

**WONG ENGINEERING CORPORATION BERHAD**

(Company No. 409959 - W)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE TWELVE MONTHS ENDED 31 OCTOBER 2012***(The figures have not been audited)*

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31-Oct-12 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-Oct-11 RM'000	CURRENT YEAR TO DATE 31-Oct-12 RM'000	PRECEDING YEAR CORRESPONDING TO DATE 31-Oct-11 RM'000
Continuing operations				
Revenue	7,734	8,049	33,147	37,682
Operating profit/(loss)	1,428	(389)	544	259
Finance costs	(76)	(23)	(276)	(92)
Interest income	43	50	177	141
Fair value (loss)/gain on forward contract	(21)	11	(30)	30
Profit/(loss) before tax	1,374	(351)	415	338
Tax expense	(44)	(133)	(44)	(133)
Profit/(loss) for the period	1,330	(484)	371	205
Other Comprehensive Income				
Foreign currency translation differences for foreign operation	-	-	-	-
Total Comprehensive Income	1,330	(484)	371	205
Profit/(loss) Attributable to :				
Equity holders of the Company	1,344	(381)	292	141
Non-controlling interest	(14)	(103)	79	64
Profit/(loss) for the period	1,330	(484)	371	205
Total Comprehensive Income Attributable to :				
Equity holders of the Company	1,344	(381)	292	141
Non-controlling interests	(14)	(103)	79	64
Total Comprehensive Income for the period	1,330	(484)	371	205
Basic profit/(loss) per ordinary share (sen) - Note 24	1.50	(0.42)	0.33	0.16

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 October 2011 and the accompanying explanatory notes set out on pages 5 to 11 which form an integral part of this interim financial report.



WONG ENGINEERING CORPORATION BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2012

	Note	(Unaudited) As at end of current quarter 31-Oct-12 RM'000	(Audited) As at preceding financial year end 31-Oct-11 RM'000
ASSETS			
Property, plant and equipment		48,454	44,920
Total non-current assets		<u>48,454</u>	<u>44,920</u>
Inventories		10,725	9,590
Receivables, deposits and prepayments		6,104	5,723
Current tax assets		453	390
Cash and cash equivalents		8,517	9,743
Total current assets		<u>25,799</u>	<u>25,446</u>
Total Assets		<u><u>74,253</u></u>	<u><u>70,366</u></u>
EQUITY			
Share capital		45,844	45,844
Treasury shares		(909)	(896)
Reserves		18,562	17,968
Total equity attributable to equity holders of the Company		<u>63,497</u>	<u>62,916</u>
Non-controlling interests		-	963
Total Equity		<u><u>63,497</u></u>	<u><u>63,879</u></u>
LIABILITIES			
Bank borrowings	21	3,015	479
Deferred tax liabilities		98	87
Total non-current liabilities		<u>3,113</u>	<u>566</u>
Payables and accruals		5,240	5,179
Bank borrowings	21	2,403	742
Total current liabilities		<u>7,643</u>	<u>5,921</u>
Total liabilities		<u>10,756</u>	<u>6,487</u>
Total equity and liabilities		<u><u>74,253</u></u>	<u><u>70,366</u></u>
Net Asset per share attributable to ordinary equity holders of the Company (RM)		<u><u>0.71</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 2011 and the accompanying explanatory notes set out on pages 5 to 11 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 TWELVE MONTHS ENDED 31 OCTOBER 2012

(The figures have not been audited)

	Non-distributable		Distributable			Non-controlling interests	Total Equity	
	Attributable to shareholders of the Company							
	Share Capital	Share Premium	Treasury Shares	Exchange Fluctuation Reserve	Retained Earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<u>12 months ended 31 October 2012 (Unaudited)</u>								
At 1 November 2011	45,844	11,569	(896)	-	6,399	62,916	963	63,879
Profit for the year	-	-	-	-	292	292	79	371
Total comprehensive income for the year	45,844	11,569	(896)	-	6,691	63,208	1,042	64,250
Purchase of treasury shares	-	-	(13)	-	-	(13)	-	(13)
Total distributions to owners of the Company	-	-	(13)	-	-	(13)	-	(13)
Changes in ownership interests in a subsidiary	-	-	-	-	302	302	(1,042)	(740)
Total transactions with owners of the Company	-	-	(13)	-	302	289	(1,042)	(753)
At 31 October 2012	45,844	11,569	(909)	-	6,993	63,497	-	63,497
<u>12 months ended 31 October 2011 (Audited)</u>								
At 1 November 2010	45,844	11,569	(889)	-	6,258	62,782	899	63,681
Profit for the year	-	-	-	-	141	141	64	205
Total comprehensive income for the year	45,844	11,569	(889)	-	6,399	62,923	963	63,886
Purchase of treasury shares	-	-	(7)	-	-	(7)	-	(7)
Total distributions to owners of the Company	-	-	(7)	-	-	(7)	-	(7)
At 31 October 2011	45,844	11,569	(896)	-	6,399	62,916	963	63,879

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 October 2011 and the accompanying explanatory notes set out on pages 5 to 11 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 TWELVE MONTHS ENDED 31 OCTOBER 2012

	(Unaudited) 31-Oct-12 RM'000	(Audited) 31-Oct-11 RM'000
Profit before tax from continuing operations	415	338
Adjustments for		
Non-cash items	3,981	3,275
Non-operating items	99	(49)
Operating profit before changes in working capital	4,495	3,564
Changes in working capital		
- Net changes in current assets	(1,516)	7,492
- Net changes in current liabilities	(309)	(3,277)
Interest paid	(276)	(92)
Tax paid	(96)	(261)
Net cash generated from operating activities	2,298	7,426
Cash flow from investing activities		
- Purchase of plant and equipment (Note 1)	(1,741)	(1,711)
- Proceeds from disposal of plant and equipment	288	1,743
- Interest received	177	141
- Investment in subsidiary	(370)	-
Net cash used in investing activities	(1,646)	173
Cash flow from financing activities		
- Repayment of hire purchase obligations	(1,865)	(639)
- Repayment of term loan	-	(112)
- Acquisition of treasury shares	(13)	(7)
Net cash used in financing activities	(1,878)	(758)
Net (decrease)/increase in cash and cash equivalents	(1,226)	6,841
Cash and cash equivalents at the beginning of financial period	9,743	2,902
Cash and cash equivalents at end of financial period	8,517	9,743

NOTE

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

	RM'000	RM'000
Short term deposit placed with licensed banks	6,100	7,350
Cash and bank balances	2,417	2,393
	8,517	9,743

Note 1

During the 12 months ended 31 October 2012, the Group acquired plant and equipment with an aggregate cost of RM7,803,000 (12 months ended 31 October 2011: RM2,904,000) of which RM1,741,000 was paid by cash (12 months ended 31 October 2011: RM1,711,000 by cash). The balance of RM6,062,000 was acquired by means of hire purchase (12 months ended 31 October 2011: RM1,193,000 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 2011 and the accompanying explanatory notes set out on pages 5 to 11 which form an integral part of this interim financial report.



NOTES TO THE INTERIM FINANCIAL REPORT
FOR TWELVE MONTHS ENDED
31 OCTOBER 2012

Part A: Explanatory notes pursuant to Financial Reporting Standards (“FRS”) 134.

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 2011.

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 2011. 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 2011 except for the adoption of the following:

FRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 November 2011

- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards
 - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
 - Additional Exemptions for First-time Adopters
- Amendments to FRS 7, Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
- IC Interpretation 4, Determining whether an Arrangement contains a Lease
- Improvements to FRSs (2010)

FRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 July 2011

- FRS 124, Related Party Disclosures (revised)

The adoption of above standards, amendments and interpretations do not have significant impact on the financial statements of the Group.



NOTES TO THE INTERIM FINANCIAL REPORT
FOR TWELVE MONTHS ENDED
31 OCTOBER 2012

3. Audit qualification

There were no qualifications on the audit report of the financial statements for the financial year ended 31 October 2011.

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.

7. Changes in debts and equity securities

For the current quarter to date, no ordinary shares were purchased on the market of the Exchange.

The details of the treasury shares held as at 31 October 2012 are as follows:-

	Number of Shares	Total Amount Paid RM
Balance of treasury shares as at 01 November 2011	1,885,000	896,180
Shares bought back during the period	50,000	13,094
Balance of treasury shares as at 31 October 2012	<u>1,935,000</u>	<u>909,274</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 October 2012 (31 October 2011: Nil).



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NOTES TO THE INTERIM FINANCIAL REPORT
FOR TWELVE MONTHS ENDED
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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. Accordingly, information by operating segment on the Group's operations as required by FRS 8 is not presented.

The Group's manufacturing activities are performed in Malaysia while sales and distribution activities are mainly performed at three principal geographical areas namely Asia, North and South America and Europe.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are also based on the geographical location of assets.

	Asia	North &			Consolidated	
	Malaysia	Outside	South	Europe	total	
	RM	Malaysia	America	RM	RM	
		RM	RM			
As at 31 October 2012						
Revenue from external customers	18,437,544	10,622,832	2,365,037	806,670	914,847	33,146,930
Non-current assets	48,453,878	-	-	-	-	48,453,878

10. Operating profit/(loss)

Operating profit/(loss) is arrived:

	Current Year Quarter 31 October 12 (Unaudited) RM	Current Year To Date 31 October 12 (Unaudited) RM
After charging:		
Depreciation of property, plant and equipment	1,061,850	4,268,774
Loss on derivatives	20,330	29,795
Loss on foreign exchange - unrealized	20,784	25,196
Interest expense	75,565	276,470
Inventories written down	9,151	9,151
And crediting:		
Interest income	43,222	177,426
Gain on foreign exchange - realised	23,531	115,610



NOTES TO THE INTERIM FINANCIAL REPORT
FOR TWELVE MONTHS ENDED
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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 except for the following:-

- i. Acquisition of 490,000 shares of RM1.00 each in Wong Exerion Precision Technology Sdn. Bhd. by Wong Engineering Industries Sdn. Bhd., a wholly owned subsidiary of the Company on 6 September 2012 for a total cash consideration of RM740,000. Upon completion of the acquisition, Wong Exerion Precision Technology Sdn. Bhd. shall become a 100% subsidiary of Wong Engineering Industries Sdn. Bhd.

Please refer to our public announcement dated 6 September 2012.

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 RM28,753,000 and RM5,418,000 respectively (31 October 2011: Credit facilities to RM24,480,500, Hire purchase facilities RM1,221,000).

14. Capital commitments

	31 October 2012 (Unaudited) RM
Capital expenditure commitments	
Plant & Machinery	
Contracted but not provided for in the financial statements	<u>425,000</u>

Part B: Additional Information Required by Bursa Malaysia Securities Berhad Listing Requirements.

15. 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 increased by RM1,725,000 from a loss before tax of RM351,000 to a profit before tax of RM1,374,000. This was due to the higher profit margin in the current quarter as compared to the immediate preceding quarter.



NOTES TO THE INTERIM FINANCIAL REPORT
FOR TWELVE MONTHS ENDED
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16. 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 increased by RM2,055,000 from a loss before tax of RM681,000 in the immediate preceding quarter to a profit before tax of RM1,374,000 in the current quarter. The profit in the current quarter was mainly due to better control on operating expenses and higher profit margin.

17. Prospects

The Group expects the business environment to remain volatile and competitive in the next financial year. The Group will continue to diversify its revenue streams in industry and customer base and implement strategies to control operating cost and cash flow.

18. Variance of profit forecast

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

19. Tax expense

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31 October 12 (Unaudited)	Preceding year quarter 31 October 11 (Audited)	Cumulative year to date 31 October 12 (Unaudited)	Preceding year quarter 31 October 11 (Audited)
Tax expense				
- current tax	23,546	130,901	23,546	130,901
- prior year tax	9,999	(13,152)	9,999	(13,152)
Deferred tax				
- origination of temporary differences	11,307	15,847	11,307	15,847
- prior year	(699)	19	(699)	19
	<u>44,153</u>	<u>133,615</u>	<u>44,153</u>	<u>133,615</u>

20. 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 TWELVE MONTHS ENDED
31 OCTOBER 2012**

21. Bank borrowings

The bank borrowings as at 31 October 2012 are as follows:

	31 October 12 <u>(Unaudited)</u> RM'000	31 October 11 <u>(Audited)</u> RM'000
Current:		
Hire Purchase	<u>2,403</u>	<u>742</u>
Non-Current		
Hire Purchase	<u>3,015</u>	<u>479</u>

22. Changes in material litigation

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

23. Proposed dividends

The directors do not recommend any interim dividend for the financial period ended 31 October 2012.

24. Profit per share

Basic profit per share

The basic profit per share of the Group is 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 October 12 <u>(Unaudited)</u>	Cumulative Quarter 31 October 12 <u>(Unaudited)</u>
Net profit for the period attributable to shareholders (RM'000)	1,344	292
Shares in circulation ('000)	89,753	89,753
Basic profit per ordinary share (sen)	<u>1.50</u>	<u>0.33</u>

25. Related party transactions

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



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NOTES TO THE INTERIM FINANCIAL REPORT
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26. Realised and unrealised profits/losses Disclosure

The retained profits as at 31 October 2012 and 31 October 2011 are analyzed as follows:

	Current Year To Date 31 October 12 <u>(Unaudited)</u>	Preceding Year To Date 31 Oct 2011 <u>(Audited)</u>
Total retained profits of the Company and the subsidiaries:		
- Realised	6,960,992	6,452,691
- Unrealised	31,325	(54,090)
Total group retained profits as per consolidated financial statements	<u>6,992,317</u>	<u>6,398,601</u>

By order of the board

Dato' Wong Kem Woh
Chairman & Chief Executive Officer
27 December 2012