



WONG ENGINEERING CORPORATION BERHAD
 (Company No. 409959 - W)
 (Incorporated in Malaysia)
 AND ITS SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 APRIL 2011
(The figures have not been audited)

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|---|--|---|--|
| | CURRENT YEAR QUARTER 30-Apr-11 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 30-Apr-10 RM'000 | CURRENT YEAR TO DATE 30-Apr-11 RM'000 | PRECEDING YEAR CORRESPONDING TO DATE 30-Apr-10 RM'000 |
| Continuing operations | | | | |
| Revenue | 10,742 | 9,621 | 21,555 | 17,472 |
| Operating profit/ (loss) | 224 | (334) | 458 | (494) |
| Finance costs | (28) | (12) | (45) | (22) |
| Interest income | 28 | 38 | 44 | 84 |
| Fair value gain on forward contract | 6 | - | 6 | - |
| Profit/ (loss) before tax | 230 | (308) | 463 | (432) |
| Tax expense | - | - | - | - |
| Profit/ (loss) for the period | 230 | (308) | 463 | (432) |
| Other Comprehensive Income | | | | |
| Foreign currency translation differences for foreign operation | - | 2 | - | 2 |
| Total Comprehensive Income | 230 | (306) | 463 | (430) |
| Profit/ (loss) Attributable to : | | | | |
| Equity holders of the Company | 163 | (369) | 308 | (465) |
| Minority interests | 67 | 61 | 155 | 33 |
| Profit/ (loss) for the period | 230 | (308) | 463 | (432) |
| Total Comprehensive Income Attributable to : | | | | |
| Equity holders of the Company | 163 | (367) | 308 | (463) |
| Minority interests | 67 | 61 | 155 | 33 |
| Total Comprehensive Income for the period | 230 | (306) | 463 | (430) |
| Basic profit/ (loss) per ordinary share (sen) - Note 26 | 0.18 | (0.41) | 0.34 | (0.52) |

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 October 2010 and the accompanying explanatory notes set out on pages 5 to 12 which form an integral part of this interim financial report.



WONG ENGINEERING CORPORATION BERHAD
(Company No. 409959 - W)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2011

| | Note | (Unaudited) As at end of current quarter 30-Apr-11 RM'000 | (Audited) As at preceding financial year end 31-Oct-10 RM'000 |
|---|------|---|--|
| ASSETS | | | |
| Property, plant and equipment | 10 | 45,970 | 46,240 |
| Total non-current assets | | <u>45,970</u> | <u>46,240</u> |
| Inventories | | 9,613 | 11,434 |
| Receivables, deposits and prepayments | | 7,805 | 11,371 |
| Current tax assets | | 252 | 247 |
| Asset classified as held for sale | | 794 | 794 |
| Cash and cash equivalents | | 7,301 | 2,902 |
| Total current assets | | <u>25,765</u> | <u>26,748</u> |
| Total Assets | | <u><u>71,735</u></u> | <u><u>72,988</u></u> |
| EQUITY | | | |
| Share capital | | 45,844 | 45,844 |
| Treasury shares | | (890) | (889) |
| Reserves | | 18,135 | 17,827 |
| Total equity attributable to equity holders of the Company | | <u>63,089</u> | <u>62,782</u> |
| Minority interests | | 1,054 | 899 |
| Total Equity | | <u><u>64,143</u></u> | <u><u>63,681</u></u> |
| LIABILITIES | | | |
| Bank borrowings | 22 | 872 | 419 |
| Deferred tax liabilities | | 71 | 71 |
| Total non-current liabilities | | <u>943</u> | <u>490</u> |
| Payables and accruals | | 5,921 | 8,456 |
| Bank borrowings | 22 | 728 | 361 |
| Total current liabilities | | <u>6,649</u> | <u>8,817</u> |
| Total liabilities | | <u>7,592</u> | <u>9,307</u> |
| Total equity and liabilities | | <u><u>71,735</u></u> | <u><u>72,988</u></u> |
| Net Asset per share attributable to ordinary equity holders of the Company (RM) | | <u><u>0.70</u></u> | <u><u>0.70</u></u> |

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 October 2010 and the accompanying explanatory notes set out on pages 5 to 12 which form an integral part of this interim financial report.



WONG ENGINEERING CORPORATION BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 APRIL 2011
(The figures have not been audited)

| | Non-distributable | | | | Distributable | | Minority interests RM'000 | Total Equity |
|---|---|-------------------------|---------------------------|--|-----------------------------|-----------------|------------------------------|--------------|
| | Attributable to shareholders of the Company | | | | | | | |
| | Share Capital RM'000 | Share Premium RM'000 | Treasury Shares RM'000 | Exchange Fluctuation Reserve RM'000 | Retained Earnings RM'000 | Total RM'000 | | |
| <u>6 months ended 30 April 2011 (Unaudited)</u> | | | | | | | | |
| At 1 November 2010 | 45,844 | 11,569 | (889) | - | 6,258 | 62,782 | 899 | 63,681 |
| Total comprehensive income for the period | - | - | - | - | 308 | 308 | 155 | 463 |
| Purchase of treasury shares | - | - | (1) | - | - | (1) | - | (1) |
| At 30 April 2011 | 45,844 | 11,569 | (890) | - | 6,566 | 63,089 | 1,054 | 64,143 |
| <u>6 months ended 30 April 2010 (Unaudited)</u> | | | | | | | | |
| At 1 November 2009 | 45,844 | 11,569 | (888) | 41 | 9,799 | 66,365 | 708 | 67,073 |
| Total comprehensive income for the period | - | - | - | 2 | (465) | (463) | 33 | (430) |
| Purchase of treasury shares | - | - | (1) | - | - | (1) | - | (1) |
| At 30 April 2010 | 45,844 | 11,569 | (889) | 43 | 9,334 | 65,901 | 741 | 66,642 |

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 October 2010 and the accompanying explanatory notes set out on pages 5 to 12 which form an integral part of this interim financial report.

**WONG ENGINEERING CORPORATION BERHAD**

(Company No. 409959-W)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE SIX MONTHS ENDED 30 APRIL 2011**

| | RM'000 | 30-Apr-10 RM'000 |
|--|---------------------|---------------------|
| Profit/ (loss) before tax from continuing operations | 463 | (432) |
| Adjustments for | | |
| Non-cash items | 2,173 | 2,479 |
| Non-operating items | 1 | (62) |
| Operating profit before changes in working capital | <u>2,637</u> | <u>1,985</u> |
| Changes in working capital | | |
| - Net changes in current assets | 5,387 | (5,979) |
| - Net changes in current liabilities | (2,535) | 502 |
| Interest paid | (45) | (22) |
| Tax paid | (5) | (119) |
| Net cash generated from/ (used in) operating activities | <u>5,439</u> | <u>(3,633)</u> |
| Cash flow from investing activities | | |
| - Purchase of plant and equipment (Note 1) | (840) | (603) |
| - Proceeds from disposal of plant and equipment | 130 | - |
| - Interest received | 44 | 84 |
| Net cash used in investing activities | (666) | (519) |
| Cash flow from financing activities | | |
| - Repayment of hire purchase obligations | (261) | (157) |
| - Repayment of term loan | (112) | (157) |
| - Purchase of own shares | (1) | (1) |
| Net cash generated from/ (used in) financing activities | (374) | (315) |
| Net increase/ (decrease) in cash and cash equivalents | <u>4,399</u> | <u>(4,467)</u> |
| Cash and cash equivalents at the beginning of financial period | 2,902 | 11,244 |
| Cash and cash equivalents at end of financial period | <u><u>7,301</u></u> | <u><u>6,777</u></u> |

NOTE

Cash and cash equivalents included in the condensed consolidated cash flow statement comprise the following :

| | RM'000 | RM'000 |
|---|---------------------|---------------------|
| Fixed deposit with licensed banks | - | 301 |
| Short term deposit placed with licensed banks | 5,850 | 6,700 |
| Cash and bank balances | 1,451 | (224) |
| | <u><u>7,301</u></u> | <u><u>6,777</u></u> |

Note 1

During the 6 months ended 30 April 2011, the Group acquired plant and equipment with an aggregate cost of RM2,033,000 (6 months ended 30 April 2010: RM603,000) of which RM840,000 was paid by cash (6 months ended 30 April 2010: RM603,000 by cash). The balance of RM1,193,000 was acquired by means of hire purchase.

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 October 2010 and the accompanying explanatory notes set out on pages 5 to 12 which form an integral part of this interim financial report.



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NOTES TO THE INTERIM FINANCIAL REPORT
FOR SIX MONTHS ENDED
30 APRIL 2011

1. Basis of preparation

The interim financial report is unaudited and has been prepared in compliance with Financial Reporting Standards (“FRS”) 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and the applicable disclosure provision of the Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”).

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 October 2010.

The preparation of an interim financial report in conformity with FRS134, Interim Financial Reporting requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The following notes explain the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 October 2010. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with FRS.

2. Changes in accounting policies

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the year ended 31 October 2010 except for the adoption of the following:

FRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 November 2010

| | |
|-----------------------|---|
| FRS 7 | Financial Instruments: Disclosures |
| FRS 101 | Presentation of Financial Statements (revised) |
| FRS 123 | Borrowing Costs (revised) |
| FRS 139 | Financial Instruments: Recognition and Measurement |
| Amendments to FRS 1 | First-time Adoption of Financial Reporting Standards |
| Amendments to FRS7 | Financial Instruments: Disclosures |
| Amendments to FRS 101 | Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation |
| Amendments to FRS 127 | Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate |



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| | |
|----------------------------|--|
| Amendments to FRS 132 | Financial Instruments: Presentation - Puttable Financial Instruments and Obligations Arising on Liquidation - Separation of Compound Instruments |
| Amendments to FRS 139 | Financial Instruments: Recognition and Measurement - Reclassification of Financial Assets |
| Improvement to FRSs (2009) | |
| IC Interpretation 9 | Reassessment of Embedded Derivatives |
| IC Interpretation 10 | Interim Financial Reporting and Impairment |
| IC Interpretation 11 | FRS 2 – Group and Treasury Share Transactions |

FRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 March 2010

Amendments to FRS 132 Financial instruments: Presentation Classification of Right Issues

FRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 July 2010

| | |
|-----------------------------------|---|
| FRS 1 | First-time Adoption of Financial Reporting Standard (revised) |
| FRS 3 | Business Combination (revised) |
| FRS 127 | Consolidation and Separate Financial Statement (revised) |
| Amendments to FRS 5 | Non-current Assets Held for sale and Discontinued Operations |
| Amendments to IC Interpretation 9 | Reassessment of Embedded Derivatives |

The adoption of above standards, amendments and interpretations do not have significant impact on the financial statements of the Group, other than as explained below:

a) FRS 101 Presentation of Financial Statement (revised)

The revised new FRS101 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line item. In addition, the revised standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present this statement as a single statement.

This is a disclosure standard with no impact on the financial performance and position of the Group.



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b) FRS 117 Leases

FRS 117 clarifies that the default classification of the land element in a land and building lease is no longer an operating lease. As a result, lease of land should be classified as finance or operating, using the principles of FRS 117. The Group has reassessed and determined that all leasehold land of the Group are in substance finance lease and has reclassified the leasehold land to property, plant and equipment. This change in accounting policy has been made retrospectively in accordance with the transitional provisions of this FRS amendment. The following comparative figures have been restated following the adoption of the amendment to FRS 117:

| | As stated RM'000 | 31 October 2010 As previously stated RM'000 |
|-------------------------------|---------------------|---|
| Carrying amount | | |
| Property, Plant and Equipment | 46,240 | 42,191 |
| Prepaid lease payments | - | 4,049 |

3. Audit qualification

There were no qualifications on the audit report of the financial statements for the financial year ended 31 October 2010.

4. Seasonal or cyclical factors

Generally, the Group would perform better in the second half of the financial year due to higher seasonal demand from multinational customers towards the end of the calendar year.

5. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the period under review.

6. Changes in estimates

There was no material changes in the estimates used for the preparation of this interim financial report.



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7. Changes in debts and equity securities

For the current quarter to date, a total of 2,000 ordinary shares of RM0.50 each were purchased on the market of the Exchange.

The details of the treasury shares held as at 30 April 2011 are as follows:-

| | Number of Shares | Total Amount Paid RM |
|---|-----------------------------|-------------------------------------|
| Balance of treasury shares as at 01 November 2010 | 1,853,000 | 888,963 |
| Shares bought back during the period | 2,000 | 581 |
| Balance of treasury shares as at 30 April 2011 | <u>1,855,000</u> | <u>889,544</u> |

All the shares bought are retained as treasury shares in accordance with the requirements of Section 67A of the Companies Act, 1965.

The treasury shares held had been accounted for on the cost method. The amount of consideration paid including directly attributable costs, is recognised as costs and set off against equity.

8. Dividends paid

No dividend was paid during the financial quarter ended 30 April 2011 (30 April 2010: Nil).

9. Segmental revenue and results

The Group's business segment comprises manufacturing and sale of high precision metal sheet fabrication and assembly, high precision turned metal components, semi-conductor tools and consumables parts.

Business segmental information has not been prepared as all the Group's revenue and operating profit are mainly confined to one business segment.

10. Property, plant and equipment

The property, plant and equipment except for freehold land are stated at cost/valuation less accumulated depreciation and accumulated impairment losses, if any.

Freehold land is stated at valuation.

During the 6 months ended 30 April 2011, the Group acquired plant and equipment with an aggregate cost of RM2,033,000 (6 months ended 30 April 2010: RM603,000) of which



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RM840,000 was paid by cash (6 months ended 30 April 2010: RM603,000 by cash). The balance of RM1,193,000 was acquired by means of hire purchase.

During the 6 months ended 30 April 2011, the Group disposed of plant and equipment with nil book value resulting in a gain of RM130,000 (6 months ended 30 April 2010: there was no disposal of plant and equipment).

The valuation of property, plant and equipment was brought forward without any amendment from the previous annual financial statements.

11. Material post balance sheet date events

There were no items, transactions or events of a material and unusual nature which have arisen from the balance sheet date to the date of announcement which would have substantially affected the results for the Group in this interim financial report.

12. Changes in Group's composition

There were no changes in the composition of the Group during the quarter under review.

13. Changes in contingent liabilities and assets

There were no contingent liabilities and assets at the end of the reporting period except for the corporate guarantee issued to financial institutions for credit facilities and hire purchase facilities granted to the subsidiaries amounting to RM23,980,500 and RM1,600,000 respectively (30 April 2010: Credit facility RM25,480,500, Hire purchase RM10,000).

14. Review of performance for current quarter and financial year-to-date against the immediate preceding year

For the quarter under review as compared to its preceding year corresponding quarter, there was an increase in profit before tax of RM538,000 from loss before tax of RM308,000 to profit before tax of RM230,000 due to the increase of revenue.

15. Commentaries on profit before tax for current quarter as compared with the immediate preceding quarter

The Group's profit before tax in the current quarter decreased to RM230,000 from a profit before tax of RM233,000 in the immediate preceding quarter mainly due to lower margin in current quarter as compared to immediate preceding quarter.



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16. Prospects

The current business environment will remain challenging in the remaining quarters of this financial year. However, the Group is optimistic that its performance will remain satisfactory as the Group continues to diversify its revenue streams in industry and customer base.

17. Variance of profit forecast

The Group did not publish any profit forecast for the period under review.

18. Tax expense

| | Individual Quarter | | Cumulative Quarter | |
|---|---|---|--|---|
| | Current year quarter 30 April 11 (Unaudited) RM'000 | Preceding year quarter 30 April 10 (Unaudited) RM'000 | Cumulative year to date 30 April 11 (Unaudited) RM'000 | Preceding year quarter 30 April 10 (Unaudited) RM'000 |
| Tax expense | | | | |
| - current tax | - | - | - | - |
| - prior year tax | - | - | - | - |
| Deferred tax | | | | |
| - origination of temporary differences | - | - | - | - |
| - prior year | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

19. Profit/(Loss) on sale of unquoted investment and properties for the current quarter and financial year to date

There was no disposal of unquoted investment and property for the period under review.

20. Purchase or disposal of quoted securities

The Group did not purchase or dispose of any quoted securities during the period under review. The Group does not have any quoted securities as at the end of the current quarter.

21. Status of corporate proposals

There is no corporate proposal announced or uncompleted as at the date of this announcement.



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22. Bank borrowings

The bank borrowings as at 30 April 2011 are as follows:

| | 30 April 11 (Unaudited) RM'000 | 31 October 10 (Audited) RM'000 |
|---------------|--------------------------------------|--------------------------------------|
| Current: | | |
| Hire Purchase | 728 | 249 |
| Term Loan | - | 112 |
| | <u>728</u> | <u>361</u> |
| Non-Current | | |
| Hire Purchase | <u>872</u> | <u>419</u> |

23. Derivatives

| | Contract/Notional Value RM'000 | Fair Value RM'000 | Fair Value Gain/(Loss) RM'000 |
|-------------------------------------|--------------------------------------|----------------------|-------------------------------------|
| Foreign exchange forwards contracts | | | |
| - Less than 1 year | 601 | 595 | 6 |

Forward foreign currency exchange contracts are entered into by the Group to manage the exposures to fluctuation in foreign currency exchange rate on specific transactions only. As these contracts were executed with established financial institutions, the risk of default is low.

24. Changes in material litigation

The Group was not engaged in any material litigation for the current financial year to date.

25. Proposed dividends

The directors do not recommended any interim dividend for the financial period ended 30 April 2011.



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26. Profit per share

Basic Profit per share

The basic profits per share of the Group are calculated by dividing the net profit for the current period to date by the ordinary shares in issue after excluding treasury shares.

| | Current Quarter 30 April 11 <u>(Unaudited)</u> | Cumulative Quarter 30 April 11 <u>(Unaudited)</u> |
|--|---|--|
| Net profit for the period attributable to shareholders (RM'000) | 163 | 308 |
| Shares in circulation ('000) | 89,833 | 89,833 |
| Basic profit per ordinary share (sen) | 0.18 | 0.34 |

27. Related party transactions

There were no significant related party transactions during the quarter under review.

28. Realised and unrealised profits/losses Disclosure

The retained profits as at 30 April 2011 and 31 January 2011 are analyzed as follows:

| | As at 30 April 11 <u>(Unaudited)</u> | As at 31 January 11 <u>(Unaudited)</u> |
|--|--|--|
| Total retained profits of the Company and the subsidiaries: | | |
| - Realised | 6,691,734 | 6,474,372 |
| - Unrealised | (125,273) | (71,244) |
| Total group retained profits as per consolidated financial statements | 6,566,461 | 6,403,128 |

By order of the board

Dato' Wong Kem Woh
Chairman & Chief Executive Officer

22 June 2011