



**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 TWELVE MONTHS ENDED 31 OCTOBER 2019**

*(The figures have not been audited)*

|   | INDIVIDUAL QUARTER                               |   | CUMULATIVE QUARTER                               |   |
|---|--|---|--|---|
|   | CURRENT YEAR<br>QUARTER<br>31 Oct 19<br>(RM'000) | PRECEDING YEAR<br>CORRESPONDING<br>QUARTER<br>31 Oct 18<br>(RM'000) | CURRENT YEAR<br>TO DATE<br>31 Oct 19<br>(RM'000) | PRECEDING YEAR<br>CORRESPONDING<br>TO DATE<br>31 Oct 18<br>(RM'000) |
| <b>Continuing operations</b>  |  |   |  |   |
| Revenue   | 18,785   | 15,954  | 60,907   | 60,442  |
| Operating Profit  | 2,764  | 825   | 5,586  | 8,328   |
| Finance costs   | (273)  | (69)  | (827)  | (267)   |
| Interest income   | 133  | 51  | 428  | 167   |
| Profit before tax   | 2,624  | 807   | 5,187  | 8,228   |
| Tax Expense   | 1,238  | 208   | 590  | 451   |
| Profit for the period   | 3,862  | 1,015   | 5,777  | 8,679   |
| Other comprehensive income/(expense), net of tax  | -  | -   | -  | -   |
| Total comprehensive income/(expense)  | <b>3,862</b>                                     | <b>1,015</b>  | <b>5,777</b>                                     | <b>8,679</b>  |
| Profit/(Loss) for the year representing<br>total comprehensive income/(expenses) for the year<br>attributable to: |  |   |  |   |
| Owners of the Company   | 3,866  | 1,016   | 5,787  | 8,677   |
| Non-Controlling interest  | (4)  | (1)   | (10)   | 2   |
|   | <b>3,862</b>                                     | <b>1,015</b>  | <b>5,777</b>                                     | <b>8,679</b>  |
| Basic earnings per ordinary share (sen) - Note 23   | 3.55   | 1.11  | 5.31   | 9.49  |

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 2018 and the accompanying explanatory notes set out on pages 5 to 12 which forms 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 OCTOBER 2019**

|   | Note | Unaudited<br>As at end of<br>current quarter<br>31 Oct 2019<br>RM'000 | Audited<br>As at preceding<br>financial year end<br>31 Oct 2018<br>RM'000 |
|---|------|---|---|
| <b>ASSETS</b>   |      |   |   |
| Property, plant and equipment   |      | 35,727  | 36,047  |
| Investment properties   |      | 502   | 507   |
| Deferred Tax assets   |      | 3,908   | 2,699   |
| Total non-current assets  |      | <u>40,137</u>   | <u>39,253</u>   |
| Inventories   |      | 11,608  | 13,047  |
| Trade and other receivables   |      | 13,013  | 12,572  |
| Other investments   |      | 2,945   | 837   |
| Current tax assets  |      | 161   | 317   |
| Cash and cash equivalents   |      | 31,591  | 9,185   |
| Total current assets  |      | <u>59,318</u>   | <u>35,958</u>   |
| <b>Total Assets</b>   |      | <u>99,455</u>   | <u>75,211</u>   |
| <b>EQUITY</b>   |      |   |   |
| Share capital   |      | 57,909  | 57,909  |
| Treasury shares   |      | (1,050)   | (368)   |
| Reserves  |      | 11,911  | 7,823   |
| Total equity equitable to equity holders of the Company                         |      | <u>68,770</u>   | <u>65,364</u>   |
| Non-controlling interest  |      | 40  | 50  |
| <b>Total Equity</b>   |      | <u>68,810</u>   | <u>65,414</u>   |
| <b>LIABILITIES</b>  |      |   |   |
| Other payables  |      | -   | 471   |
| Bank borrowings   | 20   | 17,899  | 529   |
| Total non-current liabilities   |      | <u>17,899</u>   | <u>1,000</u>  |
| Trade and other payables  |      | 9,548   | 8,006   |
| Bank borrowings   | 20   | 2,931   | 699   |
| Current tax liabilities   |      | 267   | 92  |
| Total current liabilities   |      | <u>12,746</u>   | <u>8,797</u>  |
| <b>Total Liabilities</b>  |      | <u>30,645</u>   | <u>9,797</u>  |
| <b>Total equity and liabilities</b>   |      | <u>99,455</u>   | <u>75,211</u>   |
| Net asset per share attributable to ordinary equity holders of the Company (RM) |      | <u>0.61</u>   | <u>0.71</u>   |

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 October 2018 and the accompanying explanatory notes set out on pages 5 to 12 which forms 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 TWELVE MONTHS ENDED 31 OCTOBER 2019**

*(The figures have not been audited)*

<----- Attributable to shareholders of the Company ----->

|   | <--- Non-Distributable ---> |                              | Distributable<br>(Accumulated<br>Losses)/Retained<br>Earnings | Total          | Non-<br>controlling<br>Interest | Total<br>Equity |
|---|-----------------------------|------------------------------|---|----------------|---------------------------------|-----------------|
|   | Share<br>Capital<br>RM'000  | Treasury<br>Shares<br>RM'000 | RM'000  | RM'000         | RM'000                          | RM'000          |
| <b><u>12 months ended 31 October 2019 (Unaudited)</u></b>   |                             |                              |   |                |                                 |                 |
| At 1 November 2018  | 57,909                      | (368)                        | 7,823   | 65,364         | 50                              | 65,414          |
| Total comprehensive income for the period                   | -                           | -                            | 5,787   | 5,787          | (10)                            | 5,777           |
| <b>Total comprehensive income/(expenses) for the period</b> | <b>57,909</b>               | <b>(368)</b>                 | <b>13,610</b>   | <b>71,151</b>  | <b>40</b>                       | <b>71,191</b>   |
| Purchase of treasury shares                                 | -                           | (682)                        | -   | (682)          | -                               | (682)           |
| Dividends paid  | -                           | -                            | (1,699)   | (1,699)        | -                               | (1,699)         |
| <b>Total transactions with owners of the Company</b>        | <b>-</b>                    | <b>(682)</b>                 | <b>(1,699)</b>  | <b>(2,381)</b> | <b>-</b>                        | <b>(2,381)</b>  |
| At 31 October 2019  | 57,909                      | (1,050)                      | 11,911  | 68,770         | 40                              | 68,810          |
| <b><u>12 months ended 31 October 2018 (Audited)</u></b>     |                             |                              |   |                |                                 |                 |
| At 1 November 2017  | 57,909                      | (70)                         | 1,890   | 59,729         | 77                              | 59,806          |
| Total comprehensive income for the period                   | -                           | -                            | 8,677   | 8,677          | 2                               | 8,679           |
| <b>Total comprehensive income/(expenses) for the period</b> | <b>57,909</b>               | <b>(70)</b>                  | <b>10,567</b>   | <b>68,406</b>  | <b>79</b>                       | <b>68,485</b>   |
| Purchase of treasury shares                                 | -                           | (298)                        | -   | (298)          | -                               | (298)           |
| Dividends paid  | -                           | -                            | (2,744)   | (2,744)        | (29)                            | (2,773)         |
| <b>Total transactions with owners of the Company</b>        | <b>-</b>                    | <b>(298)</b>                 | <b>(2,744)</b>  | <b>(3,042)</b> | <b>(29)</b>                     | <b>(3,071)</b>  |
| At 31 October 2018  | 57,909                      | (368)                        | 7,823   | 65,364         | 50                              | 65,414          |

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 October 2018 and the accompanying explanatory notes set out on pages 5 to 12 which forms 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 TWELVE MONTHS ENDED 31 OCTOBER 2019**

|   | Unaudited<br>31 Oct 2019<br>RM'000 | Audited<br>31 Oct 2018<br>RM'000 |       |
|---|------------------------------------|----------------------------------|-------|
| Profit before tax from continuing operations  | 5,187                              | 8,228                            |       |
| Adjustments for:  |                                    |                                  |       |
| Non-cash items  | 3,765                              | 4,595                            |       |
| Non-operating items   | (832)                              | (2,195)                          |       |
| Operating profit before changes in working capital  | 8,120                              | 10,628                           |       |
| Changes in working capital  |                                    |                                  |       |
| - Net changes in current assets   | 543                                | (2,068)                          |       |
| - Net changes in current liabilities  | 1,415                              | 1,251                            |       |
| Dividend received   | 106                                | 12                               |       |
| Tax (paid)/refund   | (290)                              | (670)                            |       |
| Net cash from operating activities  | 9,894                              | 9,153                            |       |
| <b>Cash flow from investing activities</b>  |                                    |                                  |       |
| - Purchase of machinery and equipment (Note 1)  | (1,462)                            | (349)                            |       |
| - Proceeds from disposal of machinery and equipment   | 328                                | 5,050                            |       |
| - Addition of other investments   | (1,915)                            | (1,374)                          |       |
| - Proceeds from disposal of other investments   | 1,354                              | -                                |       |
| - Interest received   | 428                                | 167                              |       |
| Net cash (used in)/from investing activities  | (1,267)                            | 3,494                            |       |
| <b>Cash flow from financing activities</b>  |                                    |                                  |       |
| - Repayment of other payables   | (343)                              | (1,161)                          |       |
| - Repayment of hire purchase obligations  | (1,337)                            | (2,647)                          |       |
| - Repayment of other borrowings   | (1,333)                            | (904)                            |       |
| - Drawdown of other borrowings  | 20,000                             | -                                |       |
| - Dividend paid   | (1,699)                            | (2,774)                          |       |
| - Purchase of treasury shares   | (682)                              | (298)                            |       |
| - Interest paid   | (827)                              | (267)                            |       |
| Net cash (used in)/from financing activities  | 13,779                             | (8,051)                          |       |
| Net increase in cash and cash equivalents   | 22,406                             | 4,596                            |       |
| Cash and cash equivalents at beginning of financial period  | 9,185                              | 4,589                            |       |
| Cash and cash equivalents at end of financial period  | 31,591                             | 9,185                            |       |
| <b>Note - Cash and cash equivalents included in the condensed consolidated cash flow statement comprise the following</b> |                                    |                                  |       |
| Short term deposit placed with licensed banks   | RM'000                             | 23,061                           | 4,400 |
| Cash and bank balances  | RM'000                             | 8,530                            | 4,785 |
|   |                                    | 31,591                           | 9,185 |

**Note 1**

During the financial year ended 31 October 2019, the Group acquired machinery and equipment (M&E) with an aggregate cost of RM3,734,000 (FYE2018: RM1,107,000) of which RM1,462,000 was paid by cash (FYE2018: RM349,000 by cash). The remaining M&E with an aggregate cost of RM2,272,000 were acquired by means of hire purchase (FYE2018: RM758,000).

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 October 2018 and the accompanying explanatory notes set out on pages 5 to 12 which forms an integral part of this interim financial report.



**NOTES TO THE INTERIM FINANCIAL REPORT FOR TWELVE MONTHS ENDED 31 OCTOBER 2019**

**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.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 October 2018 (“FYE18”). 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 audited financial statements for FYE18 except for adoption of the following accounting standards, amendments and interpretations that have been issued by the MASB and effective for this financial year:

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018***

- MFRS 9, *Financial Instruments*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarification to MFRS 15, *Revenue from Contracts with Customers*

The adoptions of these standards, amendments and interpretations have no material impact to this interim financial report.

**2. Audit qualification**

There was no qualification on the audit report of the financial statements for the financial year ended 31 October 2018.

**3. Seasonal or cyclical factors**

The Group’s result is not significantly affected by any seasonal factors.

**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 were no material changes in the estimates used for the preparation of this interim financial report.



**NOTES TO THE INTERIM FINANCIAL REPORT FOR TWELVE MONTHS ENDED 31 OCTOBER 2019**

**6. Changes in debt and equity securities**

There were no issuance or repayment of debt and equity securities, share buy-backs and share cancellations for the current financial period except for the following:

During the financial year ended 31 October 2019, the Company repurchased 1,101,900 of its issued share capital from the open market for an average price of RM0.6183 per share. The repurchased transactions were financed by internally generated funds. 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 using cost method. The amount of consideration paid, including directly attributable costs, is recognised as costs and set off against equity. The Company also received 222,000 of bonus shares from the bonus issue exercise which was completed on 11 January 2019.

The details of the treasury shares held as at 31 October 2019 are as follow:

|   | <b>Number of shares</b> | <b>Total Amount (RM)</b> |
|---|-------------------------|--------------------------|
| Balance of treasury shares as at 1 November 2018        | 494,300                 | 368,330                  |
| Shares bought back during the period                    | 1,101,900               | 681,355                  |
| Bonus shares received                                   | 222,000                 | -                        |
| <b>Balance of treasury shares as at 31 October 2019</b> | <b>1,818,200</b>        | <b>1,049,685</b>         |

**7. Dividends paid**

A single tier final dividend of 1.0 sen per ordinary share in respect of financial year ended 31 October 2018 was approved by the shareholders at the 22nd Annual General Meeting held on 26 March 2019. The dividend amounting to RM1,133,572 was paid on 8 May 2019 to the registered shareholders at the close of business on 18 April 2019. A first interim single tier dividend of 0.5 sen per ordinary share in respect of financial year ending 31 October 2019 amounting to RM565,459 was paid on 19 September 2019 to the registered shareholders at the close of business on 29 August 2019.

**8. Segmental revenue and results**

For the purpose of management, the Group is organized into four operating segments which are manufacturing and sales of high precision stamped and turned metal parts, trading of environmental and health product, construction and property development (PD) and investment. For financial reporting purposes, the first two segments are combined and referred to as “Manufacturing” because both segments exhibit similar long-term performance. The following is an analysis of the Group’s revenue and results by the reportable business segments for the period ended 31 October 2019.

|                                  | <b>Individual quarter for 3 months ended 31 October</b> |               |                              |               |                   |               |               |               |
|----------------------------------|---|---------------|------------------------------|---------------|-------------------|---------------|---------------|---------------|
|                                  | <b>Manufacturing</b>                                    |               | <b>Construction &amp; PD</b> |               | <b>Investment</b> |               | <b>Total</b>  |               |
|                                  | <b>2019</b>   | <b>2018</b>   | <b>2019</b>                  | <b>2018</b>   | <b>2019</b>       | <b>2018</b>   | <b>2019</b>   | <b>2018</b>   |
|                                  | <b>RM'000</b>   | <b>RM'000</b> | <b>RM'000</b>                | <b>RM'000</b> | <b>RM'000</b>     | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b> |
| Revenue                          | 13,352  | 13,161        | 5,406                        | 2,793         | 27                | 12            | 18,785        | 15,966        |
| Segment profit/(loss) before tax | 882   | 1,124         | 1,033                        | 220           | 708               | (537)         | 2,624         | 807           |
| Depreciation and amortisation    | 986   | 996           | 3                            | 1             | 0                 | 0             | 989           | 997           |
| Capital investment               | 1,008   | 735           | 5                            | -             | 0                 | -             | 1,013         | 735           |



**NOTES TO THE INTERIM FINANCIAL REPORT FOR TWELVE MONTHS ENDED 31 OCTOBER 2019**

**Segmental revenue and results (cont'd)**

|                                  | Cummulative 12 months ended 31 October |        |                   |        |            |        |        |        |
|----------------------------------|--|--------|-------------------|--------|------------|--------|--------|--------|
|                                  | Manufacturing                          |        | Construction & PD |        | Investment |        | Total  |        |
|                                  | 2019                                   | 2018   | 2019              | 2018   | 2019       | 2018   | 2019   | 2018   |
|                                  | RM'000                                 | RM'000 | RM'000            | RM'000 | RM'000     | RM'000 | RM'000 | RM'000 |
| Revenue                          | 46,571                                 | 51,156 | 14,230            | 9,274  | 106        | 12     | 60,907 | 60,442 |
| Segment profit/(loss) before tax | 2,067                                  | 8,218  | 1,478             | 547    | 1,642      | (537)  | 5,187  | 8,228  |
| Depreciation and amortisation    | 3,905                                  | 4,057  | 7                 | 1      | -          | -      | 3,912  | 4,058  |
| Capital investment               | 3,705                                  | 1,103  | 29                | 4      | -          | -      | 3,734  | 1,107  |

Revenue shown above represents revenue generated from external customers.

There are no comparative figures for investment segment as this was a new segment adopted during the quarter ended 31 October 2018.

Segment total asset is used to measure the return on assets of each segment. Assets are allocated directly to reportable segments except for tax recoverable and deferred tax asset as these are managed on a group basis. These are reflected under unallocated assets. Segment liabilities information is neither included in the internal management reports nor provided regularly to the management. Hence, no disclosure is made on segment liability.

|               | Manufacturing | Construction & PD | Investment  | Unallocated assets | Total       |
|---------------|---------------|-------------------|-------------|--------------------|-------------|
|               | 31 Oct 2019   | 31 Oct 2019       | 31 Oct 2019 | 31 Oct 2019        | 31 Oct 2019 |
|               | RM'000        | RM'000            | RM'000      | RM'000             | RM'000      |
| Segment asset | 85,687        | 6,754             | 2,945       | 4,069              | 99,455      |

  

|               | Manufacturing | Construction & PD | Investment  | Unallocated assets | Total       |
|---------------|---------------|-------------------|-------------|--------------------|-------------|
|               | 31 Oct 2018   | 31 Oct 2018       | 31 Oct 2018 | 31 Oct 2018        | 31 Oct 2018 |
|               | RM'000        | RM'000            | RM'000      | RM'000             | RM'000      |
| Segment asset | 68,103        | 3,255             | 837         | 3,016              | 75,211      |

The following is an analysis of the Group's revenue on the basis of geographical location of customers. Segmental assets are also based on the geographical locations of assets. The amounts of non-current assets do not include financial instruments and deferred tax assets

|                                 | Asia     |                  |        |        | Consolidated Total |
|---------------------------------|----------|------------------|--------|--------|--------------------|
|                                 | Malaysia | Outside Malaysia | Europe | Others |                    |
|                                 | RM'000   | RM'000           | RM'000 | RM'000 | RM'000             |
| Revenue from external customers | 49,310   | 5,558            | 5,231  | 808    | 60,907             |
| Non-current assets              | 36,229   | -                | -      | -      | 36,229             |



**NOTES TO THE INTERIM FINANCIAL REPORT FOR TWELVE MONTHS ENDED 31 OCTOBER 2019**

**9. Operating profit**

Operating profit is derived as:

|   | <b>Current Quarter<br/>31 October 2019<br/>(Unaudited)<br/>RM</b> | <b>Current Year to Date<br/>31 October 2019<br/>(Unaudited)<br/>RM</b> |
|---|---|--|
| After charging:                               |   |  |
| Depreciation of property, plant and equipment | 987,810   | 3,906,804  |
| Depreciation of investment properties         | 1,312   | 5,250  |
| Interest expense                              | 273,334   | 827,164  |
| Fixed assets written off                      | -   | 23,006   |
| And crediting:                                |   |  |
| Interest income                               | 132,956   | 427,506  |
| Gain on foreign exchange – realised           | 44,038  | 58,855   |
| Gain on foreign exchange – unrealised         | 43,642  | 43,642   |
| Gain on fair value on other investments       | (173,000)   | 625,095  |
| Gain on disposal of other investments         | 853,699   | 922,148  |
| Gain on disposal of machinery and equipment   | -   | 203,142  |

**10. Material post balance sheet 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**

The Company has given corporate guarantees of RM33,754,000 (31 October 2018: RM8,790,000) as security for banking facilities granted to certain subsidiaries of which RM20,382,000 (31 October 2018: RM1,108,000) were utilised as at the end of the reporting period.

**13. Capital commitments**

|   | <b>31 October 2019<br/>RM'000<br/>(Unaudited)</b> |
|---|---|
| Capital expenditure commitments                               |   |
| Plant & equipment   |   |
| - Contracted but not provided for in the financial statements | <u>1,733</u>                                      |





**NOTES TO THE INTERIM FINANCIAL REPORT FOR TWELVE MONTHS ENDED 31 OCTOBER 2019**

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

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

**Group performance**

|                         | Individual Quarter<br>3 months ended 31 October |        |          |      | Cumulative Quarter<br>12 months ended 31 October |        |          |      |
|-------------------------|---|--------|----------|------|--|--------|----------|------|
|                         | 2019  | 2018   | Variance |      | 2019   | 2018   | Variance |      |
|                         | RM'000  | RM'000 | RM'000   | (%)  | RM'000   | RM'000 | RM'000   | (%)  |
| Revenue                 | 18,785  | 15,966 | 2,819    | 18%  | 60,907   | 60,442 | 465      | 1%   |
| Profit before tax (PBT) | 2,624   | 807    | 1,816    | 225% | 5,187  | 8,228  | (3,041)  | -37% |

The Group recorded revenue of RM18.78 million in the current quarter ended 31 October 2019, an increase of RM2.82 million (up 18%) compared to RM15.97 million reported in the corresponding quarter of the preceding financial period. The growth in revenue was mainly driven by higher progress billings from construction & PD.

The Group achieved RM2.62 million in profit before tax; an increase of RM1.82 million (up 225%) against RM0.81 million reported in the corresponding quarter of the preceding financial period. This was largely due to gain realised from disposal of other investments in current quarter as compared to fair value losses reported in the corresponding quarter of the preceding financial period. Besides that, we also recorded higher profit from construction and PD due to improved margin due in part to some realised cost saving initiatives.

**Segmental performance**

|                          | Individual Quarter 3 months ended 31 October |        |          |        |                   |        |          |        |            |        |          |      |
|--------------------------|--|--------|----------|--------|-------------------|--------|----------|--------|------------|--------|----------|------|
|                          | Manufacturing                                |        |          |        | Construction & PD |        |          |        | Investment |        |          |      |
|                          | 2019   | 2018   | Variance |        | 2019              | 2018   | Variance |        | 2019       | 2018   | Variance |      |
| RM'000                   | RM'000                                       | RM'000 | (%)      | RM'000 | RM'000            | RM'000 | (%)      | RM'000 | RM'000     | RM'000 | (%)      |      |
| Revenue                  | 13,352                                       | 13,161 | 190      | 1%     | 5,406             | 2,793  | 2,613    | 94%    | 27         | 12     | 15       | 129% |
| Profit/(Loss) before tax | 882  | 1,124  | (242)    | -22%   | 1,033             | 220    | 813      | 370%   | 708        | (537)  | 1,245    | 232% |

**Manufacturing**

Revenue recorded an increase of RM0.19 million (up 1%) as customer demand and orders begin to stabilize. Profit before tax decreased RM0.24 million (-22%) largely due to higher finance cost.

**Construction & PD**

Higher revenue achieved corresponds to progress of work completion for the construction project at Kuchai Lama, Kuala Lumpur. Higher profit before tax is due to revised and improved gross margin as well as lower administration and other operating cost.

**Investment**

Higher revenue is due to dividends received from other investments. The profit before tax was driven by realised gain on disposal as well as fair value gain on other investments as at 31 October 2019 while a fair value loss was reported in quarter ended 31 October 2018.



**NOTES TO THE INTERIM FINANCIAL REPORT FOR TWELVE MONTHS ENDED 31 OCTOBER 2019**

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

**Group performance**

|                         | Current Year Quarter |        | Immediate Preceding Quarter |     |
|-------------------------|----------------------|--------|-----------------------------|-----|
|                         | 31 Oct 2019          |        | 31 Jul 2019                 |     |
|                         | RM'000               |        | RM'000                      |     |
| Revenue                 | 18,785               | 16,266 | 2,519                       | 15% |
| Profit before tax (PBT) | 2,624                | 1,469  | 1,155                       | 79% |

The Group achieved revenue of RM18.78 million in the current quarter ended 31 October 2019, an increase of RM2.52 million (up 15%) from RM16.27 million reported in the immediate preceding quarter. The uplift in revenue was primarily contributed by improved sales of metal fabrication parts from Manufacturing. The Group's PBT of RM2.62 million increased by RM1.16 million (+79%) as a result of realised gain from disposal of other investments as well as improved margin from our construction project.

**Segmental performance**

|                          | Manufacturing |        |             |     | Construction & PD |        |             |      | Investment  |        |             |      |
|--------------------------|---------------|--------|-------------|-----|-------------------|--------|-------------|------|-------------|--------|-------------|------|
|                          | 31 Oct 2019   |        | 31 Jul 2019 |     | 31 Oct 2019       |        | 31 Jul 2019 |      | 31 Oct 2019 |        | 31 Jul 2019 |      |
|                          | RM'000        | RM'000 | RM'000      | (%) | RM'000            | RM'000 | RM'000      | (%)  | RM'000      | RM'000 | RM'000      | (%)  |
| Revenue                  | 13,352        | 10,809 | 2,543       | 24% | 5,406             | 5,411  | (5)         | 0%   | 27          | 46     | (19)        | -40% |
| Profit/(Loss) before tax | 882           | 689    | 193         | 28% | 1,033             | 329    | 704         | 214% | 708         | 451    | 257         | 57%  |

**Manufacturing**

Revenue grew RM2.54 million (up 24%) quarter over quarter supported by improved customer orders of metal fabrication parts from key multinational customers. Consequently, profit before tax increased to RM0.88 million, up RM0.19 million (28%) in line with higher sales.

**Construction & PD**

Revenue were relatively flat quarter over quarter corresponding to progress of work completed during the period. Profit before tax has grown as a result of revised improved margin due in part to some realised cost saving initiatives.

**Investment**

Revenue is driven by dividends received from investment in quoted shares. Profit before tax was largely attributable to realised gain from part disposal of other investment as at 31 October 2019.

**16. Prospects**

The Board of Directors anticipates satisfactory performance and improved operating environment from Manufacturing as revenue recovers as a result of stabilizing orders from key multinational customers. Additionally, the Group's revenue is expected to grow with our venture into new market and customer base as well as expansion into higher value-added activities in the supply chain. In terms of bottom line, management remain focused on achieving higher productivity and efficiency besides exercising prudent cost control to improve operating cost and remain competitive. For Construction & PD, the housing market is expected to remain challenging with continued uncertainty. Nonetheless, management is committed and will cautiously seek out new projects for growth and expansion. Overall, barring unforeseen circumstances, the Group is optimistic that its earnings and growth to be favourable in the coming quarters.



**NOTES TO THE INTERIM FINANCIAL REPORT FOR TWELVE MONTHS ENDED 31 OCTOBER 2019**

**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         |                            |
|---|---------------------------|---------------------------|----------------------------|----------------------------|
|   | 3 months ended 31 October | 3 months ended 31 October | 12 months ended 31 October | 12 months ended 31 October |
|   | 2019                      | 2018                      | 2019                       | 2018                       |
|   | RM'000                    | RM'000                    | RM'000                     | RM'000                     |
|   | (Unaudited)               | (Unaudited)               | (Unaudited)                | (Unaudited)                |
| Tax expense   |                           |                           |                            |                            |
| - current year tax                                  | 361                       | 115                       | 583                        | 702                        |
| - prior year tax                                    | -                         | (2)                       | 37                         | (2)                        |
| Deferred tax  |                           |                           |                            |                            |
| - origination and reversal of temporary differences | (1,599)                   | (321)                     | (1,210)                    | (1,151)                    |
| - prior year  | -                         | -                         | -                          | -                          |
|   | <u>(1,238)</u>            | <u>(208)</u>              | <u>(590)</u>               | <u>(451)</u>               |

**19. Status of corporate proposals**

There were no significant corporate proposals for the current financial period to date except as follows:

On 20 September 2018, the Company announced a proposed bonus issue of up to 22,922,000 new ordinary shares in WECB ("WEC share(s)") on the basis of 1 bonus WEC share for every 4 existing WEC shares. The Proposed Bonus Issue was approved by Bursa Securities on 22 November 2018 and subsequently approved by shareholders at an Extraordinary General Meeting ("EGM") held on 19 December 2018. The bonus shares were credited into the shareholders' accounts on 10 January 2019. The exercise was completed with the listing of the bonus shares on 11 January 2019.

**20. Bank borrowings**

The bank borrowings as at 31 October 2019 are as follows:

|                           | 31 October 2019 | 31 October 2018 |
|---------------------------|-----------------|-----------------|
|                           | RM'000          | RM'000          |
|                           | (Unaudited)     | (Audited)       |
| Current:                  |                 |                 |
| Finance lease liabilities | 931             | 699             |
| Fixed loan                | <u>2,000</u>    | <u>-</u>        |
| Non-Current:              |                 |                 |
| Finance lease liabilities | 1,232           | 529             |
| Fixed loan                | <u>16,667</u>   | <u>-</u>        |



**NOTES TO THE INTERIM FINANCIAL REPORT FOR TWELVE MONTHS ENDED 31 OCTOBER 2019**

**21. Changes in material litigation**

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

**22. Proposed dividends**

The Board of Directors recommend a final single tier dividend of 1.0 sen per ordinary share for the financial year ended 31 October 2019 subject to the shareholders' approval in the upcoming Annual General Meeting (AGM); details of which will be announce on a later date.

For the financial year ended 31 October 2019, the Board of Directors had declared and paid a single-tier interim dividend of 0.5 sen on 19 September 2019 to the registered shareholders at the close of business of 29 August 2019.

**23. Earnings per share**

***Basic earnings per share***

Basic earnings per share is calculated by dividing the net profit for the quarter/period by the weighted average number of ordinary shares during the financial quarter/period.

|  | Individual Quarter             |        | Cumulative Quarter              |        |
|--|--------------------------------|--------|---------------------------------|--------|
|  | 3 months ended 31 October 2019 | 2018   | 12 months ended 31 October 2019 | 2018   |
| Net profit attributable to shareholders (RM'000)           | 3,866                          | 1,016  | 5,787                           | 8,677  |
| Weighted average number of ordinary shares in issue ('000) | 108,901                        | 91,312 | 108,901                         | 91,470 |
| Basic earnings per ordinary share (Sen)                    | 3.55                           | 1.11   | 5.31                            | 9.49   |

**24. Related party transactions**

There were no significant related party transactions during the quarter and period under review save for:

|   | Mandate limit<br>RM'000 | Individual Quarter                   |                | Cumulative Quarter                    |                |
|---|-------------------------|--------------------------------------|----------------|---------------------------------------|----------------|
|   |                         | 3 months ended 31 Oct 2019<br>RM'000 | 2018<br>RM'000 | 12 months ended 31 Oct 2019<br>RM'000 | 2018<br>RM'000 |
| Rental charges paid to a company controlled by a Director and major shareholder of the Company                              | 16                      | 3                                    | 4              | 14                                    | 14             |
| Project management fee paid to a company controlled by a Director and major shareholder of the Company                      | 4,000                   | 385                                  | 378            | 1,539                                 | 862            |
| Rental charges of machineries and equipment paid to a company controlled by a Director and major shareholder of the Company | -                       | 186                                  | -              | 336                                   | -              |

By order of the board

Yong Loy Huat  
 Chief Executive Officer  
 12 December 2019