

**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 THREE MONTHS ENDED 31 JANUARY 2015***(The figures have not been audited)*

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31-Jan-15 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-Jan-14 RM'000	CURRENT YEAR TO DATE 31-Jan-15 RM'000	PRECEDING YEAR CORRESPONDING TO DATE 31-Jan-14 RM'000
Continuing operations				
Revenue	<u>7,013</u>	<u>5,096</u>	<u>7,013</u>	<u>5,096</u>
Operating loss	(940)	(1,540)	(940)	(1,540)
Finance costs	(96)	(125)	(96)	(125)
Interest income	23	33	23	33
Loss before tax	<u>(1,013)</u>	<u>(1,632)</u>	<u>(1,013)</u>	<u>(1,632)</u>
Tax expense	-	-	-	-
Loss for the period	<u>(1,013)</u>	<u>(1,632)</u>	<u>(1,013)</u>	<u>(1,632)</u>
Other Comprehensive Income	-	-	-	-
Total Comprehensive expense	<u><u>(1,013)</u></u>	<u><u>(1,632)</u></u>	<u><u>(1,013)</u></u>	<u><u>(1,632)</u></u>
Loss for the year representing total comprehensive expenses for the year attributable to owners of the Company	<u><u>(1,013)</u></u>	<u><u>(1,632)</u></u>	<u><u>(1,013)</u></u>	<u><u>(1,632)</u></u>
Basic loss per ordinary share (sen) - Note 23	<u><u>(1.11)</u></u>	<u><u>(1.82)</u></u>	<u><u>(1.11)</u></u>	<u><u>(1.82)</u></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 2014 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 FINANCIAL POSITION
AS AT 31 JANUARY 2015

	Note	(Unaudited) As at end of current quarter 31-Jan-15 RM'000	(Audited) As at preceding financial year end 31-Oct-14 RM'000
ASSETS			
Property, plant and equipment		47,561	48,617
Total non-current assets		<u>47,561</u>	<u>48,617</u>
Inventories		9,194	8,669
Trade and other receivables		5,607	6,706
Current tax assets		196	192
Cash and cash equivalents		2,630	2,465
Total current assets		<u>17,627</u>	<u>18,032</u>
Total Assets		<u><u>65,188</u></u>	<u><u>66,649</u></u>
EQUITY			
Share capital		45,844	45,844
Treasury shares		(59)	(59)
Reserves		9,548	10,561
Total equity attributable to equity holders of the Company		<u>55,333</u>	<u>56,346</u>
Total Equity		<u><u>55,333</u></u>	<u><u>56,346</u></u>
LIABILITIES			
Bank borrowings	20	2,899	3,052
Deferred tax liabilities		-	-
Total non-current liabilities		<u>2,899</u>	<u>3,052</u>
Trade and other payables		4,539	4,716
Bank borrowings	20	2,417	2,535
Total current liabilities		<u>6,956</u>	<u>7,251</u>
Total liabilities		<u>9,855</u>	<u>10,303</u>
Total equity and liabilities		<u><u>65,188</u></u>	<u><u>66,649</u></u>
Net Asset per share attributable to ordinary equity holders of the Company (RM)		<u><u>0.60</u></u>	<u><u>0.62</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 2014 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 CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 JANUARY 2015
(The figures have not been audited)

	Non-distributable			Distributable		Total	Non-controlling interests	Total Equity
	Attributable to shareholders of the Company							
	Share Capital	Share Premium	Treasury Shares	Exchange Fluctuation Reserve	Retained Earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
3 months ended 31 January 2015 (Unaudited)								
At 1 November 2014	45,844	12,065	(59)	-	(1,504)	56,346	-	56,346
Total comprehensive expense for the period	-	-	-	-	(1,013)	(1,013)	-	(1,013)
Total comprehensive income for the period	45,844	12,065	(59)	-	(2,517)	55,333	-	55,333
Purchase of treasury shares	-	-	-	-	-	-	-	-
Total transactions with owners of the Company	-	-	-	-	-	-	-	-
At 31 January 2015	45,844	12,065	(59)	-	(2,517)	55,333	-	55,333
3 months ended 31 January 2014 (Unaudited)								
At 1 November 2013	45,844	11,569	(912)	-	3,643	60,144	-	60,144
Total comprehensive expense for the period	-	-	-	-	(1,632)	(1,632)	-	(1,632)
Total comprehensive income for the period	45,844	11,569	(912)	-	2,011	58,512	-	58,512
Purchase of treasury shares	-	-	(1)	-	-	(1)	-	(1)
Total transactions to owners of the Company	-	-	(1)	-	-	(1)	-	(1)
At 31 January 2014	45,844	11,569	(913)	-	2,011	58,511	-	58,511

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 October 2014 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 THREE MONTHS ENDED 31 JANUARY 2015**

	(Unaudited) 31-Jan-15 RM'000	(Unaudited) 31-Jan-14 RM'000
Loss before tax from continuing operations	(1,013)	(1,632)
Adjustments for		
Non-cash items	1,269	1,210
Non-operating items	73	92
Operating profit/ (loss) before changes in working capital	329	(330)
Changes in working capital		
- Net changes in current assets	574	776
- Net changes in current liabilities	(178)	(1,569)
Tax paid	(4)	(15)
Net cash generated from/ (used in) operating activities	721	(1,138)
Cash flow from investing activities		
- Purchase of plant and equipment (Note 1)	(223)	(253)
- Proceeds from disposal of plant and equipment	10	-
- Interest received	23	33
Net cash used in investing activities	(190)	(220)
Cash flow from financing activities		
- Repayment of hire purchase obligations	(908)	(942)
- Acquisition of treasury shares	-	(1)
- Interest paid	(96)	(125)
- Drawdown of HP	638	735
Net cash used in financing activities	(366)	(333)
Net increase/ (decrease) in cash and cash equivalents	165	(1,691)
Cash and cash equivalents at the beginning of financial period	2,465	6,768
Cash and cash equivalents at end of financial period	2,630	5,077

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	1,400	4,550
Cash and bank balances	1,230	527
	2,630	5,077

Note 1

During the 3 months ended 31 January 2015, the Group acquired plant and equipment with an aggregate cost of RM223,000 (3 months ended 31 January 2014: RM253,000) of which RM223,000 was paid by cash (3 months ended 31 January 2014: RM253,000 by cash). There is no plant and equipment acquired by means of hire purchase (3 months ended 31 January 2014: RM Nil 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 2014 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 THREE MONTHS ENDED
31 JANUARY 2015

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 2014.

2. Audit qualification

There were no qualifications on the audit report of the financial statements for the financial year ended 31 October 2014.

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.

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 31 January 2015 are as follows:-

	Number of Shares	Total Amount Paid RM
Balance of treasury shares as at 01 November 2014	126,900	59,489
Shares bought back during the period	-	-
Balance of treasury shares as at 31 January 2015	<u>126,900</u>	<u>59,489</u>



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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 31 January 2015 (31 January 2014: 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.

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
	Malaysia	Outside	America			Total
	RM	Malaysia	RM	RM	RM	RM
		RM				
Revenue from external customers	4,619,144	1,401,541	324,856	535,267	132,491	7,013,299
Non-current assets	47,561,087	-	-	-	-	47,561,087



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9. Operating loss

Operating loss is arrived:

	Current Year Quarter 31 Jan15 (Unaudited) RM	Current Year To Date 31 Jan 15 (Unaudited) RM
After charging:		
Depreciation of property, plant and equipment	1,253,807	1,253,807
Interest expense	95,906	95,906
Plant and equipment written off	25,460	25,460
And crediting:		
Interest income	23,435	23,435
Gain on disposal of property, plant and equipment	10,000	10,000
Gain on foreign exchange - realized	110,361	110,361
Gain on foreign exchange - unrealized	32,196	32,196

10. Material post balance sheet date events

Subsequent events arising from the balance sheet date to the date of announcement undertaken by the Company are:

- i) Proposed joint venture between the Company and Widad Builders Sdn Bhd to participate in the Facility Management Contract for the JB Sentral Building in Bukit Chagar, Johor Bahru, Johor Darul Takzim;
- ii) Proposed diversification of the principal activities of the Company to include facility management business;
- iii) Proposed special issue of 27,500,000 new ordinary shares of RM0.50 each in the Company's shares, representing approximately 30% of the issued and paid-up share capital of the Company at an issue price of Rm0.60 per share;
- iv) Proposed renounceable rights issue of up to 59,594,000 new shares ("Rights Shares") on the basis of one (1) Rights Share for every two (2) existing of the Company's shares held at an entitlement date to be determined later; and
- v) Proposed exemption to Wong Engineering Holdings Sdn Bhd. and parties acting in concert with it (collectively "PAC") from the obligation.

Additionally, subsequent to the financial year end, Wong Engineering Industries Sdn Bhd ("WEI"), a wholly owned subsidiary of the Company, had on 9 February 2015, subscribed 25,500 ordinary shares of RM1.00 each in the issued and paid-up share capital of FWE Global Sdn Bhd. ("FWE") ("Subscription") representing 51% of the issued and paid-up share capital of FWE for a total cash consideration of RM25,500. Subsequent to the Subscription, FEW became a 51% owned subsidiary of WEI.

11. Changes in Group's composition

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



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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 RM29,294,695 and RM5,316,480 respectively (31 January 2014: Credit facilities of RM33,873,000 and Hire purchase facilities RM7,575,000).

13. Capital commitments

	31 Jan 2015 (Unaudited) RM
Capital expenditure commitments	
Plant & equipment	
Contracted but not provided for in the financial statements	<u>124,250</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 was reduced by RM619,000 from a loss before tax of RM1,632,000 in the preceding year corresponding quarter to a loss before tax of RM1,013,000 in the current quarter. This was mainly due to an increase in revenue in the current quarter.

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 RM262,000 from a loss before tax of RM1,275,000 in the immediate preceding quarter to a loss before tax of RM1,013,000 in the current quarter. This was mainly due to drop in revenue.

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.

17. Variance of profit forecast

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



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**NOTES TO THE INTERIM FINANCIAL REPORT
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18. Tax expense

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31 Jan 15 (Unaudited)	Preceding year quarter 31 Jan 14 (Unaudited)	Cumulative year to date 31 Jan 15 (Unaudited)	Preceding year quarter 31 Jan 14 (Unaudited)
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. 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 31 January 2015 are as follows:

	31 Jan 15 (Unaudited) RM'000	31 Oct 14 (Audited) RM'000
Current:		
Hire Purchase	<u>2,417</u>	<u>2,535</u>
Non-Current		
Hire Purchase	<u>2,899</u>	<u>3,052</u>

21. Changes in material litigation

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

22. Proposed dividends

The directors do not recommend any interim dividend for the financial period ended 31 January 2015.



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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 31 Jan 15 <u>(Unaudited)</u>	Cumulative Quarter 31 Jan 15 <u>(Unaudited)</u>
Net loss for the period attributable to shareholders (RM'000)	(1,013)	(1,013)
Shares in circulation ('000)	91,561	91,561
Basic loss per ordinary share (sen)	(1.11)	(1.11)

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 31 January 2015 and 31 October 2014 are analyzed as follows:

	Current Year To Date 31 Jan 15 <u>(Unaudited)</u>	Preceding Year To Date 31 Oct 2014 <u>(Audited)</u>
Total retained profits of the Company and the subsidiaries:		
- Realised	(2,560,571)	(1,519,258)
- Unrealised	43,851	15,813
Total group accumulated losses as per consolidated financial statements	(2,516,720)	(1,503,445)

Refer to

By order of the board

Dato' Wong Kem Woh
Chairman & Chief Executive Officer
9 March 2015