



**TIME ENGINEERING BERHAD (10039-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2014**

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Incorporated in Malaysia

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THE FIGURES HAVE NOT BEEN AUDITED

I CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/3/2014 RM'000	Preceding year corresponding quarter 31/3/2013 RM'000	Three months to 31/3/2014 RM'000	Three months to 31/3/2013 RM'000
Revenue	18,596	20,539	18,596	20,539
Cost of sales	(3,868)	(6,626)	(3,868)	(6,626)
Gross profit	14,728	13,913	14,728	13,913
Other income	1,201	652	1,201	652
Expenses	(10,629)	(11,424)	(10,629)	(11,424)
Finance cost	(676)	(949)	(676)	(949)
Profit before income tax	4,624	2,192	4,624	2,192
Income tax (Note 14)	(1,382)	-	(1,382)	-
Profit for the period	3,242	2,192	3,242	2,192
Other comprehensive income/(expenses) for the period, net of tax	-	-	-	-
Total comprehensive income for the period	3,242	2,192	3,242	2,192



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I CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/3/2014 RM'000	Preceding year corresponding quarter 31/3/2013 RM'000	Three months to 31/3/2014 RM'000	Three months to 31/3/2013 RM'000
Profit attributable to:				
- Owners of the Company	1,936	521	1,936	521
- Non-controlling Interests	1,306	1,671	1,306	1,671
Profit for the period	3,242	2,192	3,242	2,192
Total comprehensive income attributable to:				
- Owners of the Company	1,936	521	1,936	521
- Non-controlling Interests	1,306	1,671	1,306	1,671
Total comprehensive income for the period	3,242	2,192	3,242	2,192
Earning per share				
- Basic	0.25 sen	0.07 sen	0.25 sen	0.07 sen
- Diluted	NA	NA	NA	NA

Note: NA denotes "Not Applicable"

REMARKS TO CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/3/2014 RM'000	Preceding year corresponding quarter 31/3/2013 RM'000	Three months to 31/3/2014 RM'000	Three months to 31/3/2013 RM'000
Profit before income tax is arrived at after charging /(crediting):				
Interest income	(475)	(524)	(475)	(524)
Gain on disposal of plant and equipment	(100)	-	(100)	-
Interest expenses	676	949	676	949
Depreciation and amortisation	2,234	2,920	2,234	2,920
Impairment loss of receivables	409	178	409	178

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2013.



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II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31/3/2014 RM'000	Audited As at 31/12/2013 RM'000
ASSETS		
Non-current assets		
Plant and equipment	13,784	15,639
Intangible assets	2,695	2,889
Trade and other receivables	46,989	52,713
	<hr/>	<hr/>
	63,468	71,241
Current assets		
Trade and other receivables	42,880	43,633
Inventories	62	65
Tax recoverable	3,142	2,867
Cash and cash equivalents	68,542	64,401
	<hr/>	<hr/>
	114,626	110,966
Total assets	<hr/> 178,094 <hr/>	<hr/> 182,207 <hr/>
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Company		
Share capital	155,049	155,049
Reserves	(79,138)	(81,074)
	<hr/>	<hr/>
	75,911	73,975
Non-controlling Interests	19,101	17,795
	<hr/>	<hr/>
Total equity	<hr/> 95,012 <hr/>	<hr/> 91,770 <hr/>
Non-current liabilities		
Deferred tax liabilities	2,839	3,388
Borrowing- long term portion	33,906	38,530
Deferred Income	7,098	8,112
	<hr/>	<hr/>
	43,843	50,030
Current liabilities		
Borrowing – short term portion	18,494	18,494
Trade and other payables	20,740	21,908
Tax payable	5	5
	<hr/>	<hr/>
	39,239	40,407
Total liabilities	<hr/> 83,082 <hr/>	<hr/> 90,437 <hr/>
Total equity and liabilities	<hr/> 178,094 <hr/>	<hr/> 182,207 <hr/>
Net assets per share attributable to Owners of the Company (RM)	<hr/> 0.10 <hr/>	<hr/> 0.10 <hr/>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2013.



Quarterly Report On Consolidated Results For The First Quarter Ended 31 March 2014

III CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Three months to 31/3/2014 RM'000	Unaudited Three months to 31/3/2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	24,721	30,022
Cash payments to suppliers	(3,494)	(14,536)
Cash payments to employees and other expenses	(9,888)	(8,805)
	<hr/>	<hr/>
Cash generated from operations	11,339	6,681
Income tax paid (net)	(2,207)	(765)
	<hr/>	<hr/>
Net cash generated from operating activities	9,132	5,916
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment and intangible assets	(234)	(4,702)
Proceed from disposal of plant and equipment	100	-
Interest received	475	524
	<hr/>	<hr/>
Net cash from/(used in) investing activities	341	(4,178)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bank borrowings	-	6,592
Repayment of bank borrowings	(4,624)	(3,082)
Interest paid	(708)	(854)
Increase in deposits pledged	(50)	(3,777)
	<hr/>	<hr/>
Net cash used in financing activities	(5,382)	(1,121)
	<hr/>	<hr/>
Net Change in Cash and Cash Equivalents	4,091	617
Cash and Cash Equivalents as at beginning of financial period	62,733	75,707
	<hr/>	<hr/>
Cash and Cash Equivalents as at end of financial period (a)	66,824	76,324
	=====	=====

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

	As at 31/12/2013 RM'000	As at 31/12/2012 RM'000
Cash and deposits with licensed banks		
- Unrestricted	66,824	76,324
- Restricted	1,718	6,831
	<hr/>	<hr/>
	68,542	83,155
	<hr/>	<hr/>
Less: Cash and cash equivalents pledged as security	68,542 (1,718)	83,155 (6,831)
	<hr/>	<hr/>
Cash and Cash Equivalents as at end of financial period	66,824	76,324
	=====	=====

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2013.



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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
	Share Capital	Non-distributable Accumulated Losses	Total		
Three months to 31 March 2014					
Balance as at 1 January 2014	155,049	(81,074)	73,975	17,795	91,770
Total comprehensive income for the period	-	1,936	1,936	1,306	3,242
Balance as at 31 March 2014	155,049	(79,138)	75,911	19,101	95,012
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

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 2013.



Quarterly Report On Consolidated Results For The First Quarter Ended 31 March 2014

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 2014, 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 2013.

2 Significant accounting policies

The Group has adopted the following are the accounting standards and amendments of the MFRS framework that have been issued by the Malaysian Accounting Standards Board ("MASB") and adopted by the Group with effect from 1 January 2014:

- Amendments to MFRS 10 : Consolidated Financial Statements: Investment Entities
- Amendments to MFRS 132 : Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 136 : Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to MFRS 139 : Financial Instruments: Recognition and Measurement–Novation of Derivatives and Continuation of Hedge Accounting

The adoptions of above amendments to MFRSs have not significant impact to the financial statements of the Group.

3 Audit report in respect of the 2013 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2013 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 First Quarter Ended 31 March 2014

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 2014.

8 Dividends

The Directors do not recommend the payment of any dividend for the current period ended 31 March 2014 (2013: Nil).

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 2014 to the date of this announcement which would substantially affect the financial results of the Group for the current period ended 31 March 2014.

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.



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Quarterly Report On Consolidated Results For The First Quarter Ended 31 March 2014

14 Income tax

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/3/2014 RM'000	Preceding year corresponding quarter 31/3/2013 RM'000	Three months to 31/3/2014 RM'000	Three months to 31/3/2013 RM'000
Malaysian income tax				
- Current taxation	(1,931)	-	(1,931)	-
Total current tax expense	(1,931)	-	(1,931)	-
Deferred tax expenses				
- Current period	549	-	549	-
Total deferred tax expenses	549	-	549	-
	(1,382)	-	(1,382)	-

The effective tax rate of the Group for current quarter was higher than the statutory tax rate. Certain expenses of the Group were not deductible for tax purposes and the provision for tax payable has been made by the profitable subsidiary company.

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 2014, 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 revenue of RM18.6 million in current quarter as compared to the immediate preceding quarter of RM20.1 million. The current quarter revenue was mainly derived from its trade facilitation business. Included in 2013 revenue was one-off work in relate to systems integration project from a local healthcare service provider.

The Group recorded an Earnings before Interest, Tax, Depreciation and Amortization ("EBITDA") of RM7.1 million in current quarter (RM7.1 million the immediate preceding quarter), despite drop in overall revenue of RM1.5 million. This was attributable to lower expenses resulted from improved cost management initiatives.

However, the 2013 result was significant affected by the impairment loss of Plant and Equipment of RM9.8 million on the Group's investment in Integrated Enterprise Center at Cyberjaya.



Quarterly Report On Consolidated Results For The First Quarter Ended 31 March 2014

20 Detailed analysis of the performance for the current quarter

Quarter ended 31 March 2014 compared with quarter ended 31 March 2013

The Group recorded revenue of RM18.6 million in the current quarter and RM20.5 million in the preceding year corresponding quarter. The revenue was mainly derived from its trade facilitation business. Included in 2013 revenue was one-off work in relate to systems integration project from a local healthcare service provider.

The Group recorded EBITDA of RM7.1 million in the current quarter compared to RM5.5 million in the preceding year corresponding quarter. The favourable result was attributable to revenue growth in trade facilitation business and prudent cost management.

21 Prospects for 2014

The Group's contract for the implementation of National Single Window for the Trade Facilitation System ("NSW") which will be ending in 24 September 2014 was further extended for a period of two (2) years commencing from 25 September 2014 until 24 September 2016.

In 2014, the Group is embarking on strategies which comprise the following:-

- leveraging on the existing clients and established presence in the trade facilitation business and continue to enhance its services and broaden its product range both in domestic and overseas markets; and
- pursuing new business opportunities beyond the NSW platform for the e-Commerce business.

The Group expects to deliver positive results for the year 2014 barring unforeseen circumstances.

22 Variance for actual and forecast profit

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

23 Earnings per share

	Current year quarter 31/3/2014	Preceding year corresponding quarter 31/3/2013	Three months to 31/3/2014	Three months to 31/3/2013
Profit attributable to the Owners of the Company (RM'000)	1,936	521	1,936	521
Weighted average number of shares ('000)	775,245	775,245	775,245	775,245
Basic earning per share (sen)	0.25	0.07	0.25	0.07



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Quarterly Report On Consolidated Results For The First Quarter Ended 31 March 2014

24 Breakdown of realised and unrealised profits or losses

The breakdown of the accumulated losses of the Group as at 31 March 2014, into realized and unrealized losses, pursuant to the directive, is as follows:

	As at end of current financial period 31/3/2014 RM'000	As at preceding financial year end 31/12/2013 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(45,703)	(47,831)
- Unrealised	(2,839)	(3,953)
	<u>(48,542)</u>	<u>(51,784)</u>
Less: Consolidation adjustments	(30,596)	(29,290)
Total accumulated losses	<u>(79,138)</u>	<u>(81,074)</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
14 May 2014

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