



**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 THREE MONTHS ENDED 31 JANUARY 2018**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31-Jan-18 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-Jan-17 RM'000	CURRENT YEAR TO DATE 31-Jan-18 RM'000	PRECEDING YEAR CORRESPONDING TO DATE 31-Jan-17 RM'000
Continuing operations				
Revenue	12,540	8,475	12,540	8,475
Operating profit/(loss)	4,191	(674)	4,191	(674)
Finance costs	(69)	(121)	(69)	(121)
Interest income	16	1	16	1
Profit/(Loss) before tax	4,138	(794)	4,138	(794)
Tax expense	254	-	254	-
Profit/(Loss) for the period	4,392	(794)	4,392	(794)
Other comprehensive income/(expense), net of tax	-	-	-	-
Total comprehensive income/(expenses)	4,392	(794)	4,392	(794)
Profit/(Loss) for the year representing total comprehensive income/(expenses) for the year attributable to :				
Owners of the Company	4,389	(798)	4,389	(798)
Non-controlling interest	3	4	3	4
	4,392	(794)	4,392	(794)
Basic earnings/(losses) per ordinary share (sen) - Note 23	4.79	(0.87)	4.79	(0.87)

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 2017 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 JANUARY 2018**

	Note	(Unaudited) As at end of current quarter 31-Jan-18 RM'000	(Audited) As at preceding financial year end 31-Oct-17 RM'000
ASSETS			
Property, plant and equipment		38,077	38,993
Investment properties		511	512
Deferred tax asset		1,904	1,547
Total non-current assets		<u>40,492</u>	<u>41,052</u>
Inventories		14,922	13,198
Amount due from contract customers		78	-
Trade and other receivables		9,606	10,353
Current tax assets		131	255
Asset classified as held for sale		-	2,766
Cash and cash equivalents		9,448	4,589
Total current assets		<u>34,185</u>	<u>31,161</u>
Total Assets		<u><u>74,677</u></u>	<u><u>72,213</u></u>
EQUITY			
Share capital		57,909	57,909
Treasury shares		(70)	(70)
Reserves		6,279	1,890
Total equity attributable to equity holders of the Company		<u>64,118</u>	<u>59,729</u>
Non-controlling interest		50	77
Total Equity		<u>64,168</u>	<u>59,806</u>
LIABILITIES			
Other payables		814	926
Bank borrowings	20	1,523	1,724
Total non-current liabilities		<u>2,337</u>	<u>2,650</u>
Trade and other payables		6,901	7,460
Bank borrowings	20	1,184	2,297
Current tax liability		87	-
Total current liabilities		<u>8,172</u>	<u>9,757</u>
Total liabilities		<u>10,509</u>	<u>12,407</u>
Total equity and liabilities		<u><u>74,677</u></u>	<u><u>72,213</u></u>
Net Asset per share attributable to ordinary equity holders of the Company (RM)		<u>0.70</u>	<u>0.65</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 October 2017 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 2018**

(The figures have not been audited)

	Non-distributable			Distributable		Non-controlling interests RM'000	Total Equity RM'000
	Attributable to shareholders of the Company						
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Retained Earnings/ (Accumulated Losses) RM'000	Total RM'000		
3 months ended 31 January 2018 (Unaudited)							
At 1 November 2017	57,909	-	(70)	1,890	59,729	77	59,806
Total comprehensive income for the period	-	-	-	4,389	4,389	3	4,392
Total comprehensive income/(expenses) for the period	57,909	-	(70)	6,279	64,118	80	64,198
Dividend paid	-	-	-	-	-	(30)	(30)
Total transactions with owners of the Company	-	-	-	-	-	(30)	(30)
At 31 January 2018	57,909	-	(70)	6,279	64,118	50	64,168
3 months ended 31 January 2017 (Unaudited)							
At 1 November 2016	45,844	12,065	(70)	(4,224)	53,615	50	53,665
Total comprehensive income for the period	-	-	-	(798)	(798)	4	(794)
Total comprehensive income/(expenses) for the period	45,844	12,065	(70)	(5,022)	52,817	54	52,871
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 January 2017	57,909	-	(70)	(5,022)	52,817	54	52,871

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 2017 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 THREE MONTHS ENDED 31 JANUARY 2018**

	(Unaudited) 31-Jan-18 RM'000	(Unaudited) 31-Jan-17 RM'000
Profit/(Loss) before tax from continuing operations	4,138	(794)
Adjustments for		
Non-cash items	1,041	1,615
Non-operating items	(2,116)	120
Operating profit before changes in working capital	3,063	941
Changes in working capital		
- Net changes in current assets	(1,055)	44
- Net changes in current liabilities	(671)	(1,411)
Tax (paid)/refund	(7)	(5)
Net cash from operating activities	1,330	(431)
Cash flow from investing activities		
- Purchase of plant and equipment (Note 1)	(124)	(389)
- Proceeds from disposal of plant and equipment	5,050	-
- Interest received	16	1
Net cash (used in)/from investing activities	4,942	(388)
Cash flow from financing activities		
- Repayment of hire purchase obligations	(410)	(420)
- Dividend paid	(30)	-
- Interest paid	(69)	(121)
Net cash used in financing activities	(509)	(541)
Net increase in cash and cash equivalents	5,763	(1,360)
Cash and cash equivalents at the beginning of financial period	3,685	2,097
Cash and cash equivalents at end of financial period	9,448	737

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	9,318	2,244
Bank overdraft	-	(1,507)
	9,448	737

Note 1

During the 3 months ended 31 January 2018, the Group acquired plant and equipment with an aggregate cost of RM124,000 (3 months ended 31 January 2017: RM389,000) of which RM124,000 was paid by cash (3 months ended 31 January 2017: RM389,000 by cash). There were no plant and equipment acquired by means of hire purchase (3 months ended 31 January 2017: 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 2017 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 2018

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 2017.

The audited financial statements of the Group for the year ended 31 October 2017 were prepared in accordance with MFRS. The accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 October 2017.

2. Audit qualification

There were no qualifications on the audit report of the financial statements for the financial year ended 31 October 2017.

3. Seasonal or cyclical factors

The Group’s result are not significantly affected by any seasonal factors although demands are observed to be generally higher in the second half of the financial year driven by orders from multinational customers.

4. Unusual items due to their nature, size or incidence

There were no other unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review except for a one-off gain of RM2.17 million realized in net income in the current quarter attributed to the completion of sales of land and industrial building classified under asset held for sale.

5. Changes in estimates

There were 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 2018 are as follows:-

	Number of Shares	Total Amount Paid RM
Balance of treasury shares as at 31 January 2018	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.



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NOTES TO THE INTERIM FINANCIAL REPORT
FOR THREE MONTHS ENDED
31 JANUARY 2018

7. Dividends paid

No dividends were paid to owners of the Company during the financial quarter ended 31 January 2018 (31 January 2017: Nil).

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	8,671,129	1,408,561	2,185,715	275,040	12,540,445
Non-current assets	38,588,307	-	-	-	38,588,307

9. Operating profit

Operating profit is arrived at:

	Current Year Quarter 31 January 18 (Unaudited) RM	Current Year To Date 31 January 18 (Unaudited) RM
After charging:		
Depreciation of property, plant and equipment	1,039,936	1,039,936
Depreciation of investment properties	1,313	1,313
Interest expense	58,126	58,126
Loss on foreign exchange - unrealised	236,072	236,072
Loss on foreign exchange - realised	181,220	181,220
And crediting:		
Interest income	16,269	16,269
Gain on disposal of asset held for sale	2,169,298	2,169,298



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NOTES TO THE INTERIM FINANCIAL REPORT
FOR THREE MONTHS ENDED
31 JANUARY 2018

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 of 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 RM18,334,000 and RM2,707,349 respectively (31 January 2017: Credit facilities of RM22,783,000 and finance lease liabilities RM5,669,000).

13. Capital commitments

	31 January 2018 (Unaudited) RM'000
Capital expenditure commitments	
Plant & equipment	
Contracted but not provided for in the financial statements	<u>608</u>



WONG ENGINEERING CORPORATION BERHAD
 (Company No. 409959 – W)
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**NOTES TO THE INTERIM FINANCIAL REPORT
 FOR THREE MONTHS ENDED
 31 JANUARY 2018**

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/%)		3 months ended		VARIANCE (AMOUNT/%)	
	31 JAN 2018 RM'000	31 JAN 2017 RM'000			31 JAN 2018 RM'000	31 JAN 2017 RM'000		
Revenue	12,540	8,475	4,065	48%	12,540	8,475	4,065	48%
Profit/(Loss) Before Interest and Tax	4,191	(674)	4,865	722%	4,191	(674)	4,865	722%
Profit/(Loss) Before Tax	4,138	(794)	4,932	621%	4,138	(794)	4,932	621%
Profit/(Loss) After Tax	4,392	(794)	5,186	653%	4,392	(794)	5,186	653%
Profit/(Loss) Attributable to Owners of the Company	4,389	(798)	5,187	650%	4,389	(798)	5,187	650%

The Group recorded revenue of RM12.54 million for the current quarter ended 31 January 2018, an increase of RM4.07 million (+48%) as compared to RM8.48 million recorded in the preceding year corresponding quarter. The revenue growth was fuelled by higher sales volume in both domestic and export market.

The Group's profit before tax of RM4.14 million, grew by RM4.93 million (+621%) from loss before tax of RM0.79 million in the preceding year corresponding quarter. The growth in profit before tax was supported by increased revenue and continued cost rationalisation measures. The Group also materialised a one-off gain of RM2.17 million with the completion of sales of land and industrial building classified under asset held for sale during the current quarter.

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

	CURRENT YEAR QUARTER 31 JAN 2018	IMMEDIATE PRECEDING QUARTER 31 OCT 2017	VARIANCE (AMOUNT/%)	
	RM'000	RM'000		
Revenue	12,540	12,777	(237)	-2%
Profit Before Interest and Tax	4,191	2,368	1,823	77%
Profit Before Tax	4,138	2,319	1,819	78%
Profit After Tax	4,392	2,500	1,892	76%
Profit Attributable to Owners of the Company	4,389	2,503	1,886	75%

The Group's current quarter revenue decreased slightly by RM0.24 mil (-2%) to RM12.54 million from RM12.78 million in the immediate preceding quarter. The decrease of revenue was due to a minor reduction in sales volume typically observed during the month end of December.

However, the Group's profit before tax grew by RM1.82 million (+78%) attributed to the one-off gain of RM2.17 million with the sales completion of its asset held for sale during the current quarter offset by increased forex losses due to Malaysia Ringgit strengthening against US Dollar and administration cost to support work initiation for its construction project at Kuchai Lama.



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NOTES TO THE INTERIM FINANCIAL REPORT
FOR THREE MONTHS ENDED
31 JANUARY 2018

16. Prospects

Moving forward, the Group expects growth in revenue and profit to remain favourable with domestic demands continuing to be a key driver. However, business and operating environment is projected to be challenging due to rising cost of raw materials and fluctuating foreign currency exchange rates. Thus, the Group and its management strive to enhance its manufacturing competency and operating efficiency to reduce the overall cost and remain competitive while continuous efforts are being made to grow higher export sales and diversify its revenue stream by expanding our presence into various other industries.

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 Jan 18 RM'000 (Unaudited)	Preceding year quarter 31 Jan 17 RM'000 (Unaudited)	Cumulative year to date 31 Jan 18 RM'000 (Unaudited)	Preceding year to date 31 Jan 17 RM'000 (Unaudited)
Tax expense				
- current tax	102	-	102	-
- prior year tax	-	-	-	-
Deferred tax				
- origination and reversal of temporary differences	-	-	-	-
- prior year	(356)	-	(356)	-
	<u>(254)</u>	<u>-</u>	<u>(254)</u>	<u>-</u>

The effective tax rate of the Group for the current quarter and financial period were lower than the statutory tax rate of 24% mainly due to the recognition of deferred tax asset due to reinvestment allowances to the extent that future taxable profits will be available against of which the tax incentive can be utilized.

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 January 2018 are as follows:

	31 January 18 (Unaudited) RM'000	31 October 17 (Audited) RM'000
Current:		
Finance Lease Liabilities	1,184	1,393
Bank overdraft	-	904
Non-Current		
Finance Lease Liabilities	<u>1,523</u>	<u>1,724</u>



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NOTES TO THE INTERIM FINANCIAL REPORT
FOR THREE MONTHS ENDED
31 JANUARY 2018

21. Changes in material litigation

The Group was not engaged in any material litigation for the current financial year to date and there were no material litigation pending on the date of this announcement.

22. Proposed dividends

The directors do not recommend any interim dividend for the financial period ended 31 January 2018.

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 January 18 <u>(Unaudited)</u>	Cumulative Quarter 31 January 18 <u>(Unaudited)</u>
Net profit for the period attributable to shareholders (RM'000)	4,389	4,389
Shares in circulation ('000)	91,541	91,541
Basic earnings per ordinary share (Sen)	4.79	4.79

24. Related party transactions

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

By order of the board

Yong Loy Huat
Chief Executive Officer
23 March 2018