



**TIME ENGINEERING BERHAD (10039-P)  
QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2013**

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**CONTENTS**

**Page**

I	CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME.....	2
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 INTERIM FINANCIAL STATEMENTS .....	7
1	Basis of preparation .....	7
2	Significant accounting policies .....	7
3	Audit report in respect of the 2012 financial statements.....	7
4	Seasonal or cyclical factors.....	7
5	Unusual items due to their nature, size or incidence.....	7
6	Material changes in estimates used .....	7
7	Debt and equity securities.....	8
8	Dividend .....	8
9	Segmental information for the current period .....	8
10	Material events subsequent to the current period .....	8
11	Changes in the composition of the Group .....	8
12	Contingent liabilities .....	8
13	Capital commitments.....	8
14	Income tax .....	8
15	Status of corporate proposals announced but not completed as at the date of this announcement .....	9
16	Derivatives .....	9
17	Classification of financial assets.....	9
18	Material litigation .....	9
19	Comparison between the current quarter and the immediate preceding quarter .....	9
20	Detailed analysis of the performance for the current quarter and year-to-date .....	10
21	Prospects for 2013.....	10
22	Variance for actual and forecast profit.....	10
23	Earnings/(loss) per share .....	10
24	Breakdown of realised and unrealised profits or losses .....	11
25	Authorisation for issue.....	11



TIME ENGINEERING BERHAD (10039-P)  
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Second Quarter Ended 30 June 2013

THE FIGURES HAVE NOT BEEN AUDITED

I CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/6/2013 RM'000	Preceding year corresponding quarter 30/6/2012 RM'000	Six months to 30/6/2013 RM'000	Six months to 30/6/2012 RM'000
Revenue	24,904	25,916	45,443	41,174
Cost of sales	(8,977)	(12,117)	(15,603)	(15,290)
Gross profit	15,927	13,799	29,840	25,884
Other income	651	986	1,303	1,885
Expenses	(10,815)	(13,881)	(22,239)	(25,421)
Finance cost	(867)	-	(1,816)	-
<b>Profit before income tax</b>	<b>4,896</b>	<b>904</b>	<b>7,088</b>	<b>2,348</b>
Income tax (Note 14)	(1,075)	(252)	(1,075)	(929)
<b>Profit for the period</b>	<b>3,821</b>	<b>652</b>	<b>6,013</b>	<b>1,419</b>
Other comprehensive income/(expenses) for the period, net of tax	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>3,821</b>	<b>652</b>	<b>6,013</b>	<b>1,419</b>



TIME ENGINEERING BERHAD (10039-P)  
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Second Quarter Ended 30 June 2013

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/6/2013 RM'000	Preceding year corresponding quarter 30/6/2012 RM'000	Six months to 30/6/2013 RM'000	Six months to 30/6/2012 RM'000
<b>Profit attributable to:</b>				
- Owners of the Company	1,801	(745)	2,322	(1,198)
- Non-controlling Interests	2,020	1,397	3,691	2,617
<b>Profit for the period</b>	<b>3,821</b>	<b>652</b>	<b>6,013</b>	<b>1,419</b>
<b>Total comprehensive income attributable to:</b>				
- Owners of the Company	1,801	(745)	2,322	(1,198)
- Non-controlling Interests	2,020	1,397	3,691	2,617
<b>Total comprehensive income for the period</b>	<b>3,821</b>	<b>652</b>	<b>6,013</b>	<b>1,419</b>
<b>Earnings/(loss) per share</b>				
- Basic	0.23 sen	(0.10) sen	0.30 sen	(0.15) 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 30/6/2013 RM'000	Preceding year corresponding quarter 30/6/2012 RM'000	Six months to 30/6/2013 RM'000	Six months to 30/6/2012 RM'000
<b>Profit before income tax is arrived at after charging /(crediting):</b>				
Interest income	(570)	(876)	(1,094)	(1,621)
(Gain)/loss on disposal of plant and equipment	(120)	9	(120)	9
Interest expenses	867	-	1,816	-
Depreciation and amortisation	3,288	2,491	6,208	4,720
Impairment loss of receivables	-	35	178	59
Reversal of impairment loss of receivables	(149)	-	(149)	-
Foreign exchange loss	24	6	24	12

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.



TIME ENGINEERING BERHAD (10039-P)  
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Second Quarter Ended 30 June 2013

II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30/6/2013 RM'000	Audited As at 31/12/2012 RM'000
<b>ASSETS</b>		
Non-current assets		
Plant and equipment	31,194	34,606
Intangible assets	2,979	3,313
Trade and other receivables	61,118	73,157
	<hr/>	<hr/>
	95,291	111,076
Current assets		
Trade and other receivables	51,974	48,548
Inventories	86	1,808
Tax recoverable	2,134	1,723
Cash and cash equivalents	80,839	78,761
	<hr/>	<hr/>
	135,033	130,840
	<hr/>	<hr/>
<b>Total assets</b>	<b>230,324</b>	<b>241,916</b>
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to Owners of the Company		
Share capital	155,049	155,049
Reserves	(72,781)	(51,846)
	<hr/>	<hr/>
	82,268	103,203
Non-controlling Interests	15,536	11,845
	<hr/>	<hr/>
<b>Total equity</b>	<b>97,804</b>	<b>115,048</b>
Non-current liabilities		
Deferred tax liabilities	2,598	2,598
Borrowing- long term portion	47,778	48,886
Deferred Income	10,141	12,169
	<hr/>	<hr/>
	60,517	63,653
Current liabilities		
Borrowing – short term portion	18,494	18,500
Trade and other payables	30,247	44,710
Dividend payables	23,257	-
Tax payable	5	5
	<hr/>	<hr/>
	72,003	63,215
	<hr/>	<hr/>
Total liabilities	132,520	126,868
	<hr/>	<hr/>
<b>Total equity and liabilities</b>	<b>230,324</b>	<b>241,916</b>
	<hr/>	<hr/>
<b>Net assets per share attributable to Owners of the Company (RM)</b>	<b>0.11</b>	<b>0.13</b>

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.



TIME ENGINEERING BERHAD (10039-P)  
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Second Quarter Ended 30 June 2013

III CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months to 30/6/2013 RM'000	Unaudited Six months to 30/6/2012 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	56,791	35,612
Cash payments to suppliers	(17,171)	(21,624)
Cash payments to employees and other expenses	(20,947)	(20,239)
	<hr/>	<hr/>
Cash generated from operations	18,673	(6,251)
Income tax paid (net)	(1,486)	(1,583)
Zakat	105	52
	<hr/>	<hr/>
<b>Net cash generated from operating activities</b>	<b>17,292</b>	<b>(7,782)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of plant and equipment, and intangible assets	(5,043)	(9,702)
Proceed from disposal of plant and equipment	122	2
Interest received	1,091	1,621
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	<b>(3,830)</b>	<b>(8,079)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of bank borrowings	6,592	-
Repayment of bank borrowings	(7,706)	-
Interest paid	(1,731)	-
(Increase)/decrease in deposits pledged	(8,561)	112
Dividend paid to Owners of the Company	-	(38,762)
Dividend paid by a subsidiary to non-controlling interests	(8,539)	(1,538)
	<hr/>	<hr/>
<b>Net cash used in financing activities</b>	<b>(19,945)</b>	<b>(40,188)</b>
	<hr/>	<hr/>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(6,483)</b>	<b>(56,049)</b>
Cash and Cash Equivalents as at beginning of financial period	75,707	133,505
	<hr/>	<hr/>
<b>Cash and Cash Equivalents as at end of financial period</b> (a)	<b>69,224</b>	<b>77,456</b>
	<hr/> <hr/>	<hr/> <hr/>

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

	As at 30/6/2013 RM'000	As at 30/6/2012 RM'000
Cash and deposits with licensed banks		
- Unrestricted	69,224	77,456
- Restricted	11,615	1,765
	<hr/>	<hr/>
	80,839	79,221
	<hr/>	<hr/>
	80,839	79,221
Less: Cash and cash equivalents pledged as security	(11,615)	(1,765)
	<hr/>	<hr/>
Cash and Cash Equivalents as at end of financial period	69,224	77,456
	<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.



TIME ENGINEERING BERHAD (10039-P)  
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Second Quarter Ended 30 June 2013

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	Accumulated Losses	Total		
<b>Six months to 30 June 2013</b>					
Balance as at 1 January 2013	155,049	(51,846)	103,203	11,845	115,048
Total comprehensive income for the period	-	2,322	2,322	3,691	6,013
Dividend to Owners of the Company	-	(23,257)	(23,257)	-	(23,257)
Total Distribution to owners	-	(23,257)	(23,257)	-	(23,257)
Balance as at 30 June 2013	155,049	(72,781)	82,268	15,536	97,804
<b>Six months to 30 June 2012</b>					
Balance as at 1 January 2012	155,049	(20,810)	134,239	18,396	152,635
Total comprehensive (expense)/income 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

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 Second Quarter Ended 30 June 2013

### V NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

#### 1 Basis of preparation

These condensed consolidated interim financial statements, for the period ended 30 June 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.



## Quarterly Report On Consolidated Results For The Second Quarter Ended 30 June 2013

### 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 30 June 2013.

### 8 Dividends

The Directors do not recommend the payment of any dividend for the current period ended 30 June 2013 (2012:Nil).

The Company paid a final dividend of 4.0 sen per ordinary share less tax at 25% totaling RM23,257,340 (3.0 sen net per ordinary share) in respect of the financial year ended 31 December 2012 on 12 July 2013.

### 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 30 June 2013 to the date of this announcement which would substantially affect the financial results of the Group for the current period ended 30 June 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 30/6/2013 RM'000	Preceding year corresponding quarter 30/6/2012 RM'000	Six months to 30/6/2013 RM'000	Six months to 30/6/2012 RM'000
Malaysian income tax				
- Current taxation	(1,075)	(252)	(1,075)	(929)
Total current tax expense	(1,075)	(252)	(1,075)	(929)

The effective tax rate of the Group for current quarter was lower than the statutory tax rate. The current taxation was provided for by a profitable subsidiary company after applying the available group tax relief.





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

As at the date of this announcement, the Court of Appeal has yet to fix the hearing date.

### 19 Comparison between the current quarter and the immediate preceding quarter

The Group recorded a higher revenue of RM24.9 million in current quarter as compared to the immediate preceding quarter of RM20.5 million. Improved revenue in the current quarter was mainly derived from its e-commerce business and one-off work related to the design, supply, installation and commissioning of ICT Infrastructure and related hardware, system and service to local specialist hospital.

The Group recorded a higher profit before income tax of RM4.9 million in current quarter as compared to the immediate preceding quarter of RM2.2 million. The favourable result in current quarter was attributable to revenue growth and operational efficiency.



## Quarterly Report On Consolidated Results For The Second Quarter Ended 30 June 2013

### 20 Detailed analysis of the performance for the current quarter

#### Quarter ended 30 June 2013 compared with quarter ended 30 June 2012

The Group recorded a revenue of RM24.9 million in the current quarter and RM25.9 million in the preceding year corresponding quarter. The higher revenue in preceding year correspondence 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 Earning Before Interest, Tax, Depreciation and Amortization ("EBITDA") of RM8.5 million in the current quarter compared to RM2.5 million in the preceding year corresponding quarter. The favourable result was attributable to revenue growth and operational efficiency.

#### Year-to-date ended 30 June 2013 compared with year-to-date ended 30 June 2012

The Group recorded RM45.4 million in revenue for the current year as compared to the preceding year of RM41.2 million. The higher revenue in the current year was mainly due to e-commerce business and one-off work related to the design, supply, installation and commissioning of ICT Infrastructure and related hardware, system and service to local specialist hospital.

The Group recorded an EBITDA of RM14.0 million in current year-to-date compared to RM5.4 million in the preceding year. The favourable result in current year-to-date was attributable to revenue growth and operational efficiency.

### 21 Prospects for 2013

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

The Group will continue to be a key player in the modernization efforts in trade facilitation undertaken by the Malaysian Government. Towards this end, the Group is embarking on strategic initiatives to make ready new facilities and offerings to deliver profitable 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 30/6/2013	Preceding year corresponding quarter 30/6/2012	Six months to 30/6/2013	Six months to 30/6/2012
Profit/(Loss) attributable to the Owners of the Company (RM'000)	1,801	(745)	2,322	(1,198)
Weighted average number of shares ('000)	775,245	775,245	775,245	775,245
Basic earnings/(loss) per share (sen)	0.23	(0.10)	0.30	(0.15)



TIME ENGINEERING BERHAD (10039-P)  
Incorporated in Malaysia

Quarterly Report On Consolidated Results For The Second Quarter Ended 30 June 2013

24 Breakdown of realised and unrealised profits or losses

The breakdown of the accumulated losses of the Group as at 30 June 2013, into realised and unrealised losses, pursuant to the directive, is as follows:

	As at end of current financial period 30/6/2013 RM'000	As at preceding financial year end 31/12/2012 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(38,252)	(21,131)
- Unrealised	(7,498)	(7,374)
	<u>(45,750)</u>	<u>(28,505)</u>
Less: Consolidation adjustments	(27,031)	(23,341)
Total accumulated losses	<u>(72,781)</u>	<u>(51,846)</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.

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  
12 July 2013

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