



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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 APRIL 2014**

(The figures have not been audited)

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---|--|---|--|
| | CURRENT YEAR QUARTER 30-Apr-14 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 30-Apr-13 RM'000 | CURRENT YEAR TO DATE 30-Apr-14 RM'000 | PRECEDING YEAR CORRESPONDING TO DATE 30-Apr-13 RM'000 |
| Continuing operations | | | | |
| Revenue | <u>6,005</u> | <u>7,684</u> | <u>11,100</u> | <u>15,339</u> |
| Operating loss | (1,057) | (1,195) | (2,597) | (1,105) |
| Finance costs | (118) | (111) | (243) | (203) |
| Interest income | 27 | 40 | 60 | 81 |
| Loss before tax | <u>(1,148)</u> | <u>(1,266)</u> | <u>(2,780)</u> | <u>(1,227)</u> |
| Tax expense | - | - | - | 6 |
| Loss for the period | <u>(1,148)</u> | <u>(1,266)</u> | <u>(2,780)</u> | <u>(1,221)</u> |
| Other Comprehensive (Expense) / Income, net of tax | - | - | - | - |
| Total Comprehensive Expense | <u>(1,148)</u> | <u>(1,266)</u> | <u>(2,780)</u> | <u>(1,221)</u> |
| Loss for the year representing total comprehensive expense for the year attributable to owners of the Company | <u>(1,148)</u> | <u>(1,266)</u> | <u>(2,780)</u> | <u>(1,221)</u> |
| Basic loss per ordinary share (sen) - Note 23 | <u>(1.28)</u> | <u>(1.41)</u> | <u>(3.10)</u> | <u>(1.36)</u> |

The condensed consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 October 2013 and the accompanying explanatory notes set out on pages 5 to 10 which form an integral part of this interim financial report.



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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2014

| | Note | (Unaudited) As at end of current quarter 30-Apr-14 RM'000 | (Audited) As at preceding financial year end 31-Oct-13 RM'000 |
|---|------|---|--|
| ASSETS | | | |
| Property, plant and equipment | | 49,115 | 51,184 |
| Total non-current assets | | 49,115 | 51,184 |
| Inventories | | 9,855 | 9,765 |
| Trade and other receivables | | 5,782 | 4,825 |
| Current tax assets | | 354 | 318 |
| Cash and cash equivalents | | 3,380 | 6,768 |
| Total current assets | | 19,371 | 21,676 |
| Total Assets | | 68,486 | 72,860 |
| EQUITY | | | |
| Share capital | | 45,844 | 45,844 |
| Treasury shares | | (916) | (912) |
| Reserves | | 12,432 | 15,212 |
| Total equity attributable to equity holders of the Company | | 57,360 | 60,144 |
| Total Equity | | 57,360 | 60,144 |
| LIABILITIES | | | |
| Bank borrowings | 20 | 3,443 | 4,201 |
| Deferred tax liabilities | | 37 | 37 |
| Total non-current liabilities | | 3,480 | 4,238 |
| Trade and other payables | | 4,425 | 4,897 |
| Bank borrowings | 20 | 3,221 | 3,581 |
| Total current liabilities | | 7,646 | 8,478 |
| Total liabilities | | 11,126 | 12,716 |
| Total equity and liabilities | | 68,486 | 72,860 |
| Net Asset per share attributable to ordinary equity holders of the Company (RM) | | 0.64 | 0.67 |

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 October 2013 and the accompanying explanatory notes set out on pages 5 to 10 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 CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 APRIL 2014
(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 | RM'000 |
| 6 months ended 30 April 2014 (Unaudited) | | | | | | | | |
| At 1 November 2013 | 45,844 | 11,569 | (912) | - | 3,643 | 60,144 | - | 60,144 |
| Total comprehensive expense for the period | - | - | - | - | (2,780) | (2,780) | - | (2,780) |
| Total comprehensive income for the period | 45,844 | 11,569 | (912) | - | 863 | 57,364 | - | 57,364 |
| Purchase of treasury shares | - | - | (4) | - | - | (4) | - | (4) |
| Total transactions with owners of the Company | - | - | (4) | - | - | (4) | - | (4) |
| At 30 April 2014 | 45,844 | 11,569 | (916) | - | 863 | 57,360 | - | 57,360 |
| 6 months ended 30 April 2013 (Unaudited) | | | | | | | | |
| At 1 November 2012 | 45,844 | 11,569 | (909) | - | 6,992 | 63,496 | - | 63,496 |
| Total comprehensive expense for the period | - | - | - | - | (1,221) | (1,221) | - | (1,221) |
| Total comprehensive income for the period | 45,844 | 11,569 | (909) | - | 5,771 | 62,275 | - | 62,275 |
| At 30 April 2013 | 45,844 | 11,569 | (909) | - | 5,771 | 62,275 | - | 62,275 |

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 October 2013 and the accompanying explanatory notes set out on pages 5 to 10 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 SIX MONTHS ENDED 30 APRIL 2014

| | (Unaudited) 30-Apr-14 RM'000 | (Unaudited) 30-Apr-13 RM'000 |
|--|---|---|
| Loss before tax from continuing operations | (2,780) | (1,227) |
| Adjustments for | | |
| Non-cash items | 2,415 | 2,129 |
| Non-operating items | 183 | 122 |
| Operating (loss)/ profit before changes in working capital | (182) | 1,024 |
| Changes in working capital | | |
| - Net changes in current assets | (1,047) | (1,471) |
| - Net changes in current liabilities | (472) | (109) |
| Tax (paid)/ refundable | (36) | 2 |
| Net cash used in operating activities | (1,737) | (554) |
| Cash flow from investing activities | | |
| - Purchase of plant and equipment (Note 1) | (346) | (2,908) |
| - Proceeds from disposal of plant and equipment | - | 36 |
| - Interest received | 60 | 81 |
| Net cash used in investing activities | (286) | (2,791) |
| Cash flow from financing activities | | |
| - Repayment of hire purchase obligations | (1,853) | (1,353) |
| - Acquisition of treasury shares | (4) | - |
| - Interest paid | (243) | (203) |
| - Drawdown of HP | 735 | 2,199 |
| Net cash (used in)/ generated from financing activities | (1,365) | 643 |
| Net decrease in cash and cash equivalents | (3,388) | (2,702) |
| Cash and cash equivalents at the beginning of financial period | 6,768 | 8,517 |
| Cash and cash equivalents at end of financial period | 3,380 | 5,815 |

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 | 2,600 | 5,100 |
| Cash and bank balances | 780 | 715 |
| | 3,380 | 5,815 |

Note 1

During the 6 months ended 30 April 2014, the Group acquired plant and equipment with an aggregate cost of RM346,000 (6 months ended 30 April 2013: RM2,908,000) of which RM346,000 was paid by cash (6 months ended 30 April 2013: RM709,000 by cash). There is no plant and equipment was acquired by means of hire purchase (6 months ended 30 April 2013: RM2,199,000 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 2013 and the accompanying explanatory notes set out on pages 5 to 10 which form an integral part of this interim financial report.



NOTES TO THE INTERIM FINANCIAL REPORT
FOR SIX MONTHS ENDED
30 APRIL 2014

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

1. Basis of preparation

The interim financial report is unaudited and has been prepared in compliance with MFRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”), Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards 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 2013.

2. Audit qualification

There were no qualifications on the audit report of the financial statements for the financial year ended 31 October 2013.

3. 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.

4. 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.

5. 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 SIX MONTHS ENDED
30 APRIL 2014

6. 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 30 April 2014 are as follows:-

| | Number of Shares | Total Amount Paid RM |
|---|-----------------------------|-------------------------------------|
| Balance of treasury shares as at 01 November 2013 | 1,947,900 | 912,157 |
| Shares bought back during the period | 6,000 | 3,486 |
| Balance of treasury shares as at 30 April 2014 | <u>1,953,900</u> | <u>915,643</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.

7. Dividends paid

No dividend was paid during the financial quarter ended 30 April 2014 (30 April 2013: Nil).

8. 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. Operating segment information has not been prepared as the Group's revenue and operating profit before tax are mainly based on one operating segment.

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.



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NOTES TO THE INTERIM FINANCIAL REPORT
FOR SIX MONTHS ENDED
30 APRIL 2014

8. Segmental revenue and results (continued)

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 & South | Europe | Others | Consolidated Total |
|---------------------------------------|------------|---------------------|------------------|---------|---------|-----------------------|
| | Malaysia | Outside Malaysia | America | Europe | Others | Total |
| | RM | RM | RM | RM | RM | RM |
| As at 30 April 2014 | | | | | | |
| Revenue from external customers | 6,775,453 | 2,931,629 | 418,789 | 617,751 | 356,466 | 11,100,088 |
| Non-current assets | 49,115,030 | - | - | - | - | 49,115,030 |

9. Operating loss

Operating loss is arrived:

| | Current Year Quarter 30 April 14 (Unaudited) RM | Current Year To Date 30 April 14 (Unaudited) RM |
|---|---|---|
| After charging: | | |
| Depreciation of property, plant and equipment | 1,205,584 | 2,405,850 |
| Interest expense | 117,998 | 243,387 |
| Plant and equipment written off | - | 9,533 |
| Loss on foreign exchange - unrealized | 25,472 | - |
| And crediting: | | |
| Interest income | 27,090 | 60,125 |
| Gain on foreign exchange - realized | 37,990 | 85,499 |
| Gain on foreign exchange - unrealized | - | 22,632 |

10. 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.



**NOTES TO THE INTERIM FINANCIAL REPORT
FOR SIX MONTHS ENDED
30 APRIL 2014**

11. Changes in Group's composition

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

12. 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 RM33,770,286 and RM6,664,404 respectively (30 April 2013: Credit facilities to RM30,945,028 Hire purchase facilities RM6,266,047).

13. Capital commitments

| | |
|---|------------------------------------|
| | 30 April 2014 (Unaudited) RM |
| Capital expenditure commitments | |
| Plant & equipment | |
| Contracted but not provided for in the financial statements | <u>559,840</u> |

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

14. Review of performance for current quarter and preceding year corresponding quarter

For the quarter under review as compared to its preceding year corresponding quarter, the Group's loss before tax decreased by RM118,000 from a loss before tax of RM1,266,000 to a loss before tax of RM1,148,000. This was mainly due to a decrease in the Group's operating expenses arising from better cost reduction activities.

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

The Group's loss before tax in the current quarter reduced by RM484,000 from a loss before tax of RM1,632,000 in the immediate preceding quarter to a loss before tax of RM1,148,000 in the current quarter. This was because of the increase in the Group's revenue by RM909,000.

16. Prospects

The Group expects the business environment to remain uncertain and competitive in the remaining quarters of this 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.



NOTES TO THE INTERIM FINANCIAL REPORT
FOR SIX MONTHS ENDED
30 APRIL 2014

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 14 (Unaudited) | Preceding year quarter 30 April 13 (Unaudited) | Cumulative year to date 30 April 14 (Unaudited) | Preceding year quarter 30 April 13 (Unaudited) |
| Tax expense | | | | |
| - current tax | - | - | - | - |
| - prior year tax | - | - | - | (6) |
| Deferred tax | | | | |
| - origination of temporary differences | - | - | - | - |
| - prior year | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>(6)</u> |

19. Status of corporate proposals

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

20. Bank borrowings

The bank borrowings as at 30 April 2014 are as follows:

| | 30 April 14 (Unaudited) RM'000 | 31 October 13 (Audited) RM'000 |
|---------------|--------------------------------------|--------------------------------------|
| Current: | | |
| Hire Purchase | <u>3,221</u> | <u>3,581</u> |
| Non-Current | | |
| Hire Purchase | <u>3,443</u> | <u>4,201</u> |

21. Changes in material litigation

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



NOTES TO THE INTERIM FINANCIAL REPORT
FOR SIX MONTHS ENDED
30 APRIL 2014

22. Proposed dividends

The directors do not recommend any interim dividend for the financial period ended 30 April 2014.

23. Loss per share

Basic loss per share

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

| | Current Quarter 30 April 14 <u>(Unaudited)</u> | Cumulative Quarter 30 April 14 <u>(Unaudited)</u> |
|--|---|--|
| Net loss for the period attributable to shareholders (RM'000) | (1,148) | (2,780) |
| Shares in circulation ('000) | 89,734 | 89,734 |
| Basic loss per ordinary share (sen) | (1.28) | (3.10) |

24. Related party transactions

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

25. Realised and unrealised profits/losses Disclosure

The retained profits as at 30 April 2014 and 31 October 2013 are analyzed as follows:

| | Current Year To Date 30 April 14 <u>(Unaudited)</u> | Preceding Year To Date 31 Oct 2013 <u>(Audited)</u> |
|--|--|--|
| Total retained profits of the Company and the subsidiaries: | | |
| - Realised | 917,188 | 3,719,742 |
| - Unrealised | (53,850) | (76,482) |
| Total group retained profits as per consolidated financial statements | 863,338 | 3,643,260 |

By order of the board

Dato' Wong Kem Woh
Chairman & Chief Executive Officer
30 June 2014