



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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE NINE MONTHS ENDED 31 JULY 2011**

*(The figures have not been audited)*

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31-Jul-11 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-Jul-10 RM'000	CURRENT YEAR TO DATE 31-Jul-11 RM'000	PRECEDING YEAR CORRESPONDING TO DATE 31-Jul-10 RM'000
<b>Continuing operations</b>				
Revenue	8,077	10,492	29,633	27,964
Operating profit/ (loss)	185	325	649	(170)
Finance costs	(24)	(30)	(69)	(52)
Interest income	47	27	91	111
Fair value gain on forward contract	19	-	19	-
Profit/ (loss) before tax	227	322	690	(111)
Tax expense	-	(1)	-	(1)
Profit/ (loss) for the period	227	321	690	(112)
Other Comprehensive Income				
Foreign currency translation differences for foreign operation	-	2	-	2
Total Comprehensive Income	227	323	690	(110)
Profit/ (loss) Attributable to :				
Equity holders of the Company	215	395	523	(71)
Minority interests	12	(74)	167	(41)
Profit/ (loss) for the period	227	321	690	(112)
Total Comprehensive Income Attributable to :				
Equity holders of the Company	215	397	523	(69)
Minority interests	12	(74)	167	(41)
Total Comprehensive Income for the period	227	323	690	(110)
Basic profit/ (loss) per ordinary share (sen) - Note 26	0.24	0.44	0.58	(0.08)

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.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 JULY 2011**

	Note	(Unaudited) As at end of current quarter 31-Jul-11 RM'000	( Audited) As at preceding financial year end 31-Oct-10 RM'000
<b>ASSETS</b>			
Property, plant and equipment	10	45,301	46,240
Total non-current assets		<u>45,301</u>	<u>46,240</u>
Inventories		10,175	11,434
Receivables, deposits and prepayments		5,703	11,371
Current tax assets		420	247
Asset classified as held for sale		-	794
Cash and cash equivalents		9,659	2,902
Total current assets		<u>25,957</u>	<u>26,748</u>
<b>Total Assets</b>		<u><u>71,258</u></u>	<u><u>72,988</u></u>
<b>EQUITY</b>			
Share capital		45,844	45,844
Treasury shares		(890)	(889)
Reserves		18,350	17,827
Total equity attributable to equity holders of the Company		<u>63,304</u>	<u>62,782</u>
Minority interests		1,066	899
Total Equity		<u><u>64,370</u></u>	<u><u>63,681</u></u>
<b>LIABILITIES</b>			
Bank borrowings	22	657	419
Deferred tax liabilities		71	71
Total non-current liabilities		<u>728</u>	<u>490</u>
Payables and accruals		5,413	8,456
Bank borrowings	22	747	361
Total current liabilities		<u>6,160</u>	<u>8,817</u>
Total liabilities		<u>6,888</u>	<u>9,307</u>
<b>Total equity and liabilities</b>		<u><u>71,258</u></u>	<u><u>72,988</u></u>
Net Asset per share attributable to ordinary equity holders of the Company (RM)		<u>0.70</u>	<u>0.70</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 NINE MONTHS ENDED 31 JULY 2011**

*(The figures have not been audited )*

	Non-distributable				Distributable		Minority interests	Total Equity
	Attributable to shareholders of the Company				Retained Earnings	Total		
Share Capital	Share Premium	Treasury Shares	Exchange Fluctuation Reserve	RM'000			RM'000	RM'000
<u>9 months ended 31 July 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	-	-	-	-	523	523	167	690
Purchase of treasury shares	-	-	(1)	-	-	(1)	-	(1)
At 31 July 2011	45,844	11,569	(890)	-	6,781	63,304	1,066	64,370
<u>9 months ended 31 July 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	(71)	(69)	(41)	(110)
Purchase of treasury shares	-	-	(1)	-	-	(1)	-	(1)
Dividend paid	-	-	-	-	(897)	(897)	-	(897)
At 31 July 2010	45,844	11,569	(889)	43	8,831	65,398	667	66,065

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**  
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE NINE MONTHS ENDED 31 JULY 2011**

	RM'000	31-Jul-10 RM'000
Profit/ (loss) before tax from continuing operations	690	(111)
Adjustments for		
Non-cash items	2,530	3,618
Non-operating items	(22)	(59)
Operating profit before changes in working capital	3,198	3,448
Changes in working capital		
- Net changes in current assets	6,927	(11,131)
- Net changes in current liabilities	(3,043)	3,716
Interest paid	(69)	(52)
Tax paid	(173)	(163)
Net cash generated from/ (used in) operating activities	6,840	(4,182)
<b>Cash flow from investing activities</b>		
- Purchase of plant and equipment (Note 1)	(1,347)	(2,186)
- Proceeds from disposal of plant and equipment	1,743	73
- Interest received	91	111
Net cash generated from/ (used in) investing activities	487	(2,002)
<b>Cash flow from financing activities</b>		
- Dividend paid	-	(897)
- Repayment of hire purchase obligations	(457)	(167)
- Repayment of term loan	(112)	(235)
- Purchase of own shares	(1)	(1)
Net cash used in financing activities	(570)	(1,300)
Net increase/ (decrease) in cash and cash equivalents	6,757	(7,484)
Cash and cash equivalents at the beginning of financial period	2,902	11,244
Cash and cash equivalents at end of financial period	9,659	3,760

**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	-	302
Short term deposit placed with licensed banks	6,700	3,000
Cash and bank balances	2,959	458
	9,659	3,760

**Note 1**

During the 9 months ended 31 July 2011, the Group acquired plant and equipment with an aggregate cost of RM2,540,000 (9 months ended 31 July 2010: RM2,186,000) of which RM1,347,000 was paid by cash (9 months ended 31 July 2010: RM2,186,000 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.



**NOTES TO THE INTERIM FINANCIAL REPORT**  
**FOR NINE MONTHS ENDED**  
**31 JULY 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 polices 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



**NOTES TO THE INTERIM FINANCIAL REPORT**  
**FOR NINE MONTHS ENDED**  
**31 JULY 2011**

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.



**NOTES TO THE INTERIM FINANCIAL REPORT**  
**FOR NINE MONTHS ENDED**  
**31 JULY 2011**

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.



**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR NINE MONTHS ENDED  
31 JULY 2011**

**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 31 July 2011 are as follows:-

	<b>Number of Shares</b>	<b>Total Amount Paid RM</b>
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 31 July 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 31 July 2011 (Financial year ended 31 October 2010: tax exempted dividend of 1.5 sen per ordinary share).

**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.





**NOTES TO THE INTERIM FINANCIAL REPORT**  
**FOR NINE MONTHS ENDED**  
**31 JULY 2011**

During the 9 months ended 31 July 2011, the Group acquired plant and equipment with an aggregate cost of RM2,540,000 (9 months ended 31 July 2010: RM2,186,000) of which RM1,347,000 was paid by cash (9 months ended 31 July 2010: RM2,186,000 by cash). The balance of RM1,193,000 was acquired by means of hire purchase.

During the 9 months ended 31 July 2011, the Group disposed of plant and equipment with a net book value of RM794,000 resulting in a gain of RM949,000 (9 months ended 31 July 2010: The Group disposed of plant and equipment with a net book value of RM1 resulting in a gain of RM72,999).

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 RM24,480,500 and RM1,404,000 respectively (31 July 2010: Credit facility RM25,480,500, Hire purchase RM Nil).

**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, the Group's profit before tax was decreased from a profit before tax of RM322,000 to a profit before tax of RM227,000 due to the reduction in 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 was decreased by RM3,000 from a profit before tax of RM230,000 in the immediate preceding quarter to a profit before tax of RM227,000 in the current quarter. This was due to lower revenue of RM2.6 mil in the current quarter as compared to revenue in the immediate preceding quarter and gain on disposal of land of RM819,000 during the current quarter.



**NOTES TO THE INTERIM FINANCIAL REPORT**  
**FOR NINE MONTHS ENDED**  
**31 JULY 2011**

**16. Prospects**

The current global business environment is very unstable and moving ahead remains very cautious for the next two quarters.

**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 31 July 11 (Unaudited) RM'000	Preceding year quarter 31 July 10 (Unaudited) RM'000	Cumulative year to date 31 July 11 (Unaudited) RM'000	Preceding year quarter 31 July 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>
	<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**

During the current quarter, the Group disposed of a piece of land with a net book value of RM794,000 at a consideration of RM1,613,000 resulting in a gain on disposal of RM819,000.

There was no disposal of unquoted investment 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.



**NOTES TO THE INTERIM FINANCIAL REPORT**  
**FOR NINE MONTHS ENDED**  
**31 JULY 2011**

**22. Bank borrowings**

The bank borrowings as at 31 July 2011 are as follows:

	31 July 11 (Unaudited) RM'000	31 October 10 (Audited) RM'000
Current:		
Hire Purchase	747	249
Term Loan	-	112
	<u>747</u>	<u>361</u>
Non-Current		
Hire Purchase	<u>657</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	457	438	19

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 31 July 2011.



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**NOTES TO THE INTERIM FINANCIAL REPORT**  
**FOR NINE MONTHS ENDED**  
**31 JULY 2011**

**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 31 July 11 <u>(Unaudited)</u>	Cumulative Quarter 31 July 11 <u>(Unaudited)</u>
Net profit for the period attributable to shareholders (RM'000)	215	523
Shares in circulation ('000)	89,833	89,833
Basic profit per ordinary share (sen)	0.24	0.58

**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 31 July 2011 and 30 April 2011 are analyzed as follows:

	As at 31 July 11 <u>(Unaudited)</u>	As at 30 April 11 <u>(Unaudited)</u>
Total retained profits of the Company and the subsidiaries:		
- Realised	6,863,575	6,685,324
- Unrealised	(83,029)	(118,863)
Total group retained profits as per consolidated financial statements	6,780,546	6,566,461

By order of the board,

Dato' Wong Kem Woh  
Chairman & Chief Executive Officer  
27 September 2011