



**TIME ENGINEERING BERHAD (10039-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 30/9/2013 RM'000 | Preceding year corresponding quarter 30/9/2012 RM'000 | Nine months to 30/9/2013 RM'000 | Nine months to 30/9/2012 RM'000 |
| Revenue | 20,232 | 33,560 | 65,675 | 74,734 |
| Cost of sales | (4,449) | (18,400) | (20,052) | (33,690) |
| Gross profit | 15,783 | 15,160 | 45,623 | 41,044 |
| Other income | 1,241 | 786 | 2,544 | 2,671 |
| Expenses | (12,413) | (18,187) | (34,652) | (43,608) |
| Finance cost | (818) | - | (2,634) | - |
| Profit/(Loss) before income tax | 3,793 | (2,241) | 10,881 | 107 |
| Income tax (Note 14) | (1,740) | (1,300) | (2,815) | (2,229) |
| Profit/(Loss) for the period | 2,053 | (3,541) | 8,066 | (2,122) |
| Other comprehensive income/(expenses) for the period, net of tax | - | - | - | - |
| Total comprehensive income for the period | 2,053 | (3,541) | 8,066 | (2,122) |



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

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|---|---|---------------------------------------|---------------------------------------|
| | Current year quarter 30/9/2013 RM'000 | Preceding year corresponding quarter 30/9/2012 RM'000 | Nine months to 30/9/2013 RM'000 | Nine months to 30/9/2012 RM'000 |
| Profit/(Loss) attributable to: | | | | |
| - Owners of the Company | 90 | (4,684) | 2,412 | (5,882) |
| - Non-controlling Interests | 1,963 | 1,143 | 5,654 | 3,760 |
| Profit/(Loss) for the period | 2,053 | (3,541) | 8,066 | (2,122) |
| Total comprehensive income attributable to: | | | | |
| - Owners of the Company | 90 | (4,684) | 2,412 | (5,882) |
| - Non-controlling Interests | 1,963 | 1,143 | 5,654 | 3,760 |
| Total comprehensive income for the period | 2,053 | (3,541) | 8,066 | (2,122) |
| Earnings/(Loss) per share | | | | |
| - Basic | 0.01 sen | (0.60) sen | 0.31 sen | (0.76) 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 30/9/2013 RM'000 | Preceding year corresponding quarter 30/9/2012 RM'000 | Nine months to 30/9/2013 RM'000 | Nine months to 30/9/2012 RM'000 |
| Profit before income tax is arrived at after charging /(crediting): | | | | |
| Interest income | (373) | (546) | (1,467) | (2,167) |
| (Gain)/loss on disposal of plant and equipment | - | - | (120) | - |
| Interest expenses | 818 | - | 2,634 | - |
| Depreciation and amortisation | 3,326 | 2,467 | 9,534 | 7,187 |
| Impairment loss of receivables | - | 307 | 178 | 366 |
| Reversal of impairment loss of receivables | (169) | - | (318) | - |
| Provision for legal claim | 2,104 | 4,500 | 2,504 | 4,500 |
| Foreign exchange loss | (5) | 1 | 19 | 13 |

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 30/9/2013 RM'000 | Audited As at 31/12/2012 RM'000 |
|--|---|--|
| ASSETS | | |
| Non-current assets | | |
| Plant and equipment | 28,246 | 34,606 |
| Intangible assets | 3,143 | 3,313 |
| Trade and other receivables | 58,812 | 73,157 |
| | <hr/> | <hr/> |
| | 90,201 | 111,076 |
| Current assets | | |
| Trade and other receivables | 45,507 | 48,548 |
| Inventories | 72 | 1,808 |
| Tax recoverable | 601 | 1,723 |
| Cash and cash equivalents | 58,461 | 78,761 |
| | <hr/> | <hr/> |
| | 104,641 | 130,840 |
| Total assets | <hr/> 194,842 | <hr/> 241,916 |
| EQUITY AND LIABILITIES | | |
| Equity attributable to Owners of the Company | | |
| Share capital | 155,049 | 155,049 |
| Reserves | (72,691) | (51,846) |
| | <hr/> | <hr/> |
| | 82,358 | 103,203 |
| Non-controlling Interests | 17,499 | 11,845 |
| | <hr/> | <hr/> |
| Total equity | <hr/> 99,857 | <hr/> 115,048 |
| Non-current liabilities | | |
| Deferred tax liabilities | 2,598 | 2,598 |
| Borrowing- long term portion | 43,154 | 48,886 |
| Deferred Income | 9,126 | 12,169 |
| | <hr/> | <hr/> |
| | 54,878 | 63,653 |
| Current liabilities | | |
| Borrowing – short term portion | 18,494 | 18,500 |
| Trade and other payables | 21,608 | 44,710 |
| Tax payable | 5 | 5 |
| | <hr/> | <hr/> |
| | 40,107 | 63,215 |
| Total liabilities | <hr/> 94,985 | <hr/> 126,868 |
| Total equity and liabilities | <hr/> 194,842 | <hr/> 241,916 |
| Net assets per share attributable to Owners of the Company (RM) | <hr/> 0.11 | <hr/> 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 Nine months to 30/9/2013 RM'000 | Unaudited Nine months to 30/9/2012 RM'000 |
|--|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash receipts from customers | 83,830 | 55,177 |
| Cash payments to suppliers | (19,962) | (43,144) |
| Cash payments to employees and other expenses | (38,699) | (31,847) |
| | <hr/> | <hr/> |
| Cash generated from operations | 25,169 | (19,814) |
| Income tax paid (net) | (1,694) | (2,717) |
| Zakat | 53 | 50 |
| | <hr/> | <hr/> |
| Net cash generated from operating activities | 23,528 | (22,481) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of plant and equipment, and intangible assets | (5,329) | (9,962) |
| Proceed from disposal of plant and equipment | 120 | 2 |
| Interest received | 1,465 | 2,167 |
| | <hr/> | <hr/> |
| Net cash used in investing activities | (3,744) | (7,793) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Drawdown of bank borrowings | 6,592 | - |
| Repayment of bank borrowings | (12,330) | - |
| Interest paid | (2,550) | - |
| (Increase)/decrease in deposits pledged | 537 | (2,311) |
| Dividend paid to Owners of the Company | (23,257) | (38,762) |
| Dividend paid by a subsidiary to non-controlling interests | (8,539) | (2,625) |
| | <hr/> | <hr/> |
| Net cash used in financing activities | (39,547) | (43,698) |
| | <hr/> | <hr/> |
| Net Change in Cash and Cash Equivalents | (19,763) | (73,972) |
| 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) | 55,944 | 59,533 |
| | ===== | ===== |

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

| | As at 30/9/2013 RM'000 | As at 30/9/2012 RM'000 |
|---|------------------------------|------------------------------|
| Cash and deposits with licensed banks | | |
| - Unrestricted | 55,944 | 59,533 |
| - Restricted | 2,517 | 4,188 |
| | <hr/> | <hr/> |
| | 58,461 | 63,721 |
| | <hr/> | <hr/> |
| | 58,461 | 63,721 |
| Less: Cash and cash equivalents pledged as security | (2,517) | (4,188) |
| | <hr/> | <hr/> |
| Cash and Cash Equivalents as at end of financial period | 55,944 | 59,533 |
| | ===== | ===== |

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

| In RM'000 | ← Attributable to Owners of the Company → | | | Non-controlling Interests | Total Equity |
|--|---|--------------------|----------|---------------------------|--------------|
| | Share Capital | Accumulated Losses | Total | | |
| Non-distributable | | | | | |
| Nine months to 30 September 2013 | | | | | |
| Balance as at 1 January 2013 | 155,049 | (51,846) | 103,203 | 11,845 | 115,048 |
| Total comprehensive income for the period | - | 2,412 | 2,412 | 5,654 | 8,066 |
| 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 September 2013 | 155,049 | (72,691) | 82,358 | 17,499 | 99,857 |
| Nine months to 30 September 2012 | | | | | |
| Balance as at 1 January 2012 | 155,049 | (20,810) | 134,239 | 18,396 | 152,635 |
| Total comprehensive (expense)/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 |

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 Third Quarter Ended 30 September 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 September 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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Quarterly Report On Consolidated Results For The Third Quarter Ended 30 September 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 September 2013.

8 Dividends

The Directors do not recommend the payment of any dividend for the current period ended 30 September 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 September 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 30/9/2013 RM'000 | Preceding year corresponding quarter 30/9/2012 RM'000 | Nine months to 30/9/2013 RM'000 | Nine months to 30/9/2012 RM'000 |
| Malaysian income tax | | | | |
| - Current taxation | (1,740) | (1,300) | (2,815) | (2,229) |
| Total current tax expense | (1,740) | (1,300) | (2,815) | (2,229) |

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



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

19 Comparison between the current quarter and the immediate preceding quarter

The Group recorded lower revenue of RM20.2 million in current quarter as compared to the immediate preceding quarter of RM24.9 million. The revenue in the current quarter was mainly derived from its e-commerce business. The higher revenue in the immediate preceding quarter was contributed by one-off work related to a system integrator project.

The Group recorded a higher profit before income tax of RM5.9 million before the provision for legal claim of RM2.1 million in current quarter as compared to the immediate preceding quarter of RM4.9 million.

20 Detailed analysis of the performance for the current quarter

Quarter ended 30 September 2013 compared with quarter ended 30 September 2012

The Group recorded a revenue of RM20.2 million in the current quarter and RM33.6 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") and before provision for legal claim of RM9.7 million in the current quarter compared to RM4.2 million in the preceding year corresponding quarter. The favourable result was attributable to revenue growth and operational efficiency.

Year-to-date ended 30 September 2013 compared with year-to-date ended 30 September 2012

The Group recorded RM65.7 million in revenue for the current year as compared to the preceding year of RM74.7 million. The higher revenue in the preceding year was mainly due to 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 RM21.6 million in current year-to-date compared to RM5.1 million in the preceding year. The favourable result in current year-to-date was attributable to revenue growth and operational efficiency.



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21 Prospects for 2013

The Group will leverage on the existing client-base and established presence in the trade facilitation business and will continue to enhance its services and broaden its product range. The Group expects 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 30/9/2013 | Preceding year corresponding quarter 30/9/2012 | Nine months to 30/9/2013 | Nine months to 30/9/2012 |
|--|---|---|---|---|
| (Loss)/Profit attributable to the Owners of the Company (RM'000) | 90 | (4,684) | 2,412 | (5,882) |
| Weighted average number of shares ('000) | 775,245 | 775,245 | 775,245 | 775,245 |
| Basic earnings/(loss) per share (sen) | 0.01 | (0.60) | 0.31 | (0.76) |

24 Breakdown of realised and unrealised profits or losses

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

| | As at end of current financial period 30/9/2013 RM'000 | As at preceding financial year end 31/12/2012 RM'000 |
|---|---|---|
| Total accumulated losses of the Company and its subsidiaries: | | |
| - Realised | (41,098) | (21,131) |
| - Unrealised | (2,598) | (7,374) |
| | <u>(43,696)</u> | <u>(28,505)</u> |
| Less: Consolidation adjustments | (28,995) | (23,341) |
| Total accumulated losses | <u><u>(72,691)</u></u> | <u><u>(51,846)</u></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.



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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
26 November 2013

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