



**TIME ENGINEERING BERHAD (10039-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2013**

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THE FIGURES HAVE NOT BEEN AUDITED

I CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/3/2013 RM'000	Preceding year corresponding quarter 31/3/2012 RM'000	Three months to 31/3/2013 RM'000	Three months to 31/3/2012 RM'000
Revenue	20,539	15,258	20,539	15,258
Cost of sales	(6,626)	(3,173)	(6,626)	(3,173)
Gross profit	13,913	12,085	13,913	12,085
Other income	652	899	652	899
Expenses	(11,424)	(11,540)	(11,424)	(11,540)
Finance cost	(949)	-	(949)	-
Profit before income tax	2,192	1,444	2,192	1,444
Income tax (Note 14)	-	(677)	-	(677)
Profit for the period	2,192	767	2,192	767
Other comprehensive expenses for the period, net of tax				
Other comprehensive loss for the period	-	-	-	-
Total comprehensive expense for the period	2,192	767	2,192	767



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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/3/2013 RM'000	Preceding year corresponding quarter 31/3/2012 RM'000	Three months to 31/3/2013 RM'000	Three months to 31/3/2012 RM'000
Profit attributable to:				
- Owners of the Company	521	(453)	521	(453)
- Non-controlling Interests	1,671	1,220	1,671	1,220
Profit for the period	2,192	767	2,192	767
Total comprehensive income attributable to:				
- Owners of the Company	521	(453)	521	(453)
- Non-controlling Interests	1,671	1,220	1,671	1,220
Total comprehensive expense for the period	2,192	767	2,192	767
Earnings/(loss) per share				
- Basic	0.07 sen	(0.06) sen	0.07 sen	(0.06) 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 31/3/2013 RM'000	Preceding year corresponding quarter 31/3/2012 RM'000	Three months to 31/3/2013 RM'000	Three months to 31/3/2012 RM'000
Profit before income tax is arrived at after charging /(crediting):				
Interest income	(524)	(745)	(524)	(745)
Other income	(128)	(154)	(128)	(154)
Interest expenses	949	-	949	-
Depreciation and amortisation	2,920	2,229	2,920	2,229
Impairment loss of receivables	178	24	178	24

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2012.



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II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31/3/2013 RM'000	Audited As at 31/12/2012 RM'000
ASSETS		
Non-current assets		
Plant and equipment	34,565	34,606
Intangible assets	3,254	3,313
Trade and other receivables	73,666	73,157
	<hr/>	<hr/>
	111,485	111,076
Current assets		
Trade and other receivables	41,293	48,548
Inventories	312	1,808
Tax recoverable	2,486	1,723
Cash and cash equivalents	83,155	78,761
	<hr/>	<hr/>
	127,246	130,840
	<hr/>	<hr/>
Total assets	238,731	241,916
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Company		
Share capital	155,049	155,049
Reserves	(51,325)	(51,846)
	<hr/>	<hr/>
	103,724	103,203
Non-controlling Interests	13,516	11,845
	<hr/>	<hr/>
Total equity	117,240	115,048
Non-current liabilities		
Deferred tax liabilities	2,598	2,598
Borrowing- long term portion	48,886	48,886
Deferred Income	12,169	12,169
	<hr/>	<hr/>
	63,653	63,653
Current liabilities		
Borrowing – short term portion	22,009	18,500
Trade and other payables	35,824	44,710
Tax payable	5	5
	<hr/>	<hr/>
	57,838	63,215
	<hr/>	<hr/>
Total liabilities	121,491	126,868
	<hr/>	<hr/>
Total equity and liabilities	238,731	241,916
	<hr/>	<hr/>
Net assets per share attributable to Owners of the Company (RM)	0.13	0.13

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2012.



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III CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Three months to 31/3/2013 RM'000	Unaudited Three months to 31/3/2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	30,022	18,278
Cash payments to suppliers	(14,536)	(6,457)
Cash payments to employees and other expenses	(8,805)	(8,409)
	<hr/>	<hr/>
Cash generated from operations	6,681	3,412
Income tax paid (net)	(765)	(733)
Zakat	-	58
	<hr/>	<hr/>
Net cash generated from operating activities	5,916	2,737
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(4,702)	(4,120)
Interest received	524	745
	<hr/>	<hr/>
Net cash used in investing activities	(4,178)	(3,375)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bank borrowings	6,592	-
Repayment of bank borrowings	(3,082)	-
Interest paid	(854)	-
Increase in deposits pledged	(3,777)	(33)
Dividend paid to Owners of the Company	-	(15,505)
	<hr/>	<hr/>
Net cash used in financing activities	(1,121)	(15,538)
Net Change in Cash and Cash Equivalents	617	(16,176)
Cash and Cash Equivalents as at beginning of financial period	75,707	133,505
	<hr/>	<hr/>
Cash and Cash Equivalents as at end of financial period (a)	76,324	117,329
	<hr/> <hr/>	<hr/> <hr/>
(a) Cash and Cash Equivalents comprise the following amounts:		
	As at 31/3/2013 RM'000	As at 31/3/2012 RM'000
Cash and deposits with licensed banks		
- Unrestricted	76,324	117,329
- Restricted	6,831	1,910
	<hr/>	<hr/>
	83,155	119,239
	<hr/>	<hr/>
Less: Cash and cash equivalents pledged as security	83,155 (6,831)	119,239 (1,910)
	<hr/>	<hr/>
Cash and Cash Equivalents as at end of financial period	76,324	117,329
	<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 2012.



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IV CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

← **Attributable to Owners of the Company** →

Non-distributable

In RM'000	Share Capital	Accumulated Losses	Total	Non- controlling Interests	Total Equity
Three months to 31 March 2013					
Balance as at 1 January 2013	155,049	(51,846)	103,203	11,845	115,048
Total comprehensive income for the period	-	521	521	1,671	2,192
Balance as at 31 March 2013	155,049	(51,325)	103,724	13,516	117,240
Three months to 31 March 2012					
Balance as at 1 January 2012	155,049	(20,810)	134,239	18,396	152,635
Total comprehensive (expense)/income for the period	-	(453)	(453)	1,220	767
Balance as at 31 March 2012	155,049	(21,263)	133,786	19,616	153,402

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 2012.



Quarterly Report On Consolidated Results For The First Quarter Ended 31 March 2013

V NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 Basis of preparation

These condensed consolidated interim financial statements, for the period ended 31 March 2013, 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. These quarterly financial statements 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 2012.

2 Significant accounting policies

The Group has adopted the following accounting standards, amendments and interpretations of the MFRS framework that have been issued by the Malaysian Accounting Standards Board ("MASB") with effect from 1 January 2013:

- MFRS 10 : Consolidated Financial Statements
- MFRS 13 : Fair Value Measurement
- MFRS 119 : Employee Benefits (2011)
- Amendments to MFRS 7 : Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 1 : First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 101 : Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 116 : Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 132 : Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 134 : Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 10 : Consolidated Financial Statements: Transition Guidance

The adoption of above new/revised/amendment to MFRSs is not expected to have any significant impact to the Group.

3 Audit report in respect of the 2012 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2012 was not qualified.

4 Seasonal or cyclical factors

The Group's operations are not subject to any seasonal or cyclical factors.

5 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.

6 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.



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7 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 31 March 2013.

8 Dividends

The Directors do not recommend the payment of any dividend for the current period ended 31 March 2013 (2012:Nil).

The final dividend recommended by the Directors in respect of the financial year ended 31 December 2012 is 4.0 sen per ordinary share less tax at 25% totaling RM23,257,340 (3.0 sen net per ordinary share) subject to the shareholders' approval at the forthcoming Annual General Meeting.

9 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.

10 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 31 March 2013 to the date of this announcement which would substantially affect the financial results of the Group for the current period ended 31 March 2013.

11 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.

12 Contingent liabilities

There are no material contingent liabilities as at the date of this announcement.

13 Capital commitments

There are no material capital commitments as at the date of this announcement.

14 Income tax

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/3/2013 RM'000	Preceding year corresponding quarter 31/3/2012 RM'000	Three months to 31/3/2013 RM'000	Three months to 31/3/2012 RM'000
Malaysian income tax				
- Current taxation	-	(677)	-	(677)
Total current tax expense	-	(677)	-	(677)

No provision for taxation has been made for current quarter after applying the available group tax relief against the profit of a subsidiary company as of 31 March 2013.



Quarterly Report On Consolidated Results For The First Quarter Ended 31 March 2013

15 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.

16 Derivatives

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

17 Classification of financial assets

For period ended 31 March 2013, there was no change in the classification of financial assets as a result of a change in the purpose or use of those assets.

18 Material litigation

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

A subsidiary company is defending an action brought by a sub-contractor. The High Court had decided the matter in favour of the sub-contractor. The subsidiary company had on 15 August 2012 filed an appeal to the Court of Appeal.

On 23 October 2012, the subsidiary company was served with a Notice pursuant to Section 218 of the Companies Act, 1965 by the sub-contractor. The subsidiary company then filed an application for Stay of Execution of the Judgment but it was dismissed by the High Court.

On 18 March 2013, the subsidiary company received a Winding-up Petition from the sub-contractor and the hearing was fixed on 15 May 2013. On the hearing date, the following orders were made by the High Court:

- (i) that the sum of RM7,004,134.28 (which consists of liquidated and general damages) shall be deposited into a joint solicitors stakeholders' account pending the outcome of the subsidiary company's appeal to the Court of Appeal;
- (ii) that the cost of RM9,500.00 shall be released to the solicitors of the sub-contractor; and
- (iii) that the sub-contractor's Winding-up Petition on the subsidiary company be struck off.

19 Comparison between the current quarter and the immediate preceding quarter

The Group recorded a lower revenue of RM20.5 million in current quarter as compared to the immediate preceding quarter of RM69.9 million. The revenue in the current quarter was mainly derived from its e-commerce business, whilst revenue in the immediate preceding quarter was contributed by one-off 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 higher profit before income tax of RM2.2 million in current quarter as compared to the immediate preceding quarter of RM7,000. The growth in profit was contributed by revenue growth from value added services of the Group's trade facilities business and improved cost management initiatives resulting in lower expenses.



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Quarterly Report On Consolidated Results For The First Quarter Ended 31 March 2013

20 Detailed analysis of the performance for the current quarter

Quarter ended 31 March 2013 compared with quarter ended 31 March 2012

The Group recorded a revenue of RM20.5 million in the current quarter and RM15.3 million in the preceding year corresponding quarter. Improved revenue was primarily contributed by growth in value added services offered by the Group's trade facilities business.

The Group recorded Earning Before Interest, Tax, Depreciation and Amortization ("EBITDA") of RM5.5million in the current quarter compared to RM3.0 million in the preceding year corresponding quarter mainly due to the Group's established presence in the trade facilitation business and network and prudent cost management.

21 Prospects for 2013

The Group will be leveraging on the existing client-base and established presence in the trade facilitation business and network where the Group shall continue to enhance its services and broaden its product range.

The Group intends to be a key player in the modernization efforts in trade facilitation undertaken by the Malaysian Government. Towards this end, the Group continues to embark on strategic initiatives to make ready new facilities which will enhance the efficiency of the Group service offering that are expected to deliver positive financial results for the year.

22 Variance for actual and forecast profit

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

23 Earnings/(loss) per share

	Current year quarter 31/3/2013	Preceding year corresponding quarter 31/3/2012	Three months to 31/3/2013	Three months to 31/3/2012
Profit/(Loss) attributable to the Owners of the Company (RM'000)	521	(453)	521	(453)
Weighted average number of shares ('000)	775,245	775,245	775,245	775,245
Basic earnings/(loss) per share (sen)	0.07	(0.06)	0.07	(0.06)



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24 Breakdown of realised and unrealised profits or losses

The breakdown of the accumulated losses of the Group as at 31 March 2013, into realised and unrealised losses, pursuant to the directive, is as follows:

	As at end of current financial period 31/3/2013 RM'000	As at preceding financial year end 31/12/2012 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(18,939)	(21,131)
- Unrealised	(7,374)	(7,374)
	<hr/>	<hr/>
	(26,313)	(28,505)
Less: Consolidation adjustments	(25,012)	(23,341)
Total accumulated losses	<hr/>	<hr/>
	(51,325)	(51,846)

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.

25 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
23 May 2013

By Order of the Board
SAPIAH JAMALUDIN (MAICSA 0807355)
KEH CHING TYNG (MAICSA 7050134)
Company Secretaries