, Tax, Depreciation and Amortization ("LBITDA") of RM0.3 million in the current quarter compared to Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") of RM2.3 million in the preceding year corresponding quarter. The current quarter loss was mainly due to one-off provision for claim made by a subsidiary's sub-contractor; however it was mitigated by recognizing work related to the supply, delivery, installation, testing, commissioning, maintenance and support of ICT equipment to the local polytechnics and community colleges.

The gain on disposal of investment reported in preceding year corresponding quarter of RM91.9 million was in relation to the disposal of TIME dotcom Berhad share.

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

The Group recorded RM74.7 million in revenue for the current year as compared to the preceding year of RM49.3 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 an EBITDA of RM5.1 million in current year-to-date compared to RM7.3 million in the preceding year. The unfavourable result in current year-to-date was due to one-off provision for claim made by a subsidiary's sub-contractor.

The profit before tax in current year-to-date was also affected by higher depreciation charges on the Group's investment in Integrated Enterprise Centre (IEC) at Cyberjaya.

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.

Whilst the Group's operations remain profitable, the current year performance however is affected by the one-off provision for a claim made by a subsidiary's sub-contractor.

21 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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22 (Loss)/Earnings per share

	Current year quarter 30/09/2012	Preceding year corresponding quarter 30/09/2011	Nine months to 30/09/2012	Nine months to 30/09/2011
(Loss)/Profit attributable to the Owners of the Company (RM'000)	(4,684)	89,703	(5,882)	89,304
Weighted average number of shares ('000)	775,245	775,245	775,245	775,245
Basic (loss)/earnings per share (sen)	(0.60)	11.57	(0.76)	11.52

23 Breakdown of realised and unrealised profits or losses

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

	As at end of current financial period 30/09/2012 RM'000	As at preceding financial year end 31/12/2011 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(18,462)	9,504
- Unrealised	(1,560)	(1,522)
	<u>(20,022)</u>	<u>7,982</u>
Less: Consolidation adjustments	(29,927)	(28,792)
Total accumulated losses	<u>(49,949)</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
28 November 2012

By Order of the Board
KEH CHING TYNG
(MAICSA 7050134)
Joint Secretary