



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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 31 JULY 2017**
(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31-Jul-17 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-Jul-16 RM'000	CURRENT YEAR TO DATE 31-Jul-17 RM'000	PRECEDING YEAR CORRESPONDING TO DATE 31-Jul-16 RM'000
Continuing operations				
Revenue	11,863	8,789	29,930	25,317
Operating profit	3,146	137	3,938	1,059
Finance costs	(88)	(61)	(280)	(216)
Interest income	12	5	19	6
Profit before tax	3,070	81	3,677	849
Tax expense	(10)	-	(37)	-
Profit for the period	3,060	81	3,640	849
Other Comprehensive income/(expense), net of tax	-	-	-	-
Total Comprehensive income	3,060	81	3,640	849
Profit/(Loss) for the year representing total comprehensive income/(expenses) for the year attributable to :				
Owners of the Company	3,052	82	3,611	844
Non-controlling interest	8	(1)	29	5
	3,060	81	3,640	849
Basic earnings per ordinary share (sen) - Note 23	3.33	0.09	3.94	0.92

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 2016 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
AND ITS SUBSIDIARIES**
(Company No. 409959 - W)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2017**

	Note	(Unaudited) As at end of current quarter 31-Jul-17 RM'000	(Audited) As at preceding financial year end 31-Oct-16 RM'000
ASSETS			
Property, plant and equipment		37,896	40,999
Investment properties		513	3,330
Deferred tax asset		1,371	1,371
Total non-current assets		<u>39,780</u>	<u>45,700</u>
Inventories		12,126	9,744
Trade and other receivables		9,620	7,419
Current tax assets		111	140
Asset classified as held for sale		2,766	-
Cash and cash equivalents		3,039	2,112
Total current assets		<u>27,662</u>	<u>19,415</u>
Total Assets		<u><u>67,442</u></u>	<u><u>65,115</u></u>
EQUITY			
Share capital		57,909	45,844
Treasury shares		(70)	(70)
Reserves		(613)	7,841
Total equity attributable to equity holders of the Company		<u>57,226</u>	<u>53,615</u>
Non-controlling interest		79	50
Total Equity		<u><u>57,305</u></u>	<u><u>53,665</u></u>
LIABILITIES			
Other payables		143	607
Bank borrowings	20	1,811	2,896
Total non-current liabilities		<u>1,954</u>	<u>3,503</u>
Trade and other payables		5,789	6,246
Bank borrowings	20	2,394	1,701
Total current liabilities		<u>8,183</u>	<u>7,947</u>
Total liabilities		<u>10,137</u>	<u>11,450</u>
Total equity and liabilities		<u><u>67,442</u></u>	<u><u>65,115</u></u>
Net Asset per share attributable to ordinary equity holders of the Company (RM)		<u><u>0.63</u></u>	<u><u>0.59</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 2016 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
AND ITS SUBSIDIARIES**
(Company No. 409959-W)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 31 JULY 2017**
(The figures have not been audited)

	Non-distributable				Distributable		Non-controlling interests	Total Equity
	Attributable to shareholders of the Company					Total		
	Share Capital	Share Premium	Treasury Shares	Exchange Fluctuation Reserve	Accumulated Losses			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
9 months ended 31 July 2017 (Unaudited)								
At 1 November 2016	45,844	12,065	(70)	-	(4,224)	53,615	50	53,665
Total comprehensive income for the period	-	-	-	-	3,611	3,611	29	3,640
Total comprehensive income/(expenses) for the period	45,844	12,065	(70)	-	(613)	57,226	79	57,305
Purchase of treasury shares	-	-	-	-	-	-	-	-
Transfer in accordance with Section 618(2) of the Companies Act 2016 (Note 1)	12,065	(12,065)	-	-	-	-	-	-
Total transactions with owners of the Company	12,065	(12,065)	-	-	-	-	-	-
At 31 July 2017	57,909	-	(70)	-	(613)	57,226	79	57,305
9 months ended 31 July 2016 (Unaudited)								
At 1 November 2015	45,844	12,065	(68)	-	(4,939)	52,902	41	52,943
Total comprehensive expense for the period	-	-	-	-	844	844	5	849
Total comprehensive income/ (expenses) for the period	45,844	12,065	(68)	-	(4,095)	53,746	46	53,792
Purchase of treasury shares	-	-	(2)	-	-	(2)	-	(2)
Total transactions to owners of the Company	-	-	(2)	-	-	(2)	-	(2)
At 31 July 2016	45,844	12,065	(70)	-	(4,095)	53,744	46	53,790

Note 1

On 31 January 2017, in accordance with the Companies Act 2016, the concepts of "par value" and "authorised capital" were abolished and on that date, the shares of the Company ceased to have a par value. Consequently, any credit standing in the share premium accounts has been transferred to the share capital account. The Company has twenty-four months upon the commencement of Companies Act 2016 to utilise the credit.

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 October 2016 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
AND ITS SUBSIDIARIES**
(Company No. 409959-W)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE NINE MONTHS ENDED 31 JULY 2017**

	(Unaudited) 31-Jul-17 RM'000	(Unaudited) 31-Jul-16 RM'000
Profit before tax from continuing operations	3,677	849
Adjustments for		
Non-cash items	3,758	3,133
Non-operating items	261	210
Operating profit before changes in working capital	7,696	4,192
Changes in working capital		
- Net changes in current assets	(4,583)	990
- Net changes in current liabilities	(921)	(1,617)
Tax paid	(8)	(55)
Net cash from operating activities	2,184	3,510
Cash flow from investing activities		
- Purchase of plant and equipment (Note 1)	(605)	(826)
- Proceeds from disposal of plant and equipment		1,200
- Interest received	19	6
Net cash (used in)/from investing activities	(586)	380
Cash flow from financing activities		
- Repayment of hire purchase obligations	(1,281)	(1,242)
- Proceed from sale of treasury shares	-	-
- Acquisition of treasury share	-	(2)
- Interest paid	(280)	(216)
- Drawdown of HP		159
Net cash (used in) financing activities	(1,561)	(1,301)
Net increase in cash and cash equivalents	38	2,589
Cash and cash equivalents at the beginning of financial period	2,097	31
Cash and cash equivalents at end of financial period	2,135	2,620

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		250
Cash and bank balances	3,039	2,370
Bank Overdraft	(904)	-
	2,135	2,620

Note 1

During the 9 months ended 31 July 2017, the Group acquired plant and equipment with an aggregate cost of RM605,000 (9 months ended 31 July 2016: RM826,000) of which RM605,000 was paid by cash (9 months ended 31 July 2016: RM667,000 by cash). There is no plant and equipment acquired by means of hire purchase (9 months ended 31 July 2016: RM159,000 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 2016 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)

NOTES TO THE INTERIM FINANCIAL REPORT
FOR NINE MONTHS ENDED
31 JULY 2017

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 2016.

2. Audit qualification

There were no qualifications on the audit report of the financial statements for the financial year ended 31 October 2016.

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 July 2017 are as follows:-

	Number of Shares	Total Amount Paid RM
Balance of treasury shares as at 01 November 2016	146,900	70,379
Shares bought back during the period	-	-
Balance of treasury shares as at 31 July 2017	<u>146,900</u>	<u>70,379</u>

All the shares bought are retained as treasury shares in accordance with the requirements of Section 127 of the Companies Act, 2016. 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.



WONG ENGINEERING CORPORATION BERHAD
(Company No. 409959 – W)
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT
FOR NINE MONTHS ENDED
31 JULY 2017

7. Dividends paid

No dividend was paid during the financial quarter ended 31 July 2017 (31 July 2016: Nil).

8. Segmental revenue and results

The Group has one operating segment comprising of the manufacturing and sale of high precision metal stamped parts and high precision turned metal components. Segment information has not been separately presented because internal reporting used the Group's financial statements.

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

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				Consolidated
	Malaysia	Outside	Europe	Others	Total
	RM	Malaysia	RM	RM	RM
		RM			
Revenue from external customers	19,205,336	3,852,860	5,968,209	903,237	29,929,642
Non-current assets	39,780,359	-	-	-	39,780,359

9. Operating profit

Operating profit is arrived:

	Current Year	Current Year
	Quarter	To Date
	31 July 17	31 July 17
	(Unaudited)	(Unaudited)
	RM	RM
After charging:		
Depreciation of property, plant and equipment	1,046,374	3,223,489
Depreciation of investment property	16,788	50,363
Interest expense	88,378	279,674
Loss on foreign exchange - unrealised	-	187,205
Loss on foreign exchange - realised	84,636	-
And crediting:		
Interest income	11,938	18,962
Gain on foreign exchange - unrealised	40,666	-
Gain on foreign exchange - realised	-	363,786



WONG ENGINEERING CORPORATION BERHAD
(Company No. 409959 – W)
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT
FOR NINE MONTHS ENDED
31 JULY 2017

10. Material post balance sheet date events

On 25 July 2017, Wong Engineering Industries Sdn Bhd, a wholly owned subsidiary of the Company entered into a Sales and Purchase agreement with TN Equipment Rental (JB) Sdn Bhd to sell its investment property, parcels of freehold land together with a four-storey factory bearing postal address No. 4767 Lorong Permatang Pauh, 13400 Butterworth Penang for a sum of RM5,050,000. As at balance sheet date, the asset is classified as Asset Held for Sale as the full transfer of ownership is expected to complete 3 months from date of the agreement.

On 1 August 2017, Wong Engineering Industries Sdn Bhd, a wholly owned subsidiary of the Company, declared a single tier dividend to the Company amounting to RM749,998 which was paid directly to WEC Construction Sdn Bhd. On 30 August 2017, WEC Construction Sdn Bhd approved to increase its paid up capital by issuance of new shares which the Company has agreed to a debt to equity swap. Subsequently, 749,998 units of WEC Construction Sdn Bhd shares worth RM1 each was issued to the Company and shall be recognized as an investment in subsidiary.

On 16 August 2017 Wong Engineering Industries Sdn Bhd, a wholly owned subsidiary of the Company invested RM1,800,000 in capital expenditure to purchase a new machine to increase its factory capacity. The purchase is financed by the vendor itself for a period of 3 years ending August 2020.

On 21 September 2017 Wong Engineering Industries Sdn Bhd, a wholly owned subsidiary of the Company declared the second single tier dividend amounting to RM800,000 to the Company.

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 RM22,784,000 and RM3,301,000 respectively (31 July 2016: Credit facilities of RM27,620,000 and Hire purchase facilities RM5,212,000).

13. Capital commitments

	31 July 2017 (Unaudited) RM'000
Capital expenditure commitments	
Plant & equipment	
Contracted but not provided for in the financial statements	<u>96</u>



WONG ENGINEERING CORPORATION BERHAD
(Company No. 409959 – W)
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT
FOR NINE MONTHS ENDED
31 JULY 2017

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

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

	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	3 months ended		VARIANCE (AMOUNT/%)		9 months ended		VARIANCE (AMOUNT/%)	
	31 JULY 2017 RM'000	31 JULY 2016 RM'000			31 JULY 2017 RM'000	31 JULY 2016 RM'000		
Revenue	11,863	8,789	3,074	35%	29,930	25,317	4,613	18%
Profit Before Interest and Tax	3,146	137	3,009	2196%	3,938	1,059	2,879	272%
Profit Before Tax	3,070	81	2,989	3690%	3,677	849	2,828	333%
Profit After Tax	3,060	81	2,979	3678%	3,640	849	2,791	329%
Profit Attributable to Owners of the Company	3,052	82	2,970	3622%	3,611	844	2,767	328%

For the current quarter, the Group recorded revenue of RM11,863,000 with profit before tax of RM3,070,000 as compared to RM8,789,000 and RM81,000 in the preceding year corresponding quarter respectively. The increase in revenue was driven by higher billings to key customers from the electrical and electronics industry and profit before tax increase due to cost improvement attributed to better operational efficiency.

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

	CURRENT YEAR QUARTER 31 JULY 2017	IMMEDIATE PRECEDING QUARTER 30 APRIL 2017	VARIANCE (AMOUNT/%)	
	RM'000	RM'000		
Revenue	11,863	9,592	2,271	24%
Profit Before Interest and Tax	3,146	1,465	1,681	115%
Profit Before Tax	3,070	1,401	1,669	119%
Profit After Tax	3,060	1,379	1,681	122%
Profit Attributable to Owners of the Company	3,052	1,357	1,695	125%

Compared with preceding quarter, profit before tax increased by RM1,669,000 mainly driven by higher revenue which increased by RM2,271,000 as well as cost improvement attributed to better operational efficiency in the quarter under review.

16. Prospects

The Group expects Quarter 4 revenue to be flat in-line with seasonal trends while raw materials cost is forecasted to increase as metal and steel prices picks up. Looking ahead, the group strives to continue improving its operational efficiency and cost in the backdrop of a competitive business environment as well as continue to diversify its revenue streams into wider industry reach and customer base.



WONG ENGINEERING CORPORATION BERHAD
(Company No. 409959 – W)
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT
FOR NINE MONTHS ENDED
31 JULY 2017

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 17 RM'000 (Unaudited)	Preceding year quarter 31 July 16 RM'000 (Unaudited)	Cumulative year to date 31 July 17 RM'000 (Unaudited)	Preceding year to date 31 July 16 RM'000 (Unaudited)
Tax expense				
- current tax	10	-	37	-
- prior year tax	-	-	-	-
Deferred tax				
- origination and reversal of temporary differences	-	-	-	-
- prior year	-	-	-	-
	<u>10</u>	<u>-</u>	<u>37</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 July 2017 and 31 October 2016 are as follows:

	31 July 17 (Unaudited) RM'000	31 October 16 (Audited) RM'000
Current:		
Hire Purchase	1,491	1,686
Bank Overdraft	<u>903</u>	<u>15</u>
Non-Current		
Hire Purchase	<u>1,811</u>	<u>2,896</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 July 2017.



WONG ENGINEERING CORPORATION BERHAD
(Company No. 409959 – W)
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT
FOR NINE MONTHS ENDED
31 JULY 2017

23. Earnings per share

Basic earnings per share

The basic earnings 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 July 17 <u>(Unaudited)</u>	Cumulative Quarter 31 July 17 <u>(Unaudited)</u>
Net profit for the period attributable to shareholders (RM'000)	3,052	3,611
Shares in circulation ('000)	91,541	91,541
Basic earnings per ordinary share (sen)	3.33	3.94

24. Related party transactions

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

25. Realised and unrealised profits/losses disclosure

The breakdown of the retained profits of the Group as at 31 July 2017 and 31 October 2016 into realised and unrealised profits are as follows:

	Current Year To Date 31 July 17 <u>(Unaudited)</u>	Preceding Year To Date 31 Oct 2016 <u>(Audited)</u>
Total retained profits of the Company and the subsidiaries:		
- Realised	(628,896)	(4,342,800)
- Unrealised	16,397	118,739
Total group accumulated losses as per consolidated financial statements	(612,499)	(4,224,061)

By order of the board

Yong Loy Huat
Chief Executive Officer
26 September 2017