



**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 TWELVE MONTHS ENDED 31 OCTOBER 2017**
(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31-Oct-17 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-Oct-16 RM'000	CURRENT YEAR TO DATE 31-Oct-17 RM'000	PRECEDING YEAR CORRESPONDING TO DATE 31-Oct-16 RM'000
Continuing operations				
Revenue	12,777	7,770	42,707	33,087
Operating profit/(loss)	2,368	(1,411)	6,306	(351)
Finance costs	(59)	(81)	(339)	(297)
Interest income	10	1	29	7
Profit/(Loss) before tax	2,319	(1,491)	5,996	(641)
Tax expense	181	1,366	144	1,366
Profit/(Loss) for the period	2,500	(125)	6,140	725
Other comprehensive income/(expense), net of tax	-	-	-	-
Total comprehensive income/(expenses)	2,500	(125)	6,140	725
Profit/(Loss) for the year representing total comprehensive income/(expenses) for the year attributable to :				
Owners of the Company	2,503	(130)	6,114	715
Non-controlling interest	(3)	5	26	10
	2,500	(125)	6,140	725
Basic earnings/(losses) per ordinary share (sen) - Note 23	2.73	(0.14)	6.68	0.78

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

	Note	(Unaudited) As at end of current quarter 31-Oct-17 RM'000	(Audited) As at preceding financial year end 31-Oct-16 RM'000
ASSETS			
Property, plant and equipment		38,993	40,999
Investment properties		512	3,330
Deferred tax asset		1,547	1,371
Total non-current assets		41,052	45,700
Inventories		13,198	9,744
Trade and other receivables		10,353	7,419
Current tax assets		255	140
Asset classified as held for sale		2,766	-
Cash and cash equivalents		4,589	2,113
Total current assets		31,161	19,416
Total Assets		72,213	65,116
EQUITY			
Share capital		57,909	45,844
Treasury shares		(70)	(70)
Reserves		1,890	7,841
Total equity attributable to equity holders of the Company		59,729	53,615
Non-controlling interest		77	51
Total Equity		59,806	53,666
LIABILITIES			
Other payables		926	607
Bank borrowings	20	1,724	2,896
Total non-current liabilities		2,650	3,503
Trade and other payables		7,460	6,246
Bank borrowings	20	2,297	1,701
Total current liabilities		9,757	7,947
Total liabilities		12,407	11,450
Total equity and liabilities		72,213	65,116
Net Asset per share attributable to ordinary equity holders of the Company (RM)		0.65	0.59

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.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE TWELVE MONTHS ENDED 31 OCTOBER 2017**

(The figures have not been audited)

	Non-distributable			Distributable	Total	Non-controlling interests	Total Equity
	Attributable to shareholders of the Company						
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Retained Earnings/ (Accumulated Losses) RM'000	RM'000	RM'000	RM'000
12 months ended 31 October 2017 (Unaudited)							
At 1 November 2016	45,844	12,065	(70)	(4,224)	53,615	51	53,666
Total comprehensive income for the period	-	-	-	6,114	6,114	26	6,140
Total comprehensive income/(expenses) for the period	45,844	12,065	(70)	1,890	59,729	77	59,806
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 October 2017	57,909	-	(70)	1,890	59,729	77	59,806
12 months ended 31 October 2016 (Audited)							
At 1 November 2015	45,844	12,065	(68)	(4,939)	52,902	41	52,943
Total comprehensive income for the period	-	-	-	715	715	10	725
Total comprehensive income/(expenses) for the period	45,844	12,065	(68)	(4,224)	53,617	51	53,668
Purchase of treasury shares	-	-	(2)	-	(2)	-	(2)
Total transactions with owners of the Company	-	-	(2)	-	(2)	-	(2)
At 31 October 2016	45,844	12,065	(70)	(4,224)	53,615	51	53,666

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.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE TWELVE MONTHS ENDED 31 OCTOBER 2017**

	(Unaudited) 31-Oct-17 RM'000	(Audited) 31-Oct-16 RM'000
Profit/(Loss) before tax from continuing operations	5,996	(641)
Adjustments for		
Non-cash items	4,821	4,290
Non-operating items	310	290
Operating profit before changes in working capital	11,127	3,939
Changes in working capital		
- Net changes in current assets	(6,387)	2,407
- Net changes in current liabilities	93	(3,392)
Tax (paid)/refund	(147)	68
Net cash from operating activities	4,686	3,022
Cash flow from investing activities		
- Purchase of plant and equipment (Note 1)	(1,094)	(221)
- Proceeds from disposal of plant and equipment	-	1,200
- Interest received	29	7
Net cash (used in)/from investing activities	(1,065)	986
Cash flow from financing activities		
- Repayment of hire purchase obligations	(1,694)	(1,643)
- Acquisition of treasury share	-	(2)
- Interest paid	(339)	(297)
Net cash used in financing activities	(2,033)	(1,942)
Net increase in cash and cash equivalents	1,588	2,066
Cash and cash equivalents at the beginning of financial period	2,097	31
Cash and cash equivalents at end of financial period	3,685	2,097

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	130	-
Cash and bank balances	4,459	2,113
Bank overdraft	(904)	(16)
	3,685	2,097

Note 1

During the 12 months ended 31 October 2017, the Group acquired plant and equipment with an aggregate cost of RM2,764,000 (12 months ended 31 October 2016: RM2,349,000) of which RM1,094,000 was paid by cash (12 months ended 31 October 2016: RM221,000 by cash). A sum of RM230,000 was acquired by means of hire purchase (12 months ended 31 October 2016: RM2,128,000 by means of hire purchase) while the remaining sum of RM1,440,000 was acquired under a deferred payment scheme agreed with the machine vendor on a period of next 3 years and classified as "other payables".

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.



NOTES TO THE INTERIM FINANCIAL REPORT
FOR TWELVE MONTHS ENDED
31 OCTOBER 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 October 2017 are as follows:-

	Number of Shares	Total Amount Paid RM
Balance of treasury shares as at 1 November 2016	146,900	70,379

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.

7. Dividends paid

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



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NOTES TO THE INTERIM FINANCIAL REPORT
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8. Segmental revenue and results

The Group has one operating segment comprises mainly 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	28,133,142	5,054,109	8,260,481	1,259,739	42,707,471
Non-current assets	41,052,963	-	-	-	41,052,963

9. Operating profit

Operating profit is arrived at:

	Current Year Quarter 31 October 17 (Unaudited) RM	Current Year To Date 31 October 17 (Unaudited) RM
After charging:		
Depreciation of property, plant and equipment	1,061,382	4,284,871
Depreciation of investment properties	1,313	51,676
Interest expense	58,981	338,655
Property, plant and equipment write off	484,368	484,368
Loss on foreign exchange - unrealised	-	182,672
Loss on foreign exchange - realised	43,928	-
And crediting:		
Interest income	9,682	28,644
Gain on foreign exchange - unrealised	4,533	-
Gain on foreign exchange - realized	-	319,858



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FOR TWELVE MONTHS ENDED
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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.

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 finance lease liabilities granted to the subsidiaries amounting to RM18,853,012 and RM3,117,323 respectively (31 October 2016: Credit facilities of RM22,783,000 and finance lease liabilities RM4,597,000).

13. Capital commitments

	31 October 2017 (Unaudited) RM'000
Capital expenditure commitments	
Plant & equipment	
Contracted but not provided for in the financial statements	<u>61</u>



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**NOTES TO THE INTERIM FINANCIAL REPORT
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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				CUMMULATIVE QUARTER			
	3 months ended		VARIANCE (AMOUNT/%)		12 months ended		VARIANCE (AMOUNT/%)	
	31 OCT 2017 RM'000	31 OCT 2016 RM'000			31 OCT 2017 RM'000	31 OCT 2016 RM'000		
Revenue	12,777	7,770	5,007	64%	42,707	33,087	9,620	29%
Profit/(Loss) Before Interest and Tax	2,368	(1,411)	3,779	268%	6,306	(351)	6,657	1897%
Profit/(Loss) Before Tax	2,319	(1,491)	3,810	256%	5,996	(641)	6,637	1035%
Profit/(Loss) After Tax	2,500	(125)	2,625	2100%	6,140	725	5,415	747%
Profit/(Loss) Attributable to Owners of the Company	2,503	(130)	2,633	2025%	6,114	715	5,399	755%

For the current quarter, the Group recorded revenue of RM12,777,000 with profit before tax of RM2,319,000 as compared to revenue of RM7,770,000 and loss before tax of RM1,491,000 in the preceding year corresponding quarter respectively. Domestic demands from customers in the electrical and electronic industry continue to fuel the revenue growth while profits are in-line with expectations on increase in raw material cost offset by internal cost control measures.

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

	CURRENT YEAR QUARTER 31 OCT 2017	IMMEDIATE PRECEDING QUARTER 31 JUL 2017	VARIANCE (AMOUNT/%)	
	RM'000	RM'000		
Revenue	12,777	11,863	914	8%
Profit Before Interest and Tax	2,368	3,146	(778)	-25%
Profit Before Tax	2,319	3,070	(751)	-24%
Profit After Tax	2,500	3,060	(560)	-18%
Profit Attributable to Owners of the Company	2,503	3,052	(549)	-18%

Compared with preceding quarter, profit before tax decreased by RM751,000 mainly driven by product mix and higher cost of raw materials during the quarter. The Group continue to observe cost improvements from increased factory utilization and operational efficiency.

16. Prospects

The Group expects an improvement in revenue and a competitive business environment in the coming year. The Group will continue to diversify its revenue streams in various industries and customer base while implementing strategies to better control operating cost and cash flow.



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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 Oct 17 RM'000 (Unaudited)	Preceding year quarter 31 Oct 16 RM'000 (Audited)	Cumulative year to date 31 Oct 17 RM'000 (Unaudited)	Preceding year to date 31 Oct 16 RM'000 (Audited)
Tax expense				
- current tax	(5)	18	34	18
- prior year tax	-	(13)	(2)	(13)
Deferred tax				
- origination and reversal of temporary differences	652	(1,371)	652	(1,371)
- prior year	(828)	-	(828)	-
	<u>(181)</u>	<u>(1,366)</u>	<u>(144)</u>	<u>(1,366)</u>

19. Status of corporate proposals

There are no corporate proposals announced or uncompleted as at the date of this announcement.

20. Bank borrowings

The bank borrowings as at 31 October 2017 are as follows:

	31 October 17 (Unaudited) RM'000	31 October 16 (Audited) RM'000
Current:		
Finance Lease Liabilities	1,393	1,686
Bank overdraft	<u>904</u>	<u>16</u>
Non-Current		
Finance Lease Liabilities	<u>1,724</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 recommend a first and final tax exempt dividend of 2.0 sen per ordinary share each for the financial period ended 31 October 2017 subject to shareholders approval.



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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 October 17 <u>(Unaudited)</u>	Cumulative Quarter 31 October 17 <u>(Unaudited)</u>
Net profit for the period attributable to shareholders (RM'000)	2,503	6,114
Shares in circulation ('000)	91,541	91,541
Basic earnings per ordinary share (Sen)	2.73	6.68

24. Related party transactions

There were no significant 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 October 2017 and 31 October 2016 into realised and unrealised profits/(losses) are as follows:

	Current Year To Date 31 Oct 17 <u>(Unaudited)</u>	Preceding Year To Date 31 Oct 2016 <u>(Audited)</u>
Total retained profits of the Company and the subsidiaries:		
- Realised	1,867,327	(4,342,799)
- Unrealised	22,595	118,739
Total group retained earnings/(accumulated losses) as per consolidated financial statements	1,889,922	(4,224,060)

By order of the board

Yong Loy Huat
Chief Executive Officer
20 December 2017