WONG ENGINEERING CORPORATION BERHAD
(409959-W)

Courageous . Innovative . Agile . Limitless

Annual Report 2011

the way WE are
WE build tomorrow

WE view

...ourselves as a diversified corporate entity that creates value, wealth and technological advancement for our Customers, Employees, Shareholders, Suppliers and the Community in general wherever we operate locally, regionally and globally.

WE want

...to be the best in all businesses we are in.

the way WE are

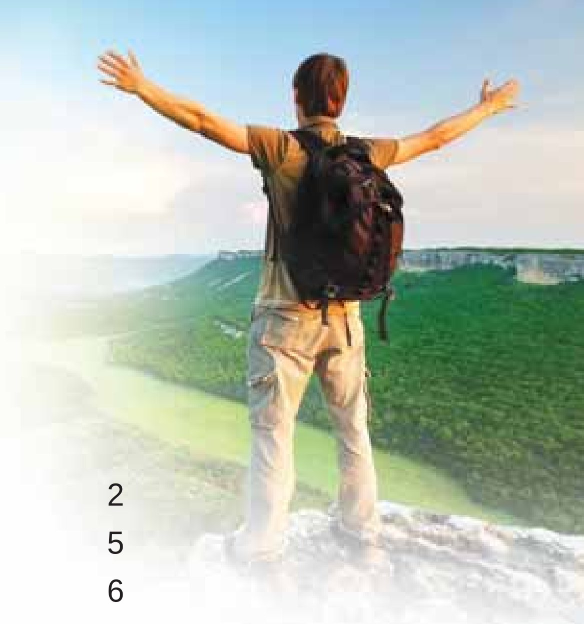
WE build tomorrow

We are **Courageous...**
In undertaking new business ventures and persevering in facing challenges.

WE are **Innovative...**
In creating opportunities for performance and value enhancement through innovation.

WE are **Agile...**
In responding to dynamic environments and adapting to best deliver our promise of quality.

WE are **Limitless...**
In scaling new heights and going beyond expectations.



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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting of the Company will be held at Sunway Carnival Convention VIP Holding room, Sunway Carnival Convention Centre @ Level 4, Sunway Carnival Mall, 11, Lebuh Tenggiri Dua, Pusat Bandar Seberang Jaya, 13700 Prai, Penang, Malaysia on Thursday, 19 April 2012 at 11.00 am for the following purposes:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 October 2011 together with the Reports of Directors and Auditors thereon. **Please refer to Note 1**

2. To approve the payment of Directors' Fees totaling RM165,000 for the financial year ended 31 October 2011. **Ordinary Resolution 1**

3. To re-elect the following Directors retiring pursuant to Article 82 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:

   (i) Mr Wong Kem Chew **Ordinary Resolution 2**
   (ii) Mr Lim Gin Chuan **Ordinary Resolution 3**

4. To re-appoint Messrs KPMG as Auditors of the Company until the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**

As Special Business

5. To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

   a. Authority to issue shares pursuant to Section 132D of the Companies Act, 1965

   "THAT, subject always to the Companies Act, 1965 ("the Act"), the Articles of Association of the Company and the approvals of the relevant government/ regulatory authorities, the Directors be and are hereby authorised, pursuant to Section 132D of the Act, to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deemed fit, provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being and that the Directors are also empowered to obtain the approval from the Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares to be issued." **Ordinary Resolution 5**

b. Proposed renewal of authority to buy-back its own shares by the Company

Ordinary Resolution 6

"THAT subject always to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Directors of the Company be hereby unconditionally and generally authorised to make purchases of ordinary shares of RM0.50 each in the Company's issued and paid-up capital through the Bursa Securities at anytime and upon such terms and conditions and for such purposes as the Directors may, in their discretion deem fit, subject to the following:-

i) the aggregate number of ordinary shares which may be purchased and/or held by the Company shall be ten per centum (10%) of the issued and paid-up ordinary share capital of the Company for the time being ("WEC Shares");
ii) the amount of fund to be allocated by the Company for the purpose of purchasing the WEC Shares shall not exceed the aggregate of the retained profits and share premium account of RM4,191,137 and RM11,568,727 respectively of the Company as at 31 October 2011;
iii) the authority conferred by this Resolution will be effective immediately upon the passing of this Resolution and will continue in force until:-
    a) the conclusion of the next Annual General Meeting ("AGM") of the Company, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
    b) the expiration of the period within which the next AGM is required by law to be held (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting) but not so as to prejudice the completion of purchase(s) by the Company made before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements of the Bursa Securities or any other relevant authorities;
iv) upon completion of the purchase(s) of the WEC Shares by the Company, the Directors of the Company be hereby authorised to deal with the WEC Shares in the following manner:-
    a) to cancel the WEC Shares so purchased; or
    b) to retain the WEC Shares so purchased as treasury shares for distribution as dividend to the shareholders and/or resale on the market of Bursa Securities and/or for cancellation subsequently; or
    c) to retain part of the WEC Shares so purchased as treasury shares and cancel the remainder; or
    d) in such other manner as the Bursa Securities and such other relevant authorities may allow from time to time.

AND THAT the Directors of the Company be and are hereby authorised to take all such actions and steps as are necessary or expedient to implement or to effect the purchase of WEC shares."

Notice of Annual General Meeting (cont'd)

6. To transact any other business of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

By Order of the Board

TAI YIT CHAN (MAICSA 7009143)
ONG TZE-EN (MAICSA 7026537)
LAU YOKE LENG (MAICSA 7034778)
Joint Company Secretaries

Penang, 28 March 2012

Notes :

1. *A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting, provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with.*

2. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholding to be represented by each proxy.*

3. *Where a Member of the Company is an exempt authorised nominee which hold ordinary shares in the Company for multiple beneficial owner in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.*

   An exempt authorised nominee refers to an authorized nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

4. *If the appointor is a corporation, the Form of Proxy must be executed under the corporation's seal or under the hand of an officer or attorney duly authorised.*

5. *For a proxy to be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company, Suite 2-1, 2nd Floor, Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.*

6. *For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Article 60(3) of the Articles of Association of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("ROD") as at 13 April 2012 and only a Depositor whose name appears on such ROD shall be entitled to attend this meeting or appoint proxy to attend and/or vote in his/her behalf.*

Explanatory Notes on Ordinary Business:

1. Agenda 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of shareholders of the Company and hence, Agenda 1 is not put forward for voting.

Explanatory Notes on Special Businesses:

1. The Ordinary Resolution 5, if passed, will give the Directors of the Company authority to issue shares in the Company up to an amount not exceeding 10% of the total issued capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting will expire at the conclusion of the next Annual General Meeting.

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 20 April 2011 and which will lapse at the conclusion of the fifteenth Annual General Meeting.

   The renewed General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

2. The Ordinary Resolution 6, if passed, will allow the Company to purchase its own shares. The total number of shares purchased shall not exceed 10% of the issued and paid up share capital of the Company. This authority will, unless revoked or varied by the Company in general meeting, expires at the next Annual General Meeting of the Company.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Malaysia Securities Berhad)

1. *No individual is seeking election as a Director at the forthcoming Fifteenth Annual General Meeting of the Company.*

Additional Compliance Information

The following information is presented in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad:

Share Buy-Back
During the financial year, all the shares purchased by the Company were retained as treasury shares. None of the shares were resold or cancelled during the financial year. The details of shares bought back during the financial year are set out as below:-

Month	Number of Shares Bought Back/ (Disposed)	Highest Price (RM)	Lowest Price (RM)	Weighted Average Price (RM)	Consideration Paid/(Received) (RM)
Apr-11	2,000	0.270	0.270	0.2700	581.17
Oct-11	30,000	0.220	0.215	0.2175	6,635.98
Total	32,000	–	–	–	7,217.15

Options, Warrants or Convertible Securities
No options, warrants or convertible securities were issued/exercised during the financial year.

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR")
During the financial year, the Company did not support any ADR or GDR program.

Imposition of Sanctions and Penalties
There were no sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year.

Non-Audit Fees
Non-Audit fee totaling RM7,890 were paid during the financial year.

Material Contracts
There were no material contracts entered into by the Company and its subsidiaries involving Directors and major shareholders.

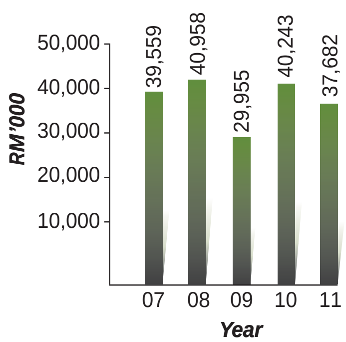
Corporate Information

Board of Directors	
Chairman & Chief Executive Officer	**Dato' Wong Kem Woh**
Executive Director	**Wong Kem Chew**
Executive Director	**Chang Joo Huat**
Non-Independent & Non-Executive Director	**Wong Kam Hooi**
Independent & Non-Executive Director	**Lim Gin Chuan**
Independent & Non-Executive Director	**Dato' Haji Man Bin Mat**
Senior Independent & Non-Executive Director	**Tang Yin Kham**
Company Secretaries:	Tai Yit Chan (MAICSA 7009143) Ong Tze-En (MAICSA 7026537) Lau Yoke Leng (MAICSA 7034778)
Registered Office:	Suite 2-1, 2nd Floor Menara Penang Garden 42A Jalan Sultah Ahmad Shah 10050 Penang Tel: 04-2294390 Fax: 04-2265860
Business Address:	Lot 24, Jalan Hi-Tech 4, Kulim Hi-Tech Park (Phase 1) 09000 Kulim, Kedah Tel: 04-4271788 Fax: 04-4271799 E-mail: info@wec.com.my Web-site: www.wec.com.my
Registrar:	Agriteum Share Registration Services Sdn Bhd 2nd Floor, Wisma Penang Garden 42, Jalan Sultan Ahmad Shah 10050 Penang. Tel: 04-2282321 Fax: 04-2272391
Auditors:	KPMG, Penang Chartered Accountants
Principal Bankers:	CIMB Bank Berhad Malayan Banking Berhad United Overseas Bank (Malaysia) Berhad Hong Leong Bank Berhad
Stock Exchange Listing:	Main Market of Bursa Malaysia Securities Berhad
Legal Form and Domicile:	Public Limited Company Incorporated and domiciled in Malaysia

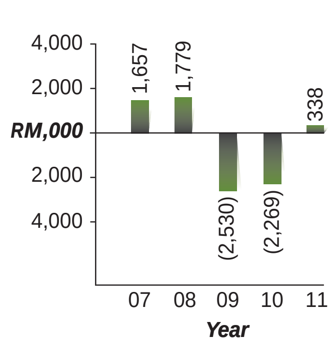
Financial Highlights

	Oct-31	2007	2008	2009	2010	2011
Operating Revenue	RM'000	39,559	40,958	29,955	40,243	37,682
Profit Before Tax	RM'000	1,657	1,779	(2,530)	(2,269)	338
Profit After Tax	RM'000	1,593	1,599	(2,962)	(2,452)	205
Profit Attributable to Shareholders	RM'000	1,615	1,448	(3,071)	(2,643)	141
Paid-up Capital	RM'000	45,844	45,844	45,844	45,844	45,844
Total Equity Attributable to Equity Holders	RM'000	70,705	70,779	66,365	62,782	62,915
Total Assets	RM'000	79,385	80,615	74,213	72,988	70,366
Total Liabilities	RM'000	8,232	9,236	7,140	9,307	6,488
Total Equity & Liabilities	RM'000	79,385	80,615	74,213	72,988	70,366
Cash & Cash Equivalents (CCE)		9,898	11,652	11,244	2,902	9,743
Basic (Loss)/Earnings per Share	SEN	1.80	1.61	(3.42)	(2.94)	0.16
NAV per Share	RM	0.79	0.79	0.74	0.70	0.70
Net Dividend per Share	SEN	2.50	1.50	1.50	1.00	-
Profit Margin Before Tax	%	4%	4%	-8%	-6%	1%
Return on Equity (ROE)	%	2%	2%	-5%	-4%	0%
Return on Assets (ROA)	%	2%	2%	-4%	-4%	0%
CCE to Total Assets	%	12%	14%	15%	4%	14%
Total Liabilities/(Total Equity & Liabilities)	%	10%	11%	10%	13%	9%

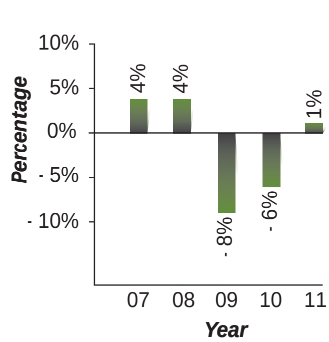
Operating Revenue



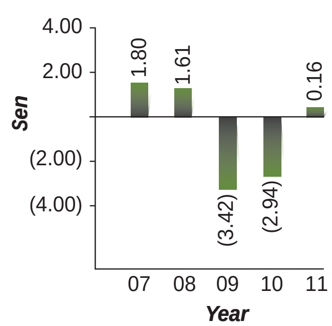
Profit Before Tax



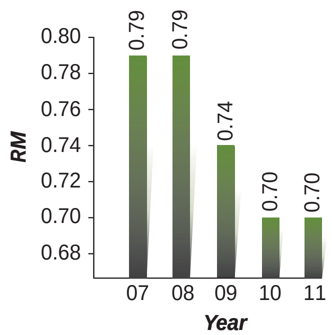
Profit Margin Before Tax



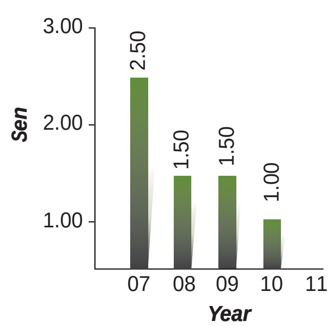
Basic (Loss)/Earnings Per share



NAV Per Share



Net Dividend Per Share



Profile of Directors

The Board of Directors of Wong Engineering Corporation Berhad ("WEC") comprises a Chairman & Chief Executive Officer, two Executive Directors, one Non-Independent and Non-Executive Director and three Independent and Non-Executive Directors. A profile of each of the Directors of the Company is described below.

Dato' Wong Kem Woh, DIMP, PJK
Chairman & Chief Executive Officer

Dato' Wong Kem Woh, Malaysian, aged 59, joined the Board of WEC on 11 November 1997 and was appointed as Chairman. He is a member of the Remuneration Committee and Risk Management Committee of WEC.

Dato' Wong is a Diploma graduate in Technology (Building) from Kolej Tunku Abdul Rahman and has served in various capacities in housing development and manufacturing. He is one of the founders of WEC Group of companies ("WEC Group").

He also sits on the board of several other private limited companies. He is currently a Director of the Penang Chinese Chamber of Commerce.

He attended all six Board Meetings held during the financial year ended 31 October 2011.

He is the brother of Mr. Wong Kem Chew and Mr. Wong Kam Hooi, who are the directors of WEC.

Mr. Wong Kem Chew
Executive Director

Mr. Wong Kem Chew, Malaysian, aged 62, joined the Board of WEC on 11 November 1997 and was appointed as an Executive Director.

Mr. Wong Kem Chew is a businessman and has been involved in the development of WEC Group since it was formed in 1982. He has 44 years of working experience in the mechanical engineering sector. Currently he is responsible for the management of the Group's production and maintaining the high precision quality of the Group.

He also sits on the board of several other private limited companies.

He attended all six Board Meetings held during the financial year ended 31 October 2011.

He is the brother of Dato' Wong Kem Woh and Mr. Wong Kam Hooi, who are the directors of WEC.

Profile of Directors (cont'd)

Mr. Chang Joo Huat
Executive Director

Mr. Chang Joo Huat, aged 47, joined the Board of WEC on 1 October 2010 and was appointed as an Executive Director.

Mr. Chang Joo Huat holds a Master in Business Administration from the Southern Pacific University, Malaysia; a Bachelor degree in Engineering (Mechanical System) from University of Putra Malaysia and a Diploma in Engineering (Mechanical) from University of Technology, Malaysia. Mr Chang had started his career as Assistant Engineer at Matsushita Electric Motor, Singapore in 1987; he has accumulated 24 years of experience in manufacturing industry, specializing in automation, research & development and project engineering. He was appointed as a Director of the subsidiary of the Company on 1 August 1996 and promoted to Group's Technical Director on 1 November 2004.

He attended all six Board Meetings held during the financial year ended 31 October 2011.

He does not have any family relationship with any director and / or major shareholder of the Company. He does not have any conflict of interest in any business arrangement involving the Company.

Mr. Wong Kam Hooi
Non-Independent and Non-Executive Director

Mr. Wong Kam Hooi, Malaysian, aged 64, joined the Board of WEC on 11 November 1997. He was redesignated as a Non-Independent and Non-Executive Director on 29 September 2004.

Mr. Wong Kam Hooi is a businessman and one of the founders of WEC Group. He has been involved in the mechanical engineering sector for approximately 39 years.

He also sits on the board of several other private limited companies.

He attended all six Board Meetings held during the financial year ended 31 October 2011.

He is the elder brother of Dato' Wong Kem Woh and Mr. Wong Kem Chew, who are the directors of WEC.

Dato' Haji Man Bin Mat, DMN, AMN, BKM, PJK
Independent and Non-Executive Director

Dato' Haji Man Bin Mat, Malaysian, aged 62, joined the Board of WEC on 9 April 1999. He is a Member of the Audit Committee and Nominating Committee of WEC.

Dato' Haji Man Bin Mat is a BBA degree holder graduated from Ohio State University, USA in 1977. He is a businessman with more than 33 years of working exposure in both public and private sector.

He also sits on the boards of Aktif Lifestyle Corporation Berhad and other private limited companies.

He attended all six Board Meetings held during the financial year ended 31 October 2011.

He does not have any family relationship with any director and / or major shareholder of the Company nor any conflict of interest in any business arrangement involving the Company.

Profile of Directors (cont'd)

Ms. Tang Yin Kham
Senior Independent and Non-Executive Director

Ms. Tang Yin Kham, Malaysian, aged 59, joined the Board of WEC and appointed as a Senior Independent and Non-Executive Director on 28 December 2001. She is the Chairman of the Audit Committee and Remuneration Committee and a member of the Nominating Committee.

Ms. Tang is a partner of a Chartered Accountants firm in Malaysia and has thirty-five years of exposure in the public accounting sector. She is a Chartered Accountant of the Malaysian Institute of Accountants, a fellow member of the Association of Chartered Certified Accountants, United Kingdom and the Chartered Tax Institute of Malaysia and a member of the Financial Planning Association of Malaysia.

She also sits on the board of Rex Industries Berhad, Eonmetall Group Berhad and several private limited companies.

She attended all six Board Meetings held during the financial year ended 31 October 2011.

She does not have any family relationship with any director and/or major shareholder of the Company nor any conflict of interest in any business arrangement involving the Company.

Mr. Lim Gin Chuan
Independent and Non-Executive Director

Mr. Lim Gin Chuan, Malaysian, aged 48, joined the Board of WEC on 11 November 1997. He is the Chairman of Nominating Committee and a member of the Audit Committee and Remuneration Committee.

Mr. Lim Gin Chuan holds the degrees of Bachelor of Economics and Bachelor of Law from Monash University, Melbourne, Australia. He is a lawyer specializing in conveyancing, banking and company law. Currently, he is a partner of Messrs. Syarikat Ng & Anuar.

He also sits on the board of The Store Corporation Berhad and several private limited companies. He had attended all six Board Meetings held during the financial year ended 31 October 2011.

He does not have any family relationship with any director and / or major shareholder of the Company. He does not have any conflict of interest in any business arrangement involving the Company.

*Notes:
1. *None of the Director of WEC has had any convictions for any offences other than traffic offences within the past ten years.*
2. *Other than disclosed in the financial statements, there is no other conflict of interest that the directors have with the Group.*
3. *There were no material contracts entered into by the Group involving directors and major shareholders of WEC.*

Chairman's Statement

Dear Valued Shareholders,

On behalf of the Board of Directors of Wong Engineering Corporation Berhad, it is my pleasure to present the Annual Report and Audited Financial Statements of the Company and its subsidiaries (the "Group) for the financial year ended 31 October 2011.

Financial performance

For the financial year under review, the Group registered a pre-tax profit of RM338,000 on revenue of RM37.68 million. This is a distinctive improvement compared to a pre-tax loss of RM2.27 million in the financial year 2010 even though the revenue is lower than last year's revenue of RM40.24 million. The profit after tax for the financial year under review is RM204,665, also a significant improvement from last year's loss after tax of RM2.45 million.

Not withstanding the European debt crisis and the natural disaster which disrupted Japanese industrial activities, revenue of the Group dropped slightly however gross profit of the Group improved tremendously at RM6.11 million compared to RM3.1 million in 2010. The improvement in gross profit principally reflects better cost management efforts and efficiency gained through SAP systems re-engineering.

There were no major expenditures incurred during the year while gain in other income is mainly due to the disposal of an unutilised land. The Board sees the disposal of the land positively as unlocking non generating income asset into working capital to provide better returns for the shareholders.

Riding through the waves of US currency fluctuation in previous years, the Group's foreign income is relatively stable now with smaller fluctuations thus contributing to an improved position in our other incomes section. The basic earnings per share for the year amounted to 0.16 sen compared to a loss of 2.94 sen in 2010.

Operations review

Emerging from the hiccup in implementation of the SAP systems which had upset our production planning processes last year, we are glad to say that the system is now up and running smoothly following a successful systems re-engineering.

Our production line is now fully integrated and computerised to provide amongst others, better production visibility, enhanced data availability, efficient reporting and response as well as an integrated planning and supply chain management systems.

It is also my pleasure to announce that with this mechanism of quantifying control, our customers are looking forward to working with us in confidence as evidenced by an increase in our market share in precision modular assembly. Also, with our current new investments in machining equipment, we are optimistic that our share in the Oil & Gas components' market would be enhanced to add more value to our shareholders.

In summary, our investment in this system has certainly taken off with marked improvements in operational efficiency and effectiveness. This year has also been a year for us to consolidate our processes and to further strengthen our internal controls and we're confident that the year ahead will see even more improvements.

Business Outlook

The aftermath of the Japanese nuclear disaster seems to only be felt in this current year especially during the first half. With component shortages, the economical business scenario of the market is greatly affected hence, for the first half of this year, we are expecting some slowdown but nonetheless, we expect our financial performance to recover over Q3 and Q4 FY2012 in tandem with our current projects in hand which will move into mass production towards the second half of the year. With more investments expected in 2012 for our machining area, we are set to reap the profits from the Oil & Gas segment and gradually move into machining medical components by the following year.

With the global market uncertainties arising from unresolved Eurozone crisis, aftermath effects of Thailand flood, Japanese nuclear disaster mentioned above and slowdown in other emerging markets, the year 2012 will be challenging and our Management will have to continuously work towards improving yields, reducing costs and expanding our customer base while simultaneously strengthening our internal controls, providing training and upgrading employee skills to remain competitive in the market.

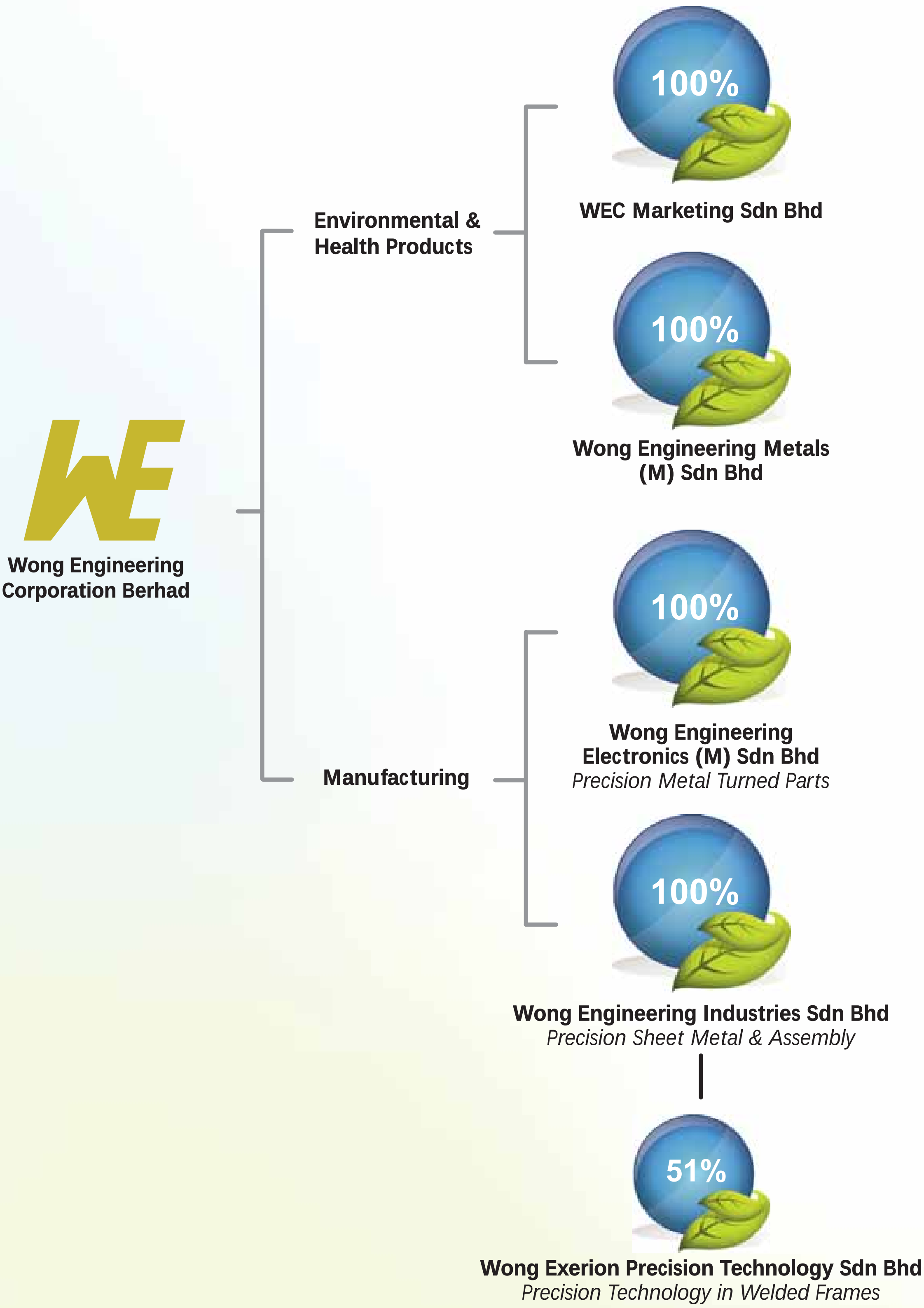
Acknowledgement

On behalf of the Board of Directors I would like to take this opportunity to thank our shareholders for your continued support and loyalty, as well as the Management and the staff for your unwavering commitment, dedication and perseverance towards ensuring the success of the Group. My heartfelt gratitude also goes to our customers, suppliers, bankers, business associates, all our stakeholders and the various relevant authorities for their cooperation and continued support.

Dato' Wong Kem Woh
Chief Executive Officer

1 March 2012

Corporate Structure



Corporate Social Responsibility Statement

Wong Engineering Corporation Berhad ("WE") is a responsible Corporate Citizen and we aspire to operate our business in an ethical manner where we will respect and enhance the value of our environment, community, employees, customers, suppliers and all other stakeholders wherever we operate.

We shall communicate and inculcate a culture of Corporate Social Responsibility ("CSR") in our employee and our stakeholders on the 4 main premises that we operate in: (a) the Workplace; (b) the Marketplace; (c) the Community; and (d) the Environment.

The Workplace

We appreciate the contribution of our employees as regards to the growth of the business and maintaining a harmonious working environment. We are committed to ensuring fairness in career opportunity, and give priority to safety and well-being of our employees in the Workplace. In regards to the occupational safety and health (OSHA), the company has established a "Safety and Health Policy" and set up the Safety Committee and an Emergency Response Team to meet the safety standard of OSHA. In the financial year 2011, WEC also organized numerous activities to build esprit de corps of the employee and create a harmonious working environment like participating in STARWALK 2011, organizing in-house training and teambuilding programmes.

The Marketplace

We believe that effective CSR can deliver benefits to our business and, in turn, to our customers and vendors:-

- by inculcating integrity and professionalism in procurement and supply chain management and to comply with a standard procedure in qualification of vendors.
- by continuingly upgrading the technical skill of our Supplier Quality Team to ensure consistency in achieving the good quality acceptable to our customer.
- by adhering to the International Organization for Standardization (ISO) standard in relation to our Quality System.
- by adhering to the occupational safety and health requirements at international standard to assure the safety of the workers and uninterrupted supply of our products to our customers.
- by practicing good Corporate Governance and accountability.

The Community

We recognize our responsibilities as a good neighbour in the community where we work and live in and also to be an active partner in the community service. As part of the community where WE is located, WE is a member of Kulim Industrial Tenants' Association ("KITA") whose vision is to make "Kulim, the ideal community to live and work in". WE is also a member of the KHTP Human Resource Sub-Committee to look after the welfare and safety of employee/employer in the Industrial Park. During the year, WE had organized and participated in community service and social activities i.e. blood donation campaign, community recycling exercise, charity donation to orphanage home.

The Environment

- We are highly conscious of the global warming and climatic changes in the global environment due to industrial activities. In this respect, WE Group is ISO 14001 certified to ensure that the Group complies with the global requirement in eliminating the usage of hazardous substance and mitigate the climatic or environmental changes through environmental management.
- We are adopting and complying with the requirements of using environmental friendly products in relation to Chlorofluorocarbon (CFC) compliance and Restriction of Hazardous Substances (ROHS) compliance with the ultimate aim of safeguarding our environment.
- We have our own waste treatment plant for our plating line and we ensure compliances with the waste management requirements.

The CSR Committee

The company has a CSR Committee to plan and implement CSR activities throughout the year.

Audit Committee Report

Members
The present members of the Audit Committee (the "Committee") comprise:

Chairman :	Tang Yin Kham	*Senior Independent and Non-Executive Director*
Members :	Lim Gin Chuan	*Independent and Non-Executive Director*
	Dato' Haji Man Bin Mat	*Independent and Non-Executive Director*

Terms of Reference
The Committee was established on 11 November 1997 to act as a Committee of the Board of Directors, with the terms of reference as set on pages 18 to 20 of the Annual Report therein.

Meetings
During the financial year under review, the Committee held five (5) meetings with all the members of the Committee in attendance as follows:-

	Attendance
Tang Yin Kham	5/5
Lim Gin Chuan	5/5
Dato' Haji Man Bin Mat	5/5

Summary of Activities during the financial year
The Committee carried out its duties in accordance with its terms of reference during the year. The main activities undertaken by the Committee were as follows:
- Reviewed the external auditor's scope of work and audit plans.
- Reviewed with the external auditors the results of the audit, the audit report and the management letter, including management's response.
- Consideration and recommendation to the Board for approval of the audit fees payable to the external auditors as disclosed in Note 18 to the financial statements.
- Reviewed the unaudited quarterly financial results, annual report and the audited financial statements of the Company with management, the Board and external auditor prior to their release to the Bursa Malaysia Securities Berhad ("Bursa Securities"). The review was to ensure the adequacy of the disclosure of information essential to a fair and full presentation of the financial affairs of the Company considering the requirements of Companies Act, 1965, the Financial Reporting Standards ("FRS"), Bursa Securities and any other statutory authorities.
- Reviewed the related party transactions.
- Reviewed pertinent issues of the Group which had a significant impact on the results of the Group which included enhancement and further investment in existing products and services offered, cost rationalization measures and human resource development.
- Reviewed the independence and objectivity of the external auditors and the services provided, including non-audit services.
- Reviewed the internal audit plan.

STATEMENT ON EMPLOYEE'S SHARE OPTION SCHEME ("ESOS") BY THE COMMITTEE
The ESOS has expired on 10 October 2006.

INTERNAL AUDIT FUNCTION

The Group has appointed an independent professional firm to carry out internal audits.

The Internal Audit function has been discharging its duties in monitoring the effectiveness of the existing internal control systems of the Group. The independent internal audit function and activities were carried out according to the annual internal audit plan and schedule, which had been approved by the Audit Committee. The objectives of internal audit are to assess the adequacy and integrity of the system of internal control and ensure that the Group's policies and procedures are complied with.

It is the responsibility of the internal audits to provide the Audit Committee with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.

During the financial year, the internal audit function presented one report to the Audit Committee covering various business cycles. The internal auditors also followed up on audit recommendations of prior audits.

The Internal Audit Function is elaborate further in the statement on Internal Control in pages 31 to 32 of this Annual Report.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1. **Objectives**
   The primary function of the Audit Committee is to assist the Board of Directors in fulfilling the following oversight objectives on the Group activities.
   - assess the Group's process relating to its risks and control environment;
   - oversee financial reporting; and
   - evaluate the internal and external audit process.

2. **Composition**
   The Board shall elect and appoint Committee members from amongst their numbers, comprising not fewer than three (3) Directors. All members of the audit committee shall be Non-Executive Directors of the Company and financial literate.

   The Board shall at all times ensure that at least one (1) member of the Committee fulfils the Bursa Securities requirements as prescribed in paragraph 15.09 (1C):

   (i) must be a member of the Malaysian Institute of Accountants ("MIA"); or
   (ii) if he or she is not a member of MIA, he or she must have at least three (3) years of working experience and:-

      (a) he or she must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
      (b) he or she must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or

   (iii) fulfils such other requirements as prescribed or approved by Bursa Securities.

If a member of the Committee resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced below three (3), the Board shall within three (3) months of the event appoint such number of new members as may required to fill the vacancy.

The Chairman of the Committee shall be an Independent and Non-Executive Director. No alternate Director of the Board shall be appointed as a member of the Committee.

The Board shall review the terms of each of its members at least once (1) every three (3) years.

3. **Duties and Responsibilities**

In fulfilling its primary objectives, the Committee shall undertake the following duties and responsibilities:

(a) Review with the external auditor, the audit scope and plan, including any changes to the planned scope of the audit plan.
(b) Review the adequacy of the internal audit scope and plan, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work.
(c) Review the external and internal audit reports to ensure that appropriate and prompt remedial action is taken by management on major deficiencies in controls or procedures that are identified.
(d) Review major audit findings and the management's response during the year with management, external auditors and internal auditors, including the status of previous audit recommendations.
(e) Review the assistance given by the Group's officers to the auditors, and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information.
(f) Review the independence and objectivity of the external auditors and their services, including non-audit services and the professional fees, so as to ensure a proper balance between objectivity and value for money.
(g) Review the appointment and performance of external auditors, the audit fee and any question on resignation or dismissal before making recommendations to the Board.
(h) Review the budget and staffing of the internal audit department.
(i) Review the adequacy and integrity of internal control systems, including enterprise risk management, management information system, and the internal auditors' and/or external auditors' evaluation of the said systems.
(j) Direct and where appropriate supervise any special projects or investigation considered necessary, and review investigation reports on any major defalcations, frauds and thefts.
(k) Review the quarterly results and the year end financial statements, prior to the approval by the Board focusing particularly on:
    - changes in or implementation of major accounting policy changes;
    - significant or unusual events;
    - the going concern assumption; and
    - compliance with accounting standards and other legal requirements.
(l) Review procedures in place to ensure that the Group is in compliance with the Companies Act 1965, Listing Requirements of Bursa Securities and other legislative and reporting requirements.
(m) Review any related party transaction and conflict of interest situation that may arise within the work performed in fulfilling the Committee's primary responsibilities.
(n) To do the following, in relation to the internal audit function:
    - review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
    - review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
    - review any appraisal or assessment
(o) Any other activities, as authorized by the Board.

4. **Authority**

   In carrying out its duties and responsibilities, the Committee shall have the following rights:

   (a) explicit authority to investigate any matter within its terms of reference;
   (b) adequate resources which are required to perform its duties;
   (c) full and unrestricted access to any information pertaining to the Company and of any other companies within the Group;
   (d) direct communication channels with external and internal auditors;
   (e) obtain external independent professional advise and to invite external parties with relevant experience to attend the Committee meetings for advice;
   (f) discretion to invite other Directors and/or employees of the Company to attend any particular Committee meeting to discuss specific issues; and
   (g) convene meetings with external and internal auditors, excluding the attendance of the other Directors and employees of the Company whenever deemed necessary.

5. **Quorum and Committee's procedures**

   The Committee shall meet not less than four (4) times per financial year and as many times as the Committee deems necessary. The external auditors may request a meeting if considered necessary.

   The quorum for meetings of the Committee shall be two members who are Independent and Non-Executive Directors.

   The Committee may require a representative of the external auditors to attend any of its meetings as it determines.

   The Executive Secretary shall be the secretary of the Committee. The secretary shall ensure that reasonable notices of meetings be given to members of the Committee and shall circulate the minutes of meetings of the Committee to all members of the Board.

   The Committee may, as and when deemed necessary, invite other Board members and senior management members to attend the meetings.

   The Chairman shall submit an annual report to the Board summarizing the Committee's activities during the year and the related significant results and findings.

   The Committee shall meet at least annually with the management and, at least once every year with the Head of Internal Audit and External Auditors in separate sessions to discuss any matters with the Committee without the presence of any executive member of the Board. The Committee shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter.

   This report is issued in accordance with a resolution of the Directors dated 21 February 2012.

Statement on Corporate Governance

The Board of Directors ("the Board") recognises the importance of adopting high standards of corporate governance within the Group in order to safeguard stakeholders' interests as well as enhancing shareholders' value. The Board views the corporate governance as synonymous with four key concepts; namely transparency, accountability, integrity as well as corporate performance.

The Board is fully committed in maintaining high standard of corporate governance by supporting and implementing the prescriptions of the principles and best practices set out in Part 1 and 2 of the Malaysian Code on Corporate Governance (the "Code") respectively. As such, the Board has adopted the substance behind corporate governance prescription and not merely the form.

The Board wishes to disclose hereunder the manner in which the Company has applied the principles of Corporate Governance and the extent of compliance with the best practices of the Code.

Principles Statement
The following statement sets out how the Company has applied the principles in Part 1 of the Code.

A. Directors

Board Responsibilities

The Group acknowledges the pivotal role played by the Board in the stewardship of its direction and operations, and ultimately the enhancement of long-term shareholder value. To fulfill this role, the Board assumes overall responsibility for strategic direction, corporate governance, risk management, investments made by the Company and overseeing the proper conduct of business.

The roles and functions of the Board, as well as the differing roles of Executive Directors and Non-Executive Directors, are clearly prescribed in the Board Charter of WEC adopted on 25 February 2003.

Board Composition and Balance

The Board as at 31 October 2011 has seven (7) members, comprising three (3) Executive Directors, one (1) Non-Independent and Non-Executive Director, one (1) Senior Independent and Non-Executive Director and two (2) Independent and Non-Executive Directors. A brief description of the background of each director is presented in the Profile of Directors on pages 9 to 11 of this Annual Report.

The concept of independence adopted by the Board is in tandem with the definition of an Independent Director in Section 1.01 of the Listing Requirements of Bursa Securities Malaysia Berhad ("Listing Requirements") and Practice Note (PN) No. 13/2002. The key elements for fulfilling the criteria are the appointment of an Independent Director who is not member of Management (Non-Executive Directors) and who is free of any relationship which could interfere in the exercise of independent judgment or the ability to act in the best interests of the Company. The Board complies with paragraph 15.02 of the Listing Requirements which requires at least two (2) directors or one-third of the Board of the Company, whichever is higher, are independent Directors.

The Directors, with their different backgrounds and specializations, collectively bring with them a wide range of experience and expertise in areas such as finance, corporate affairs, legal, marketing and operations. This mix of skill is vital for a successful operation of the Company. The Executive Directors are responsible for implementing the policies and decisions of the Board, overseeing the operations as well as coordinating the development and implementation of business and corporate strategies. The Independent and Non-Executive Directors brings forth objective and independent judgment to the decision making of the Board in order to provide an efficient check and balance for the Executive Directors.

The roles of the Chairman & Chief Executive Officer are currently not separated. The Chief Executive Officer is primarily responsible for the orderly conduct and the working of the Board assisted by a management team comprising of two Executive Directors and three Senior Managers in the day-to-day running of the business and implementation of Board policies and decisions.

The presence of Independent and Non-Executive Directors is essential as they provide unbiased and independent views, advice and judgment as well as to safeguard the interest of other interested parties such as minority shareholders. Furthermore, Tang Yin Kham is the Senior Independent Non-Executive Director of the Board to whom concerns may be conveyed. Hence, the Board is satisfied with the current Board composition that fairly reflects the interests of all shareholders in the Company.

Meetings

The Board ordinarily meets at least four (4) times a year at quarterly intervals with additional meetings for particular matters convened as and when necessary. During the financial year ended 31 October 2011, the Board met on six (6) occasions, where it deliberated upon and considered a variety of matters including the Group's financial results, its investment plan and strategic decision and the business plan and direction of the Group. The Board receives documents on matters requiring its consideration prior to and in advance of each meeting.

The agenda for each Board meeting and papers relating to the agenda items are disseminated to all Directors at least five (5) days before the meeting to provide sufficient time for the Directors to review the Board papers and seek clarifications, if any. All proceedings from the Board meetings are recorded by way of minutes and signed by the Chairman of the meeting.

The record of attendance at the meetings of the Board of Directors for the financial year ended 31 October 2011 is as follows:-

Name of Directors	Number of Board Meetings Attended
(a) Dato' Wong Kem Woh	6 / 6
(b) Wong Kem Chew	6 / 6
(c) Wong Kam Hooi	6 / 6
(d) Chang Joo Huat	6 / 6
(e) Dato' Haji Man Bin Mat	6 / 6
(f) Lim Gin Chuan	6 / 6
(g) Tang Yin Kham	6 / 6

Board and Management Committees

The Board of Directors delegates certain responsibilities to the Committees as follow: -

Board Committee	Key Functions
Audit Committee	Explained on pages 17 to 20 of the Annual Report
Nominating Committee	Explained on page 23 of the Annual Report
Remuneration Committee	Explained on page 24 of the Annual Report

Management Committee	Key Functions
Corporate Social Responsibilities Committee	Explained on pages 15 to 16 of the Annual Report
Risk Management Committee	To perform risk supervision, review risk profiles and organizational performance of the company and group

All Committees have written terms of reference and operating procedures, and the Board receives reports of their proceedings and deliberations. The Chairman of the various Committees will report to the Board the outcome of the Committee meetings and such reports are incorporated in the minutes of the full Board meeting. These committees are formed to enhance business and operational efficiency as well as efficacy.

Supply of Information

The Chairman undertakes primary responsibility for organizing information necessary for the Board to deal with the agenda and in ensuring that all Directors have full and timely access to the information relevant to matters that will be deliberated at the Board meeting. The Directors are furnished with the relevant agenda and Board papers in sufficient time prior to the Board meetings to appreciate issues deliberated at the Board Meeting and expedite the decision making process. The Board papers include reports on the Group's financial, operational and corporate developments. Every Director also has unhindered access to the advice and services of the Company Secretaries. The Board believes that the current Company Secretaries are capable of carrying out their duties to ensure the effective functioning of the Board while the terms of appointment permit their removal and appointment only by the Board as a whole.

The Directors meet, review and approve all corporate announcements, including the announcement of the quarterly financial reports and annual Financial Statements, prior to releasing them to the Bursa Securities. The Board as a whole will determine, whether as a full board or in their individual capacity, to take independent professional advice, where necessary and in appropriate circumstances, in furtherance of their duties, at the Company's expense.

Appointments to the Board

Nominating Committee
The Nominating Committee consists of the following members:-

Chairman	:	Lim Gin Chuan	*(Independent and Non-Executive Director)*
Members	:	Dato' Haji Man Bin Mat	*(Independent and Non-Executive Director)*
		Tang Yin Kham	*(Senior Independent and Non-Executive Director)*

The objective of the Nominating Committee is to assist the Board in the selection process for new appointments to the Board in ensuring the effectiveness of the Board as a whole as well as appointments of Senior Management personnel and on overall policies concerning human resource planning and development. The Committee is to assess annually the contribution of each individual Director, including Non-Executive Directors, as well as the Chief Executive Officer in discharging his/her duties in the most conscientious manner. All assessments and evaluations carried out by the Nominating Committee in the discharge of all its functions are documented in the minutes of meeting.

The Nomination Committee meeting was held on 27 September 2011 and all the members attended the meeting. The committee has reviewed and assessed the Board as a whole and contribution of each individual director including Independent and Non-Executive Directors. The Committee concurred that the performance of all the Directors had been satisfactory and the composition of the Board is satisfactory comprising Directors of good caliber and with experience in all relevant fields. All Directors projected good attendance and good participation / contribution with their own respective skills at Board Meetings.

Directors' Training

The Board acknowledges the importance of continuous learning and development for its members where Directors are encouraged to review their own training needs on a regular basis, to keep abreast of regulatory updates and the changes and developments of business trends in the manufacturing industry. The Board, through the Nominating Committee, recruits only individuals of good calibre, knowledge and experience to fulfill the duties of a Director appropriately.

The Directors on their own also attended CEP Programmes in 2011 organized by Inland Revenue Department, MAICSA, Federation of Manufacturers of Malaysia and private training consultants. They will continue to attend relevant training programmes including the CEP to update their knowledge and skills.

Re-Election

The Articles of Association provide that at the first Annual General Meeting of the Company, all the Directors shall retire from office, and at the Annual General Meeting in every subsequent year, one third of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest one third shall retire from the office. An election of Directors shall take place each year and all the Directors shall retire from the office at least once in every three (3) years but shall be eligible for re-election. The Directors to retire each year are those who have been longest in the office since their appointment or re-appointment. This provides an opportunity for the shareholders to renew their mandates.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129 (6) of the Companies Act, 1965.

The Company Secretaries will ensure that all necessary information is obtained, as well as all legal and regulatory obligations are met before the re-appointments are made.

B. Directors' Remuneration

Remuneration Committee

The Remuneration Committee consists of the following members:-

Chairman	:	Tang Yin Kham	*Senior Independent and Non-Executive Director*
Members	:	Dato' Wong Kem Woh	*Chairman & Chief Executive Officer*
		Lim Gin Chuan	*Independent and Non-Executive Director*

The Remuneration Committee is responsible for recommending to the Board the remuneration framework and remuneration package for Executive Directors.

None of the Executive Directors participated in any way in determining their individual remuneration. The Board as a whole determines the remuneration of Non-Executive Directors with the Directors concerned abstaining from deliberations and voting on decision in respect of his or her individual remuneration.

The policy practiced on remuneration of Directors by the Remuneration Committee is to provide the remuneration packages necessary to attract, retain and motivate Directors of the quality required to manage the business of the Group and to align the interest of the Directors with those of the shareholders.

Information prepared by independent consultants and survey data on the remuneration practices of comparable companies are taken into consideration in determining the remuneration packages.

The remuneration of Directors is structured based on their responsibilities and contribution to the Group.

Details of Directors' Remuneration

The aggregate remuneration of Directors paid or payable to all Directors of the Company by the Group and categorized into appropriate components for the financial year is as follows:--

Type of Remuneration	Executive Directors RM	Non-Executive Directors RM
Fees	40,000	105,000
Salaries	792,088	-
Others emoluments*	124,741	4,000
Total	**956,829**	**109,000**

*Other emoluments comprise bonuses, incentives, provisions for leave and allowances

The number of Directors of the Company who served during the financial year and whose total remuneration from the Group falling within the respective bands is as follows:--

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000	-	4
RM150,001 to RM200,000	1	-
RM350,001 to RM400,000	2	-
Total	**3**	**4**

C. Shareholders

The Company recognizes the importance of being accountable to its shareholders and does this through the Annual Report, Annual General Meetings (AGM) and Extraordinary General Meetings. The policy of the Company is to maintain an active dialogue with its shareholders with the intention of giving shareholders a complete and clear picture of the Company's performance and position as possible. It has also been the Company's practice to send the Notice of the AGM and related papers to shareholders at least twenty one (21) days before the meeting. At the AGM, the shareholders are encouraged to ask questions both about the resolutions being proposed and about the Group's operations in general.

In addition, the Company makes various announcements through the Bursa Securities, in particular the timely release of the quarterly results within two months from the close of a particular financial quarter. The Group's quarterly and interim reports, announcements and annual reports can be downloaded from Bursa Securities's website (www.bursamalaysia.com) and the Wong Engineering Corporation Berhad's website (www.wec.com.my) to ensure shareholders are well-informed about the Group's performance and operations.

D. Accountability and Audit

Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcements of the results to shareholders as well as the Chairman's Statement and Review of Operations in the Annual Report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting process and the quality of its financial reportings.

D. Accountability and Audit (cont'd)

Directors' Responsibility Statement in respect of the preparation of the Audited Financial Statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period and of their results and cash flows for the period then ended. In preparing the financial statements, the Directors have ensured that applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 have been applied.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgments and estimates.

The Directors also have a general responsibility for taking such steps as is reasonably opened to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

State of Internal Controls

The Board acknowledged its responsibility for the Group's system of internal control covering not only financial controls but also operational and compliance controls as well as risk management. The Statement on Internal Control furnished on pages 31 to 32 of the Annual Report provides an overview on the state of internal controls within the Group.

Relationship with the Auditors

Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee's terms of reference as detailed on pages 18 to 20 of the Annual Report.

A summary of the activities of the Audit Committee during the year, including the evaluation of the independent audit process, are set out in the Audit Committee Report on page 17 of the Annual Report.

Compliance Statement

Save as disclosed below, the Group has substantially complied with all the best practices of the Code throughout the financial year:

- The roles of the Chairman & Chief Executive Officer are not separated as the Board is of the opinion that the check and balance of power is undertaken by the strong presence of Independent and Non-Executive Directors who form more than 40% in number of the Directors. Moreover, it is the practice of the Chairman to encourage participation by all the Directors in the deliberation of issues that concern the Group hence the roles of the Chairman & Chief Executive Officer are mitigated. The Chief Executive Officer is also assisted by a capable management team in discharging his duties.

- Although there is no formal schedule on matters specifically reserved to the Board for decision, it is the practice for the Board to deliberate on all significant matters that affect the Group. Such matters being those that concern capital expenditure, announcements to the Bursa Securities and policy issues.

  This statement is issued in accordance with a resolution of the Directors dated 21 February 2012.

Statement of Proposed Renewal of Authority to Purchase Its Own Shares

1. INTRODUCTION

1.1 Renewal of Authority For Wong Engineering Corporation Berhad ("WEC" or "the Company") To Purchase Its Own Shares

At the Company's last Annual General Meeting held on 20 April 2011, the Board of Directors had obtained shareholders' approval for the Directors to purchase shares on Bursa Malaysia Securities Berhad ("Bursa Securities") not exceeding ten (10%) per centum of the issued and fully paid-up share capital of the Company.

The authority obtained by the Board of Directors for purchasing the Company's own shares in accordance with Bursa Securities Listing Requirements governing share buy-back by listed companies, lapses at the conclusion on the forthcoming Annual General Meeting ("AGM") unless a new mandate is obtained from shareholders to authorize the Directors of the Company to purchase its own shares.

It is the intention of WEC to renew the authority to purchase its own shares in the aggregate up to ten (10%) per centum of its issued and paid-up share capital and the ten (10%) per centum shall always take into account any shares bought back and retained as treasury shares in accordance with Section 67A of the Companies Act, 1965 and the requirements of Bursa Securities and/or any other relevant authorities ("Proposed Share Buy-Back" or "the Proposal"). Consequently, on 22 February 2012, the Company announced that the Board of Directors proposes to seek a fresh mandate from the shareholders for the Company to purchase its own shares on Bursa Securities through its appointed stockbroker previously approved by Bursa Securities. Such authority, if so approved, commences immediately upon obtaining the shareholders' approval in this forthcoming AGM until the conclusion of the next AGM ("Proposed Authorised Period"). As at 29 February 2012 the issued and paid-up share capital of the Company is RM45,844,000 comprising 91,688,000 ordinary shares of RM0.50 each which is inclusive of 1,885,000 treasury shares held by the Company.

Upon purchase by the Company of its own shares, the purchased shares will be retained as treasury shares. The Company would have the opportunity to distribute those shares as share dividends, thus benefiting the shareholders. The treasury shares may also be resold on the open market of Bursa Securities at a price higher than the purchase price, thereby realizing a potential gain for WEC without affecting the Company's issued and paid-up share capital.

1.2 Purpose of Statement

The purpose of this Statement is to provide relevant information on the Proposed Share Buy-Back and to seek your approval for the ordinary resolution which is to give effect to the Proposed Share Buy-Back to be tabled at the forthcoming AGM. A notice of the AGM together with the Proxy Form are set out in pages 2, 3, 4, 5 and 99 respectively.

2. RATIONALE FOR THE PROPOSED RENEWAL OF AUTHORITY FOR WEC TO PURCHASE ITS OWN SHARES

The Directors of the Company are of the opinion that empowering the Company to undertake the Proposed Share Buy-Back is in response to the government's call to help stabilize the stock market and in the best interest of the Company. It is to be carried out when the share price is transacted at levels which does not reflect the potential earning capability of the Group. The Proposed Share Buy-Back is expected to have the effect of stabilising the supply and demand as well as the price of the shares of the Company on Bursa Securities which may in turn have a favourable impact on the share price of the Company.

3. EVALUATION OF THE PROPOSED RENEWAL OF AUTHORITY FOR WEC TO PURCHASE ITS OWN SHARES

3.1 Advantages

The potential advantages of the Proposed Share Buy-Back are as follows:-

- allows the Company to take preventive measures against excessive speculation in particular, when the Company's shares are undervalued;
- allows the Company more flexibility in fine-tuning its capital structure;
- to stabilise a downward trend of the market price of the Company's shares;
- treasury shares can be treated as long term investments. It makes business sense to invest in our own Company as the Board of Directors are confident of WEC's future prospects and performance in the long term;
- resale of treasury shares at prices higher than the purchase prices when the market price picks up will be realized and as a result increase the working capital and net assets of the Company; and
- in the event that the treasury shares are distributed as dividend by the Company, it may then serve to reward the shareholders of the Company.

3.2 Disadvantages

The potential disadvantages of the Proposed Share Buy-Back are as follows:-

- the purchases can only be made out of distributable reserves, resulting in a reduction of the amount available for distribution as dividends and bonus issues to shareholders; and
- the purchases of existing shares involve cash outflow from the Company which may otherwise be retained in the business to generate further profits.

4. PARTICULARS OF THE PROPOSED RENEWAL OF AUTHORITY FOR WEC TO PURCHASE ITS OWN SHARES

Funding

The Proposed Share Buy-Back will allow the Directors to purchase WEC's shares at any time within the Proposed Authorised Period. The proposed purchase by the Company of its own shares must be made wholly out of its retained profits and/or the share premium account. There are no restrictions on the types of funds which can be utilized so long as the buy-back is backed by an equivalent amount of retained profits and/or the share premium. Based on the audited financial statements as at 31 October 2011, the Company's retained profits and share premium are RM4,191,137 and RM11,568,727 respectively.

The Proposed Share Buy-Back shall be financed from internally generated funds and/or bank borrowings. The amount of bank borrowings to be used for the Proposed Share Buy-Back would depend on the prevailing interest rates and the repayment capabilities.

5. EFFECTS OF PROPOSED RENEWAL OF AUTHORITY FOR WEC TO PURCHASE ITS OWN SHARES

5.1 Share Capital

There will be no effect on the current issued and paid-up share capital of WEC if the shares so purchased are retained in treasury but the rights attaching to the treasury shares as to voting, dividends and participation in other distribution or otherwise will be suspended. While the WEC's shares purchased remain as treasury shares, the Companies Act 1965 prohibits the taking into account of such shares in calculating the number or percentage of shares in the Company for any purpose whatsoever including substantial shareholdings, takeovers, notices, requisitioning of meetings and the result of votes on resolutions.

5.2 Net Assets ("NA")

The Proposed Share Buy-Back is likely to reduce the NA per share of the Company and the Group if the purchase price exceeds the audited NA per share of the Group at the time of purchase and will increase the NA per share of the Group if the purchase price is less than the audited NA per shares of the Company and the Group at the time of purchase.

For shares bought back which are kept as treasury shares, upon resale of such shares, the NA of the Group will increase assuming that a gain has been realized. The quantum of the increase in NA will depend on the actual selling price of the treasury shares and the number of treasury shares resold.

5.3 Working Capital

The Proposed Share Buy-Back will reduce the working capital of the Group, the quantum of which is dependent on actual number of shares bought back and actual purchase prices of the WEC's shares. However, in the opinion of the Directors, the Proposed Shares Buy-Back whether cancelled or kept as treasury shares is not expected to have a significant effect on the working capital of the Company.

5.4 Earnings

The effect of the Proposed Share Buy-Back on the earnings of the Group will depend on the actual purchase prices of WEC's shares, the number of shares purchased and the effective funding cost of the purchases. Generally, a lesser share capital subsequent to the cancellation of the shares bought-back or either kept as treasury shares will have a positive impact, all else being equal, on the Group's Earnings Per Share ("EPS").

6. OTHER DISCLOSURES IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR WEC TO PURCHASE ITS OWN SHARES

6.1 Public Shareholding Spread

WEC's public shareholding spread and the public shareholders as at 29 February 2012 being the latest practicable date is approximately (52.38% and 2,165) respectively. The public shareholding spread is expected to be reduced to (47.93%) assuming the Proposed Share Buy-Back is implemented in full with the purchase from the market.

6.2 Malaysian Code On Take-Overs And Mergers 2010 ("the Code")

The Proposed Share Buy-Back if carried out in full (whether shares are cancelled or treated as treasury shares), may result in a substantial shareholder and/or parties acting in concert with it incurring a mandatory general offer obligation. In this respect, the Board is mindful of the provision under Practice Note 9 of the Code.

6.3 Purchase of Shares

The purchases of shares made during the financial year ended 31 October 2011 are set out in page 6 under the heading of "Share Buy-Back".

6.4 Resale/Cancellation of Treasury Shares

There was no resale/cancellation of treasury shares during the period from 21 April 2011 (upon approval by shareholders obtained in the Fourteenth AGM held on 20 April 2011) until the latest practicable date.

7. DIRECTORS', SUBSTANTIAL SHAREHOLDERS', PERSONS CONNECTED WITH DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

None of the Directors, Substantial Shareholders, persons connected with Directors and Substantial Shareholders have any interest, direct or indirect, in the Proposed Share Buy-Back and resale of treasury shares of the Company.

8. DIRECTORS' RECOMMENDATION

The Directors, having considered all aspects of the Proposed Share Buy-Back, are of the opinion that the Proposed Share Buy-Back is in the best interest of the Group. Accordingly, they recommended that you vote in favour of the ordinary resolution for the Proposed Share Buy-Back to be tabled at the forthcoming AGM.

9. BURSA SECURITIES

Bursa Securities has not perused this Statement prior to its issuance. Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or reliance upon the whole or any part of the contents of this Statement.

This statement is issued in accordance with a resolution of the Directors dated 21 February 2012.

Statement on Internal Control

Introduction

Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") requires the Board of Directors ("Board") of public listed companies to include in its Annual Report a statement about the state of its internal control as a Group. In addition, the revised Malaysian Code on Corporate Governance (2007) requires all listed companies to maintain a sound system of internal control to safeguard shareholders' investment and the company's assets.

With this, the Board of Directors ("Board') is pleased to address the following statement which highlights the nature and scope of the Group's internal control during the financial year ended 31 October 2011.

Board Responsibility

The Board acknowledges its responsibility for the Group's system of internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity.

In view of the limitations underlying any system of internal controls which covers financial, operational, compliance controls and risk management procedures, the system is designed mainly to manage, rather than eliminating the risk of failure to achieve the overall Group's corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against any material misstatement, loss or fraud.

The Board upholds that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Group.

Risk Management framework

The Board fully supports the contents of the Internal Control Guidance and has established a risk management framework. The Risk Management Unit (RMU), whose members were made up of managers from different subsidiaries and departments, have identified the critical risks that were faced by the Group. The critical risks identified were brought to the attention of the Risk Management Committee (RMC) during Risk Management Meetings for deliberation and decision.

The members of the RMC comprise the Chairman and Chief Executive Officer and top management who have been appointed by the Board of Directors.

In addition to the reporting by the RMU, risks that were identified during the course of the internal audit were also reported to the RMC.

Internal audit function

The Group's internal audit function, which is outsourced to an adequately resourced professional firm, assists the Board and the Audit Committee in providing independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control system. They report directly to the Audit Committee who reviews and approves the internal audit plans to ensure adequate coverage.

Audits are carried out on a risk based approach, in cognisance with the Group's objectives and policies in the context of its evolving business and regulatory environment, taking into consideration input of the senior management and the Board. Opportunity for improvements to the system of internal control are identified and presented to the Audit Committee via internal audit reports. In addition, the internal audit function also followed up on the implementation of recommendations from previous cycles of internal audit and updated the Audit Committee on the status of Management-agreed action plan implementation.

During the financial year under review, two cycles of internal audit were being carried out for Wong Engineering Corporation Berhad. The costs incurred for the internal audit function for the financial year ended 31 October 2011 amounted to approximately RM 8,420.

Other risk and control processes

Apart from risk management and internal audit, the Board has initiated the following processes to provide assurance to the Board on the proper conduct of the Group's business operations:

- A process of hierarchical reporting has been established to ensure appropriate segregation of duties and to provide for proper documentation and an auditable trail of accountability.
- Quarterly Board and Audit Committee meetings are carried out to assess the overall performance and internal controls of the Group.
- The professionalism and competency of staff are being emphasized through continuous training and regular performance evaluation.
- Regular operation and management meetings were held to discuss the financial and operational matters to ensure proper control in all facets.
- The Group uses the SAP system in its operations and financial reporting. The control features embedded in the system enhance the control environment of the Group.

Weaknesses in internal controls that result in material losses

All in all, the Board remains committed and resilient towards establishing a robust system of internal control and is of the opinion that there were no material losses incurred during the year resulting from weaknesses in internal control. Management continues to take measures to strengthen the control environment.

This statement is issued in accordance with the resolution of the Directors dated 17 February 2012.

Conclusion

Pursuant to paragraph 15.23 of the Listing Requirements of Bursa Securities, the external auditor has reviewed this statement for inclusion in the Annual Report of the Group for the year ended 31 October 2011 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

Directors' Report for the year ended 31 October 2011

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 October 2011.

Principal activities

The Company is an investment holding company whilst the principal activities of the subsidiaries are as stated in Note 4 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

Results

	Group RM	Company RM
Profit/(Loss) for the year attributable to:		
Owners of the Company	140,607	(132,645)
Non-controlling interests	64,058	-
	204,665	(132,645)

Reserves and provisions

There were no material transfers to or from reserves and provisions during the year under review except as disclosed in the financial statements.

Dividend

No dividend was paid since the end of the previous financial year and the Directors do not recommend any final dividend to be paid for the financial year under review.

Directors of the Company

Directors who served since the date of the last report are:

Dato' Wong Kem Woh	-	Chairman & Chief Executive Officer
Wong Kem Chew	-	Executive Director
Wong Kam Hooi		
Lim Gin Chuan		
Dato' Haji Man Bin Mat		
Tang Yin Kham		
Chang Joo Huat	-	Executive Director

Directors' interests in shares

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouse and/or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.50 each			
	At 1.11.2010	**Bought**	**(Sold)**	**At 31.10.2011**
Dato' Wong Kem Woh				
Interest in the Company:				
- own	1,202,992	-	-	1,202,992
Deemed interest in the Company:				
- own	38,734,998	-	-	38,734,998
- others *	592,000	-	-	592,000

* Datin Choong Ewe May is the spouse of Dato' Wong Kem Woh. In accordance with section 134(12)(c) of the Companies Act, 1965, the interests of Datin Choong Ewe May in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) shall be treated as the interests of Dato' Wong Kem Woh also.

	Number of ordinary shares of RM0.50 each			
	At 1.11.2010	**Bought**	**(Sold)**	**At 31.10.2011**
Wong Kem Chew				
Interest in the Company:				
- own	1,064,666	-	-	1,064,666
Deemed interest in the Company:				
- own	38,734,998	-	-	38,734,998
- others **	1,026,500	-	-	1,026,500

** Madam Tan Guek Huwa is the spouse of Mr. Wong Kem Chew. In accordance with section 134(12)(c) of the Companies Act, 1965, the interests of Madam Tan Guek Huwa in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) shall be treated as the interests of Mr. Wong Kem Chew also.

	Number of ordinary shares of RM0.50 each			
	At 1.11.2010	**Bought**	**(Sold)**	**At 31.10.2011**
Wong Kam Hooi				
Interest in the Company:				
- own	1,158,664	-	-	1,158,664
Deemed interest in the Company :				
- own	38,734,998	-	-	38,734,998
- others ***	637,000	-	(100)	636,900

*** Madam Tan Hong Yok and Mr. Wong Seik Pin are the spouse and son of Mr. Wong Kam Hooi respectively. In accordance with section 134(12)(c) of the Companies Act, 1965, the interests of Madam Tan Hong Yok and Mr. Wong Seik Pin in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) shall be treated as the interest of Mr. Wong Kam Hooi also.

Directors' interests in shares (cont'd)

	Number of ordinary shares of RM0.50 each			
	At 1.11.2010	Bought	(Sold)	At 31.10.2011
Chang Joo Huat				
Interest in the Company :				
- own	60,000	-	-	60,000

	Number of ordinary shares of RM1.00 each			
	At 1.11.2010	Bought	(Sold)	At 31.10.2011
Deemed interest in a subsidiary:				
Wong Exerion Precision Technology Sdn. Bhd.				
- Dato' Wong Kem Woh	510,000	-	-	510,000
- Wong Kem Chew	510,000	-	-	510,000
- Wong Kam Hooi	510,000	-	-	510,000

None of the other Directors holding office at 31 October 2011 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than professional fees payable to firms in which certain Directors have substantial financial interests.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

There were no changes in the authorised, issued and paid-up capital of the Company and no debentures were in issue during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Shares buy-back

At the Annual General Meeting held on 20 April 2011, the shareholders had approved a resolution for the Company to purchase its own shares.

During the financial year, the Company re-purchased 32,000 of its ordinary shares of RM0.50 each. The relevant details of the shares buy-back are disclosed in Note 10 to the financial statements.

Other statutory information

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts; and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 October 2011 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Dato' Wong Kem Woh

Wong Kem Chew

Penang,
Date : 21 February 2012

Consolidated Statement of Financial Position as at 31 October 2011

	Note	31.10.2011 RM	31.10.2010 RM Restated	1.11.2009 RM Restated
Assets				
Property, plant and equipment	3	44,919,510	46,239,792	49,032,568
Total non-current assets		44,919,510	46,239,792	49,032,568
Trade and other receivables	5	5,722,949	11,371,326	5,691,039
Inventories	6	9,590,567	11,434,336	7,988,674
Current tax assets		390,329	246,612	256,313
Asset classified as held for sale	7	-	793,904	-
Cash and cash equivalents	8	9,742,800	2,902,282	11,244,540
Total current assets		25,446,645	26,748,460	25,180,566
Total assets		70,366,155	72,988,252	74,213,134
Equity				
Share capital	9	45,844,000	45,844,000	45,844,000
Reserves	10	17,071,148	16,937,758	20,521,404
Total equity attributable to owners of the Company		62,915,148	62,781,758	66,365,404
Non-controlling interests		963,365	899,307	708,059
Total equity		63,878,513	63,681,065	67,073,463
Liabilities				
Loans and borrowings	11	479,021	418,602	116,407
Deferred tax liabilities	12	87,110	71,244	81,605
Other payables		-	-	580,000
Total non-current liabilities		566,131	489,846	778,012
Loans and borrowings	11	742,214	361,162	478,076
Trade and other payables	13	5,179,297	8,456,179	5,883,583
Total current liabilities		5,921,511	8,817,341	6,361,659
Total liabilities		6,487,642	9,307,187	7,139,671
Total equity and liabilities		70,366,155	72,988,252	74,213,134

The notes on pages 47 to 92 are an integral part of these financial statements.

Consolidated Statement of Comprehensive Income for the year ended 31 October 2011

	Note	2011 RM	2010 RM
Continuing operations			
Revenue	14	37,681,722	40,243,122
Cost of sales		(31,570,564)	(37,145,543)
Gross profit		6,111,158	3,097,579
Administrative expenses		(6,668,212)	(5,612,720)
Other expenses		(251,402)	(407,899)
Other income		1,238,682	716,989
Operating profit/(loss)	15	430,226	(2,206,051)
Finance costs	17	(91,946)	(63,410)
Profit/(loss) before tax		338,280	(2,269,461)
Income tax expense	18	(133,615)	(182,375)
Profit/(loss) for the year		204,665	(2,451,836)
Profit/(loss) for the year and total comprehensive income/(expense) for the year attributable to:			
Owners of the Company		140,607	(2,643,084)
Non-controlling interests		64,058	191,248
		204,665	(2,451,836)
Basic earnings/(loss) per ordinary share (sen)	19	0.16	(2.94)

The notes on pages 47 to 92 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity for the year ended 31 October 2011

		Attributable to the shareholders of the Company							
			Non-distributable			Distributable			
	Note	Share capital RM	Share premium RM	Treasury shares RM	Translation reserve RM	Retained earnings RM	Total RM	Non-controlling interest RM	Total equity RM
At 1 November 2009		45,844,000	11,568,727	(888,245)	41,484	9,799,438	66,365,404	708,059	67,073,463
Struck-off of subsidiary company		-	-	-	(41,484)	-	(41,484)	-	(41,484)
Treasury shares acquired	10	-	-	(718)	-	-	(718)	-	(718)
Dividends	20	-	-	-	-	(898,360)	(898,360)	-	(898,360)
Loss for the year and total comprehensive expense for the year		-	-	-	-	(2,643,084)	(2,643,084)	191,248	(2,451,836)
At 31 October 2010/ 1 November 2010		45,844,000	11,568,727	(888,963)	-	6,257,994	62,781,758	899,307	63,681,065
Treasury shares acquired	10	-	-	(7,217)	-	-	(7,217)	-	(7,217)
Profit for the year and total comprehensive income for the year		-	-	-	-	140,607	140,607	64,058	204,665
At 31 October 2011		45,844,000	11,568,727	(896,180)	-	6,398,601	62,915,148	963,365	63,878,513

The notes on pages 47 to 92 are an integral part of these financial statements.

Consolidated Statement of Cash Flows for the year ended 31 October 2011

	Note	2011 RM	2010 RM Restated
Cash flows from operating activities			
Profit/(loss) before tax from continuing operations		338,280	(2,269,461)
Adjustments for:			
Depreciation of property, plant and equipment	3	4,223,015	4,849,343
Plant and equipment written off		1,350	693
Interest expense		91,946	63,410
Interest income		(140,851)	(133,651)
Gain on disposal of property, plant and equipment		(949,372)	(72,999)
Operating profit before changes in working capital		3,564,368	2,437,335
Change in inventories		1,843,769	(3,445,662)
Change in trade and other receivables		5,648,377	(5,680,287)
Change in trade and other payables		(3,276,882)	3,691,112
Cash generated from/(used in) operations		7,779,632	(2,997,502)
Income tax paid		(261,466)	(183,035)
Net cash from/(used in) operating activities		7,518,166	(3,180,537)

The notes on pages 47 to 92 are an integral part of these financial statements.

Consolidated Statement of Cash Flows for the year ended 31 October 2011 (cont'd)

	Note	2011 RM	2010 RM Restated
Cash flows from investing activities			
Acquisition of plant and equipment	A	(1,711,083)	(3,881,165)
Proceeds from disposal of property, plant and equipment		1,743,276	73,000
Interest received		140,851	133,651
Net cash from/(used in) investing activities		173,044	(3,674,514)
Cash flows from financing activities			
Dividends paid to owners of the Company	20	-	(898,360)
Repayment of term loan		(112,310)	(315,010)
Repayment of finance lease liabilities		(639,219)	(209,709)
Repurchase of treasury shares	10	(7,217)	(718)
Interest paid		(91,946)	(63,410)
Net cash used in financing activities		(850,692)	(1,487,207)
Net increase/(decrease) in cash and cash equivalents		6,840,518	(8,342,258)
Cash and cash equivalents at 1 November	8	2,902,282	11,244,540
Cash and cash equivalents at 31 October	B	9,742,800	2,902,282

Notes

A. *Acquisition of plant and equipment*

During the financial year, the Group acquired plant and equipment with an aggregate cost of RM2,904,083 (2010 : RM2,851,165) of which RM1,711,083 (2010 : RM2,141,165) was paid by cash. The balance of RM1,193,000 (2010 : RM710,000) was acquired by means of finance lease.

B. *Cash and cash equivalents*

Cash and cash equivalents included in the consolidated statement of cash flows comprise the consolidated statement of financial position amounts as shown in Note 8.

The notes on pages 47 to 92 are an integral part of these financial statements.

Statement of Financial Position as at 31 October 2011

	Note	2011 RM	2010 RM
Assets			
Investment in subsidiaries	4	22,702,447	22,702,447
Total non-current asset		22,702,447	22,702,447
Trade and other receivables	5	38,097,783	38,258,220
Current tax assets		64,247	64,247
Cash and cash equivalents	8	38,578	11,646
Total current assets		38,200,608	38,334,113
Total assets		60,903,055	61,036,560
Equity			
Share capital	9	45,844,000	45,844,000
Reserves	10	14,863,684	15,003,546
Total equity		60,707,684	60,847,546
Liabilities			
Trade and other payables	13	195,371	189,014
Total current liabilities		195,371	189,014
Total equity and liabilities		60,903,055	61,036,560

The notes on pages 47 to 92 are an integral part of these financial statements.

Statement of Comprehensive Income for the year ended 31 October 2011

	Note	2011 RM	2010 RM
Continuing operations			
Revenue	14	152,000	171,800
Administrative expenses		(287,371)	(299,715)
Other expenses		-	(55,489)
Other income		2,726	67,019
Operating loss	15	(132,645)	(116,385)
Income tax expense	18	-	-
Loss for the year representing total comprehensive expense attributable to owners of the Company		(132,645)	(116,385)

The notes on pages 47 to 92 are an integral part of these financial statements.

Statement of Changes In Equity for the year ended 31 October 2011

		Attributable to the owners of the Company				
			Non-distributable		Distributable	
	Note	Share capital RM	Share premium RM	Treasury shares RM	Retained earnings RM	Total equity RM
At 1 November 2009		45,844,000	11,568,727	(888,245)	5,338,527	61,863,009
Treasury shares acquired	10	-	-	(718)	-	(718)
Dividends	20	-	-	-	(898,360)	(898,360)
Loss for the year and total comprehensive expense for the year		-	-	-	(116,385)	(116,385)
At 31 October 2010/1 November 2010		45,844,000	11,568,727	(888,963)	4,323,782	60,847,546
Treasury shares acquired	10	-	-	(7,217)	-	(7,217)
Loss for the year and total comprehensive expense for the year		-	-	-	(132,645)	(132,645)
At 31 October 2011		45,844,000	11,568,727	(896,180)	4,191,137	60,707,684

The notes on pages 47 to 92 are an integral part of these financial statements.

Statement of Cash Flows for the year ended 31 October 2011

	Note	2011 RM	2010 RM
Cash flows from operating activities			
Loss before tax from continuing operations		(132,645)	(116,385)
Adjustments for:			
Impairment loss on investment in subsidiaries		-	55,489
Operating loss before changes in working capital		(132,645)	(60,896)
Change in trade and other receivables		160,437	854,259
Change in trade and other payables		6,357	(38,390)
Net cash from operating activities		34,149	754,973
Cash flows from financing activities			
Dividends paid to owners of the Company	20	-	(898,360)
Repurchase of treasury shares	10	(7,217)	(718)
Net cash used in financing activities		(7,217)	(899,078)
Net increase/(decrease) in cash and cash equivalents		26,932	(144,105)
Cash and cash equivalents at 1 November		11,646	155,751
Cash and cash equivalents at 31 October	8	38,578	11,646

Note

Cash and cash equivalents included in the statement of cash flow comprise the statement of financial position amounts as shown in Note 8.

The notes on pages 47 to 92 are an integral part of these financial statements.

Notes to the Financial Statements

Wong Engineering Corporation Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business

Lot 24, Jalan Hi-Tech 4
Kulim Hi-Tech Park (Phase 1)
09000 Kulim
Kedah Darul Aman

Registered office

Suite 2-1, 2nd Floor
Menara Penang Garden
42A Jalan Sultan Ahmad Shah
10050 Penang

The consolidated financial statements of the Company as at and for the financial year ended 31 October 2011 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the year ended 31 October 2011 do not include other entities.

The Company is principally engaged in investment holding activities while the other Group entities are principally engaged in manufacture of high precision metal stamped parts, sheet metals and turned metal components, trading, marketing and retailing of industrial and consumer products and design, manufacture and supply of complex welded frame structures, related modules and systems.

These financial statements were authorised for issue by the Board of Directors on 21 February 2012.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRSs), generally accepted accounting principles and the Companies Act, 1965 in Malaysia.

The Group and the Company have not applied the following accounting standards (including its consequential amendments) and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards
  - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
  - Additional Exemptions for First-time Adopters
- Amendments to FRS 2, Group Cash-settled Share Based Payment Transactions #
- Amendments to FRS 7, Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
- IC Interpretation 4, Determining whether an Arrangement contains a Lease
- IC Interpretation 18, Transfers of Assets from Customers #
- Improvements to FRSs (2010)

1. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

Interpretations and amendments effective for annual periods beginning on or after 1 July 2011

- FRS 124, Related Party Disclosures (revised)
- Amendments to IC Interpretation 14, Prepayments of a Minimum Funding Requirement #
- IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments #

FRS and interpretation effective for annual periods beginning on or after 1 July 2012

- Improvements on FRSs
- IC Interpretation 15, Agreements for the Construction of Real Estate

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations from the annual period beginning 1 November 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 January 2011 or 1 July 2011, except for those marked " # " which are not applicable to the Group and the Company.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively or which requires extended disclosures, is not expected to have any financial impacts to the current and prior period's financial statements upon their first adoption.

The initial application of the other standards, amendments and interpretation are not expected to have any material impact on the financial statements of the Group and the Company.

The Group's and the Company's financial statements for annual period beginning on 1 November 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards (MFRSs) issued by the MASB and International Financial Reporting Standards (IFRSs). As a result, the Group and the Company will not be adopting the above FRSs, Interpretations and amendments that will be effective for annual period beginning on or after 1 July 2012.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information is presented in RM, unless otherwise stated.

1. Basis of preparation (cont'd)

(d) Use of estimates and judgements

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in Note 2d(iv) on depreciation of certain item of equipment.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by Group entities, other than those disclosed in the following notes:

- Note 2(a) - Basis of consolidation
- Note 2(c) - Financial instruments
- Note 2(e) - Leased assets
- Note 2(g) - Receivables

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are stated in the Company's statement of financial position at cost less any impairment losses, unless the investment is held for sale or distribution. The cost of investments includes transaction costs.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(ii) Accounting for business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

The Group has changed its accounting policy with respect to accounting for business combinations.

From 1 November 2010 the Group has applied FRS 3, Business Combinations (revised) in accounting for business combinations. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share.

Acquisitions on or after 1 November 2010

For acquisitions on or after 1 November 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Acquisitions between 1 January 2006 and 1 November 2010

For acquisitions between 1 January 2006 and 1 November 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(ii) Accounting for business combinations (cont'd)

Acquisitions prior to 1 January 2006

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

(iii) Accounting for acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transitions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

The Group applied FRS 127, Consolidated and Separate Financial Statements (revised) since the beginning of the reporting period in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share. Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

In the previous years, if the Group retained any interest in the previous subsidiary, such interest was measured at the carrying amount at the date that control was lost and this carrying amount would be regarded as cost on initial measurement of the investment.

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(v) Non-controlling interests (cont'd)

Since the beginning of the reporting period, the Group has applied FRS 127, Consolidated and Separate Financial Statements (revised) where losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance. This change in accounting policy is applied prospectively in accordance with the transitional provisions of the standard and does not have impact on earnings per share.

In the previous years, where losses applicable to the non-controlling interests exceed the their interests in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling interests, were charged against the Group's interest except to the extent that the non-controlling interests had a binding obligation to, and was able to, make additional investment to cover the losses. If the subsidiary subsequently reported profits, the Group's interest was allocated with all such profits until the non-controlling interests' share of losses previously absorbed by the Group had been recovered.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not translated at end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

(c) Financial instruments

Arising from the adoption of FRS 139, Financial Instruments: Recognition and Measurement, with effect from 1 November 2010, financial instruments are categorised and measured using accounting policies as mentioned below. Before 1 November 2010, different accounting policies were applied. Significant changes to the accounting policies are discussed in Note 27.

2. Significant accounting policies (cont'd)

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair value with the gain or loss recognised in profit or loss.

(b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see note 2(j)(i)).

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

(b) Loans and receivables (cont'd)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part or it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a finanacial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Freehold land is stated at valuation. All other property, plant and equipment are measured at cost/valuation less accumulated depreciation and impairment losses.

The Group has availed itself to the transitional provision when the MASB first adopted IAS 16, Property, Plant and Equipment in 1998. Certain freehold land and buildings were revalued in November 1996 and no later valuation has been recorded for these property, plant and equipment.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gains and losses on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" or "other expenses" respectively in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

2. Significant accounting policies (cont'd)

(d) Property, plant and equipment (cont'd)

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land and capitalised expenditure-in progress are not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment at the following principal annual rates:

	%
Buildings	2
Plant and machinery	10
Furniture, fittings and office equipment	6.67 - 50
Motor vehicles	16

Depreciation methods, useful life and residual values are reviewed, and adjusted as appropriate at the end of the reporting period.

(iv) Change in estimates

During the year, the Group has revised the estimated useful life of certain items of office equipment to match the life cycle of the equipment. The equipment's cycle life has been revised from an initial estimate of 5 years to 15 years and the Directors consider that the revised estimated useful life gives a fairer presentation of results and the financial position of the Group.

The effect of these changes on depreciation expense, recognised in cost of sales, in current and future periods is as follows:

In thousands of RM	2011	2012	2013	2014	2015	Later
(Decrease)/Increase in depreciation expense	(396)	(396)	(396)	(247)	130	1,305

2. Significant accounting policies (cont'd)

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for the property interest held under operating lease, the leased assets are not recognised in the statement of financial position.

The Group has adopted the amendment made to FRS 117, Leases in 2011 in relation to the classification of lease of land. Leasehold land which in substance is a finance lease had been reclassified and measured as such retrospectively.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Lease incentives received are recognised in profit or loss as an integral part or the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

(f) Intangible assets

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss when incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

2. Significant accounting policies (cont'd)

(f) Intangible assets (cont'd)

Research and development (cont'd)

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses. The capitalised development expenditure is amortised over 2 to 5 years.

(g) Receivables

Prior to 1 November 2010, receivables were initially recognised at their cost and subsequently measured at cost less allowance for doubtful debts.

Following the adoption of FRS 139, trade and other receivables are categorised and measured as loans and receivables in accordance with Note 2(c).

(h) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on weighted average cost formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of working-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the statement of cash flow, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

Cash and cash equivalents (other than bank overdrafts) are categorised and measured as loans and receivables in accordance with policy Note 2(c).

2. Significant accounting policies (cont'd)

(j) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as investments in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets except for inventories is reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

2. Significant accounting policies (cont'd)

(j) Impairment (cont'd)

(ii) Other assets (cont'd)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(k) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Cost directly attributable to issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Repurchase, disposal and reissue of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

Where treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and carrying amount of the treasury shares is recognised in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

(l) Employee benefits

(i) Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2. Significant accounting policies (cont'd)

(l) Employee benefits (cont'd)

(ii) State plans

The Group's contribution to statutory pension funds are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(n) Revenue recognition

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances and trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods and the amount can be measured reliably, then the discounts recognised as a reduction of revenue as the sales are recognised.

(ii) Services rendered

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the end of the reporting period. The stage of completion is assessed by reference to surveys of work performed.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the right to receive payment is established.

2. Significant accounting policies (cont'd)

(n) Revenue recognition (cont'd)

(iv) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease.

(v) Management fee income

Management fee income is recognised as it accrues, when the right to receive payment is established.

(vi) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(o) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(p) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of reporting period, and any adjustment to tax payable in respect of previous years.

2. Significant accounting policies (cont'd)

(p) Income tax (cont'd)

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences : the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

(q) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares (EPS).

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own share held.

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3. Property, plant and equipment – Group

	At valuation			At cost						
	Freehold land RM	Leasehold Land RM	Buildings RM	Leasehold Land RM	Buildings RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Capital expenditure -in-progress RM	Total RM
Valuation/Cost										
At 1 November 2009, restated	1,315,000	5,070,000	3,185,000	1,187,520	31,468,409	57,783,303	8,893,579	2,690,407	58,320	111,651,538
Additions	-	-	-	-	-	1,459,070	1,152,593	239,502	-	2,851,165
Disposals	-	-	-	-	-	(1)	-	(112,115)	-	(112,116)
Written off	-	-	-	-	-	(41,563)	(8,510)	(393,776)	-	(443,849)
Transfer to assets held for sales	-	-	-	(995,156)	-	-	-	-	-	(995,156)
At 31 October 2010/ 1 November 2010, restated	1,315,000	5,070,000	3,185,000	192,364	31,468,409	59,200,809	10,037,662	2,424,018	58,320	112,951,582
Additions	-	-	-	-	-	679,400	1,267,835	672,848	284,000	2,904,083
Disposals	-	-	-	-	-	-	-	(551,583)	-	(551,583)
Written off	-	-	-	-	-	(11,557,751)	(7,373)	-	-	(11,565,124)
At 31 October 2011	1,315,000	5,070,000	3,185,000	192,364	31,468,409	48,322,458	11,298,124	2,545,283	342,320	103,738,958

3. Property, plant and equipment – Group (cont'd)

	At valuation			At cost						
	Freehold land RM	Leasehold Land RM	Buildings RM	Leasehold Land RM	Buildings RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Capital expenditure -in-progress RM	Total RM
Accumulated depreciation and accumulated impairment losses										
At 1 November 2009, restated:										
- Accumulated depreciation	-	1,091,430	826,282	219,137	7,192,703	45,706,873	5,078,059	2,152,700	-	62,267,184
- Accumulated impairment loss	-	-	-	-	-	351,786	-	-	-	351,786
	-	1,091,430	826,282	219,137	7,192,703	46,058,659	5,078,059	2,152,700	-	62,618,970
Depreciation for the year	-	84,500	63,700	19,792	754,258	2,643,811	991,841	291,441	-	4,849,343
Disposals	-	-	-	-	-	-	-	(112,115)	-	(112,115)
Written off	-	-	-	-	-	(40,870)	(8,510)	(393,776)	-	(443,156)
Transfer to asset held for sales	-	-	-	(201,252)	-	-	-	-	-	(201,252)
At 31 October 2010/ 1 November 2010, restated										
- Accumulated depreciation	-	1,175,930	889,982	37,677	7,946,961	48,309,814	6,061,390	1,938,250	-	66,360,004
- Accumulated impairment loss	-	-	-	-	-	351,786	-	-	-	351,786
	-	1,175,930	889,982	37,677	7,946,961	48,661,600	6,061,390	1,938,250	-	66,711,790
Depreciation for the year	-	84,500	63,700	3,206	744,629	2,290,389	784,637	251,954	-	4,223,015
Disposals	-	-	-	-	-	-	-	(551,583)	-	(551,583)
Written off	-		-	-	-	(11,557,751)	(6,023)	-	-	(11,563,774)
At 31 October 2011										
- Accumulated depreciation	-	1,260,430	953,682	40,883	8,691,590	39,042,452	6,840,004	1,638,621	-	58,467,662
- Accumulated impairment loss	-	-	-	-	-	351,786	-	-	-	351,786
	-	1,260,430	953,682	40,883	8,691,590	39,394,238	6,840,004	1,638,621	-	58,819,448

3. Property, plant and equipment – Group (cont'd)

	At valuation			At cost						
	Freehold land RM	Leasehold Land RM	Buildings RM	Leasehold Land RM	Buildings RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Capital expenditure -in-progress RM	Total RM
Carrying amounts										
At 1 November 2009, restated	1,315,000	3,978,570	2,358,718	968,383	24,275,706	11,724,644	3,815,520	537,707	58,320	49,032,568
At 31 October 2010/ 1 November 2010, restated	1,315,000	3,894,070	2,295,018	154,687	23,521,448	10,539,209	3,976,272	485,768	58,320	46,239,792
At 31 October 2011	1,315,000	3,809,570	2,231,318	151,481	22,776,819	8,928,220	4,458,120	906,662	342,320	44,919,510

3. Property, plant and equipment - Group (cont'd)

3.1 Assets under finance lease

Included in the carrying amount of plant and machinery and motor vehicle are assets acquired under finance lease amounting to RM1,919,359 (2010: RM1,484,465).

3.2 Security

Property, plant and equipment of certain subsidiaries with a carrying amounts amounting to RM3,579,543 (2010 : RM3,644,245) were charged to banks for bank facilities granted to the subsidiaries.

3.3 Revaluation

The revalued freehold land, leasehold land and buildings are shown at Directors' valuation based on a valuation exercise carried out in November 1996 by an independent firm of valuers based on an open market value basis as approved by the Securities Commission.

Subsequent additions are shown at cost while disposals are at valuation or at cost as appropriate.

Had the properties been carried at historical cost less accumulated depreciation, the carrying amount of the revalued properties that would have been included in the financial statements at the end of the financial year would be as follows :

	Cost RM	Accumulated depreciation RM	Carrying amounts RM
2011			
Freehold land	474,030	-	474,030
Buildings	2,567,598	770,280	1,797,318
	3,041,628	770,280	2,271,348
2010			
Freehold land	474,030	-	474,030
Buildings	2,567,598	718,928	1,848,670
	3,041,628	718,928	2,332,700

3.4 Leasehold land

The carrying amounts of leasehold land of the Group at 1 November 2009 and 31 October 2010 have been adjusted following the adoption of the amendment to FRS 117, Leases, where leasehold land, in substance is a finance lease, have been reclassified from prepaid lease payment to property, plant and equipment (refer to Note 28.2).

4. Investment in subsidiaries - Company

	2011 RM	2010 RM
Unquoted shares, at cost	28,130,743	28,130,743
Less : Accumulated impairment losses	(5,428,296)	(5,428,296)
	22,702,447	22,702,447

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Effective ownership interest 2011 %	Effective ownership interest 2010 %
Wong Engineering Industries Sdn. Bhd.	Manufacture of high precision metal stamped parts and sheet metals	100	100
Wong Engineering Electronics Sdn. Bhd.	Manufacture of high precision turned metal components	100	100
WEC Marketing Sdn. Bhd.	Trading, marketing and retailing of industrial and consumer products	100	100
Wong Engineering Metals (M) Sdn. Bhd.	Dormant	100	100
Subsidiary of Wong Engineering Industries Sdn. Bhd.			
Wong Exerion Precision Technology Sdn. Bhd.	Design, manufacture and supply of complex welded frame structures, related modules and systems	51	51

All the subsidiaries are incorporated in Malaysia.

5. Trade and other receivables

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Trade					
Trade receivables		5,410,297	10,927,850	-	-
Non-trade					
Amount due from subsidiaries	5.1	-	-	38,093,450	38,253,887
Other receivables		212,524	267,936	-	-
Deposits		43,002	73,302	1,000	1,000
Prepayments		57,126	102,238	3,333	3,333
		312,652	443,476	38,097,783	38,258,220
		5,722,949	11,371,326	38,097,783	38,258,220

5.1 Amount due from subsidiaries

The non-trade amount due from subsidiaries are unsecured, interest-free and repayable on demand.

6. Inventories - Group

	2011 RM	2010 RM
At cost:		
Raw materials	4,080,455	6,090,684
Work-in-progress	2,388,692	2,292,263
Manufactured inventories	3,121,420	3,051,389
	9,590,567	11,434,336

7. Asset classified as held for sale – Group

In the previous financial year, the following assets were classified as held for sales due to the Group's intention to dispose of the assets.

	Leasehold land RM
Costs (Note 3)	995,156
Accumulated amortisation (Note 3)	(201,252)
	793,904

During the financial year, the Group disposed of the assets and a gain on disposal of RM819,372 was recognised in the current year profit or loss.

8. Cash and cash equivalents

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Short term deposits placed with licensed banks		7,350,000	2,000,000	-	-
Cash and bank balances	8.1	2,392,800	902,282	38,578	11,646
		9,742,800	2,902,282	38,578	11,646

9. Share capital

	Group and Company			
	Amount 2011 RM'000	Number of shares 2011 '000	Amount 2010 RM'000	Number of shares 2010 '000
Ordinary shares of RM0.50 each				
Authorised:	100,000	200,000	100,000	200,000
Issued and fully paid classified as equity instruments:	45,844	91,688	45,844	91,688

10. Reserves

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Non-distributable:					
Share premium		11,568,727	11,568,727	11,568,727	11,568,727
Treasury shares	10.1	(896,180)	(888,963)	(896,180)	(888,963)
Distributable:					
Retained earnings		6,398,601	6,257,994	4,191,137	4,323,782
		17,071,148	16,937,758	14,863,684	15,003,546

The movements of the above reserves are disclosed in the statement of changes in equity.

10. Reserves (cont'd)

10.1 Treasury shares

During the financial year, the Company re-purchased 32,000 of its issued share capital from the open market at an average price of RM0.226 per share. The total consideration paid was RM7,217. The re-purchased transactions were financed by internally generated funds. The shares re-purchased were retained as treasury shares.

	Group and Company			
	Amount 2011 RM	Number of shares 2011	Amount 2010 RM	Number of shares 2010
Balance at 1 November	888,963	1,853,000	888,245	1,851,000
Shares re-purchased	7,217	32,000	718	2,000
Balance at 31 October	896,180	1,885,000	888,963	1,853,000

As at 31 October 2011, the number of outstanding ordinary shares issued and fully paid are therefore 89,803,000 ordinary shares of RM0.50 each after offsetting the treasury shares of 1,885,000 against 91,688,000 issued and fully paid ordinary shares.

11. Loans and borrowings – Group

	2011 RM	2010 RM
Non-current:		
Finance lease liabilities	479,021	418,602
Current:		
Term loan - secured	-	112,310
Finance lease liabilities	742,214	248,852
	742,214	361,162

11. Loans and borrowings – Group (cont'd)

11.1 Finance lease liabilities

Finance lease liabilities are payable as follows:

	2011			2010		
	Future minimum lease payments RM	Interest RM	Present value of minimum lease payments RM	Future minimum lease payments RM	Interest RM	Present value of minimum lease payments RM
Less than 1 year	798,714	56,500	742,214	288,144	39,292	248,852
Between 1 and 5 years	497,061	18,040	479,021	444,218	25,616	418,602
	1,295,775	74,540	1,221,235	732,362	64,908	667,454

12. Deferred tax liabilities - Group

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities after appropriate off setting are attributable to the following:

	2011 RM	2010 RM
Property, plant and equipment		
- Excess of capital allowance	2,646,257	2,617,389
- Revaluation	798,572	798,572
- Unabsorbed capital allowance carry-forwards	(1,350,176)	(1,487,118)
- Unabsorbed reinvestment allowance carry-forwards	(1,935,821)	(1,770,335)
Other items	(71,722)	(87,264)
Net deferred tax liabilities recognised	87,110	71,244

12. Deferred tax liabilities - Group (cont'd)

Unrecognised deferred tax assets

No deferred tax assets have been recognised for the following items:

	2011 RM	2010 RM
Property, plant and equipment		
- Deductible temporary difference	(214,087)	(300,294)
- Excess of capital allowances	(2,456,000)	(2,516,000)
- Unabsorbed business loss carry-forwards	305,250	46,750
- Unabsorbed reinvestment allowance carry-forwards	7,235,750	7,183,750
- Unabsorbed capital allowance carry-forwards	1,351,000	1,488,000
Other items	45,534	267,500
	6,267,447	6,169,706

The unutilised tax losses, unabsorbed capital allowance, unabsorbed reinvestment allowance and deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

13. Trade and other payables

	Note	Group		Company	
		2011 RM	2010 RM	2011 RM	2010 RM
Trade					
Trade payables		3,324,990	6,013,970	-	-
Non-trade					
Other payables		767,358	1,509,101	7,896	2,018
Accruals		1,086,949	933,108	187,475	186,996
		1,854,307	2,442,209	195,371	189,014
		5,179,297	8,456,179	195,371	189,014

14. Revenue

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Sales of goods	37,681,722	40,243,122	-	-
Management fee from subsidiaries	-	-	152,000	171,800
	37,681,722	40,243,122	152,000	171,800

15. Operating profit/(loss)

Operating profit/(loss) is arrived at:

	Group 2011 RM	Group 2010 RM Restated	Company 2011 RM	Company 2010 RM
After charging:				
Auditors' remuneration				
- Statutory audit				
- KPMG				
- current year	79,000	51,500	20,000	14,500
- prior year	18,496	2,000	3,504	-
- Others	6,000	6,000	-	-
Depreciation of property, plant and equipment (Note 3)	4,223,015	4,849,343	-	-

15. Operating profit/(loss) (cont'd)

Operating profit/(loss) is arrived:

	Group 2011 RM	Group 2010 RM Restated	Company 2011 RM	Company 2010 RM
After charging:				
Plant and equipment written off	1,350	693	-	-
Directors' remuneration				
Directors of the Company				
- fees	145,000	145,000	145,000	145,000
- others emoluments	920,829	938,156	7,000	6,000
- fee paid to a past directors	-	20,000	-	20,000
- short term employee benefits paid to a past director	-	268,314	-	800
Other Directors				
- other emoluments	175,360	362,644	-	-
Rental of buildings	40,570	33,090	-	-
Personnel expenses (including Executive Directors)				
- Wages, salaries and others	9,083,979	9,466,981	-	-
- Contribution to Employees' Provident Fund	632,148	671,059	-	-
Professional fees paid to parties in which certain Directors have substantial financial interests	33,200	9,316	2,000	444
Loss on foreign exchange				
- realised	206,121	390,817	-	-
- unrealised	2,361	10,961	-	-
Inventories written down	27,269	363,334	-	-
Impairment loss on investment in subsidiaries	-	-	-	55,489
Research and development expenses	30,958	5,346	-	-
and after crediting:				
Interest income	140,851	133,651	-	-
Gain on disposal of property, plant and equipment	949,372	72,999	-	-
Rental income on premises	58,880	305,880	-	-
Reversal of inventories written down	211,295	-	-	-
Waiver of advances from a subsidiary	-	-	-	67,019

16. Key management personnel compensation

The key management personnel compensation is as follows:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Fee				
- Directors	145,000	145,000	145,000	145,000
- Past director	-	20,000	-	20,000
Remuneration				
- Directors	904,288	894,656	-	-
- Past director	-	257,520	-	-
Other short term employees benefits (including estimated monetary value of benefits-in-kind)				
- Directors	16,541	43,500	7,000	6,000
- Past director	-	10,794	-	800
Total short-term employee benefits	1,065,829	1,371,470	152,000	171,800
Other key management personnel:				
- short-term employee benefits (including estimated monetary value of benefits-in-kind)	175,360	362,644	-	-
	1,241,189	1,734,114	152,000	171,800

Other key management personnel comprises Directors of subsidiaries of the Group having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

17. Finance costs - Group

	2011 RM	2010 RM
Interest expense:		
Bank overdrafts	975	53
Finance lease liabilities	89,622	51,032
Term loan	1,349	12,325
Total interest expense	91,946	63,410

18. Income tax expense

Recognised in profit or loss

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Current tax expense				
- Current year	130,901	202,618	-	-
- Prior year	(13,152)	(9,882)	-	-
Total current tax recognised in profit or loss	117,749	192,736	-	-
Deferred tax expense				
- Origination/(Reversal) of temporary differences	15,847	(23,740)	-	-
- Prior year	19	13,379	-	-
Total deferred tax recognised in profit or loss income	15,866	(10,361)	-	-
Total tax expense	133,615	182,375	-	-
Reconciliation of effective tax expense				
Profit/(Loss) for the year	204,665	(2,451,836)	(132,645)	(116,385)
Total income tax expense	133,615	182,375	-	-
Profit/(Loss) excluding tax	338,280	(2,269,461)	(132,645)	(116,385)
Income tax calculated using Malaysian tax rate at 25%	84,570	(567,365)	(33,161)	(29,096)
Non-deductible expenses	239,453	149,583	25,051	24,911
Income not subject to tax	(224,843)	-	-	-
Deferred tax assets not recognised	97,741	766,273	8,110	4,185
Tax incentives	(52,784)	(156,056)	-	-
Others	2,611	(13,557)	-	-
(Over)/under provision in prior years	(13,133)	3,497	-	-
	133,615	182,375	-	-

The Finance Act, 2007 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 October 2011 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

19. Earnings per share - Group

Basic earning/(loss) per ordinary share

The calculation of basic earnings (2010 : loss) per ordinary share for the year ended 31 October 2011 was based on the net earnings (2010 : loss) attributable to shareholders of RM140,607 (2010 : RM2,643,084) and on the weighted average number of ordinary shares outstanding during the year of 89,803,000 (2010 : 89,835,000) excluding treasury shares held by the Company calculated as follows:

	2011	2010
Issued ordinary shares at beginning of year	89,835,000	89,837,000
Effect of share buy back	(32,000)	(2,000)
Weighted average number of ordinary shares	89,803,000	89,835,000

20. Dividends

	Group and Company	
	2011	2010
	RM	RM
Paid:		
- 2010 final tax exempt dividend of 1.0 sen on 89,835,000 ordinary shares of RM0.50	-	898,360

The Directors do not recommend any dividend to be paid for the year under review.

21. Operating segment

The Group's operating segment comprises the manufacturing and sale of high precision metal stamped parts and high precision turned metal components. Accordingly, information by operating segment on the Group's operations as required by FRS 8 is not presented.

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

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are also based on the geographical location of assets.

	Asia					
	Malaysia RM	Outside Malaysia RM	Europe RM	North & South America RM	Others RM	Consolidated total RM
2011						
Revenue from external customers	22,511,080	11,995,114	1,893,535	519,728	762,265	37,681,722
Non-current assets	44,919,510	-	-	-	-	44,919,510
2010						
Revenue from external customers	24,028,345	11,059,865	530,199	3,739,133	885,580	40,243,122
Non-current assets	46,239,792	-	-	-	-	46,239,792

Major customers

During the year, revenue from two single customers contributed to more than 10% of the Group's revenue which amounted to RM12,242,937 (2010 : RM17,052,010).

22. Financial instruments

Certain comparative figures have not been presented for 31 October 2010 by virtue of the exemption given in paragraph 44AA of FRS 7.

22. Financial instruments (cont'd)

22.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables (L&R); and
(b) Other financial liabilities measured at amortised cost (OL).

2011	Carrying amount RM	L&R RM
Financial assets		
Group		
Trade and other receivables (exclude prepayments and deposits)	5,622,821	5,622,821
Cash and cash equivalents	9,742,800	9,742,800
	15,365,621	15,365,621
Company		
Trade and other receivables (exclude prepayments and deposits)	38,093,450	38,093,450
Cash and cash equivalents	38,578	38,578
	38,132,028	38,132,028

	Carrying amount RM	OL RM
Financial liabilities		
Group		
Loans and borrowings	1,221,235	1,221,235
Trade and other payables	5,179,297	5,179,297
	6,400,532	6,400,532
Company		
Trade and other payables	195,371	195,371

22. Financial instruments (cont'd)

22.2 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

22.3 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers.

The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy and procedure in place for analysing the financial position of trade receivables and approving credit limit granted to each customer. Trade receivables are also monitored on an ongoing basis via management reporting procedures and actively reviewed on a monthly basis by senior management.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

22. Financial instruments (cont'd)

22.3 Credit risk (cont'd)

Receivables (cont'd)

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

	Group 2011 RM
Domestic	3,318,573
Asia	1,858,482
Others	233,242
	5,410,297

Impairment losses

The ageing of trade receivables as at the end of the reporting period was:

Group 2011	Gross RM	Individual impairment RM	Net RM
Not past due	4,161,946	-	4,161,946
Past due 0 - 30 days	1,210,852	-	1,210,852
Past due 31 - 60 days	21,988	-	21,988
Past due 61 - 90 days	14,573	-	14,573
Past due more than 90 days	9,776	(8,838)	938
	5,419,135	(8,838)	5,410,297

There were no movements in the allowance for impairment losses of trade receivables during the financial year.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments at 31 October.

The allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

22. Financial instruments (cont'd)

22.3 Credit risk (cont'd)

Financial guarantees (cont'd)

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM 1,221,000 (2010: RM779,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiaries would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Inter company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiaries. Nevertheless, these advances are repayable on demand.

22.4 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

22. Financial instruments (cont'd)

22.4 Liquidity risk (cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM	Contractual interest rate	Contractual cash flow RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
Group							
2011							
Non-derivative financial liabilities							
Trade and other payables	5,179,297	-	5,179,297	5,179,297	-	-	-
Finance lease liabilities	1,221,235	3.50% - 3.75%	1,295,775	798,714	434,549	62,512	-
	6,400,532		6,475,072	5,978,011	434,549	62,512	-
Company							
2011							
Non-derivative financial liabilities							
Trade and other payables	195,371	-	195,371	195,371	-	-	-

22. Financial instruments (cont'd)

22.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, and interest rates will affect the Group's financial position or cash flows.

22.5.1 Currency risk

The Group is exposed to foreign currency risk on sales and purchase that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily the U.S. Dollar (USD), Singapore Dollar (SGD) and European Dollar (EURO).

Risk management objective, policies and processes for managing the risk

Management has a foreign exchange policy and procedures in managing foreign exchange exposure for the Group with a set limit in respect of the sanctioned overnight limit and overall transactional exposure are kept to an acceptable limit.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in			
	SGD	EUR	CHF	USD
2011	RM	RM	RM	RM
Trade receivables	-	-	-	2,672,662
Trade payables	(6,658)	(20,676)	-	(453,259)
Net exposure	(6,658)	(20,676)	-	2,219,403
2010				
Trade receivables	-	-	-	4,383,071
Trade payables	(10,500)	(18,659)	(2,708)	(608,871)
Net exposure	(10,500)	(18,659)	(2,708)	3,774,200

Currency risk sensitivity analysis

Foreign currency risk arises from Group entities which have a RM functional currency.

A 5% strengthening of the RM against the following currencies at the end of the reporting period would have decreased post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

22. Financial instruments (cont'd)

22.5 Market risk (cont'd)

22.5.1 Currency risk (cont'd)

Group	Profit or (loss) RM
2011	
SGD	250
EUR	775
USD	(83,228)
2010	
SGD	394
EUR	700
CHF	102
USD	(141,533)

A 5% weakening of the RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

22.5.2 Interest rate risk

The Group's fixed rate borrowings and short term deposits with licensed banks are exposed to a risk of change in their fair value due to change in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. Fair value interest rate risk is the risks that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-earning financial assets are mainly short term in nature and are placed in repo.

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-earning/interest bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group 2011 RM
Fixed rate instruments	
Financial assets	7,350,000
Financial liabilities	1,221,235
	8,571,235

22. Financial instruments (cont'd)

22.5 Market risk (cont'd)

22.5.2 Interest rate risk (cont'd)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

22.6 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, receivables and payables approximate fair values due to the relatively short term nature of these financial instruments.

The directors believe that there is no significant difference between the fair value and the carrying amount of the financial lease liabilities.

23. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

There were no changes in the Group's approach to capital management during the year.

24. Capital commitment

	Group	
	2011	**2010**
	RM	**RM**
Capital expenditure commitments		
Plant and equipment		
Contracted but not provided for	3,213,000	712,000

25. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities as disclosed below:

i) Subsidiaries of the Company as disclosed in Note 4 to the financial statements; and

ii) Related parties

a. Wong Liu Tax Services (Butterworth) Sdn. Bhd. is a company in which Ms Tang Yin Kham has substantial financial interest.

b. Syarikat Ng & Anuar is a firm in which Mr Lim Gin Chuan has interest.

c. Exerion Precision Technology Ulft B.V. ("EPT") is a 49% shareholder of a subsidiary, Wong Exerion Precision Technology Sdn. Bhd.

iii) Key management personnel are defined in Note 16 to the financial statement.

25.1 Significant transactions with related parties other than those disclosed elsewhere in the financial statements are as follows:

i) Transactions with parties in which certain Directors have substantial financial interests:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Tax fee payable to Wong Liu Tax Services (Butterworth) Sdn. Bhd.	33,200	9,316	2,000	444
Legal fee payable to Syarikat Ng & Anuar	-	600	-	-

ii) Transactions with Directors and key management personnel

There were no transactions with the Directors and key management personnel other than as disclosed in Note 16 to the financial statements.

iii) The Group's transactions with EPT are as follows:

	2011 RM'000	2010 RM'000
Sales	1,608	1,133
Purchases	5	355

26. Significant event during the year

During the year, Wong Engineering Industries Sdn. Bhd. a wholly-owned subsidiary of the Company disposed of its leasehold land for a cash consideration of RM1,625,800.

27. Significant changes in accounting policies

27.1 FRS 139, Financial Instruments: Recognition and Measurement

The adoption of FRS 139 has resulted in several changes to accounting policies relating to recognition and measurement of financial instruments. Significant changes in accounting policies are as follows:

Impairment of trade and other receivables

Prior to the adoption of FRS 139, an allowance for doubtful debts was made when a receivable is considered irrecoverable by the management. With the adoption of FRS139, an impairment loss is recognised for trade and other receivables and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

These changes in accounting policies have been made in accordance with the transitional provisions of FRS 139. In accordance to the transitional provisions of FRS 139 for first-time adoption, adjustments arising from remeasuring the financial instruments at the beginning of the financial year were recognised as adjustments of the opening balance of retained earnings or another appropriate reserve. Comparatives are not adjusted.

The adoption of FRS 139 in regards to the impairment of trade and other receivables did not have a significant impact on the financial statements of the Group and of the Company and no adjustments were necessary arising from remeasuring the financial instruments at the beginning of the financial year to be adjusted the opening balance of retained earnings or another appropriate reserve.

Inter-company loans

Prior to the adoption of FRS 139, inter-company advances were recorded at cost. With the adoption of FRS 139, inter-company advances are now recognised initially at their fair values, which are estimated by discounting the expected cash flows using the current market interest rate of an advance with similar risk and tenure. Finance income and costs are recognised in profit or loss using the effective interest method.

Financial guarantee contracts

Prior to the adoption of FRS 139, financial guarantee contracts were not recognised in the statement of financial position unless it becomes probable that the guarantee may be called upon. With the adoption of FRS 139, financial guarantee contracts are now recognised initially at their fair values and subsequently measured at their initially measured amount less cumulative amortisation. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made.

27. Significant changes in accounting policies

27.2 FRS 101, Presentation of Financial Statement (revised)

The Group applies FRS 101 (revised) which became effective as of 1 June 2010. As a result, the Group presents all non-owner changes in equity in the statements of comprehensive income.

Comparative information has been re-presented so that it is in conformity with the revised standard. Since the change only affects presentation aspects, there is no impact on earnings per share.

27.3 FRS 127, Consolidated and Separate Financial Statements (revised)

The Group adopted FRS 127 (revised), during the year. Previously, where losses applicable to non-controlling interest exceed their interest in the equity of a subsidiary, the excess, and any further losses are charged against the Group's interest except to the extent that the non-controlling interest has a binding obligation to make additional investment cover the losses.

With the adoption of FRS 127 (revised), losses applicable to the non-controlling interests in subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interest to have a deficit balance. The adoption has been applied prospectively in accordance with the transitional provision provided by the standard and does not have any impact on the profit or loss of the Group in prior years.

27.4 FRS 117, Leases

The Group adopted the amendment to FRS 117. The Group has reassessed and determined that all leasehold land of the Group which are in substance is finance lease has been reclassified to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provision of the amendment. The reclassification does not affect the basic and diluted earnings per ordinary share for the current and prior periods.

28. Comparative figures

28.1 FRS 101, Presentation of Financial Statements (revised)

Arising from the adoption of FRS 101 (revised), income statements for the year ended 31 October 2010 have been re-represented as statement of comprehensive income. All non-owner changes in equity that were presented in the statement of changes in equity are now included in the statements of comprehensive income as other comprehensive income.

28. Comparative figures (cont'd)

28.2 FRS 117, Leases

Following the adoption of the amendment to FRS 117, certain comparatives have been re-represented as follows:

	31.10.2010		01.11.2009	
	As restated	As previously stated	As restated	As previously stated
Carrying amount				
Group				
Property, plant and equipment	46,239,792	42,191,035	49,032,568	44,085,615
Prepaid lease payments	-	4,048,757	-	4,946,953

29. Supplementary information on the breakdown of realised and unrealised profits or losses

On 25 March 2010, Bursa Malaysia Securities Berhad ('Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

The breakdown of the retained earnings of the Group and of the Company as at 31 October 2011, into realised and unrealised profits, pursuant to the directive, is as follows:

	2011	
	Group RM	Company RM
Total retained earnings of the Company and its subsidiaries:		
- realised	6,452,691	4,191,137
- unrealised	(54,090)	-
	6,398,601	4,191,137
Less : Consolidation adjustments	-	-
Total retained earnings	6,398,601	4,191,137

29. Supplementary information on the breakdown of realised and unrealised profits or losses (cont'd)

	2010	
	Group RM	**Company RM**
Total retained earnings of the Company and its subsidiaries :		
- realised	6,340,199	4,323,782
- unrealised	(82,205)	-
	6,257,994	4,323,782
Less : Consolidation adjustments	-	-
Total retained earnings	6,257,994	4,323,782

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, Determination of Realised and Unrealised profits or Losses in the context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 38 to 92 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 October 2011 and of their financial performance and cash flows for the year then ended on that date.

In the opinion of the Directors, the information set out in Note 29 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Dato' Wong Kem Woh

Wong Kem Chew

Penang,
Date: 21 February 2012

Statutory Declaration pursuant to Section 169(16) of the Companies Act, 1965

I, **Dato' Wong Kem Woh**, the Director primarily responsible for the financial management of Wong Engineering Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 38 to 92 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Georgetown in the State of Penang on 21 February 2012.

Dato' Wong Kem Woh

Before me:

Cheah Beng Sun, DJN, AMN, PKT, PJK, PJM, PK. (P.103)
Pesuruhjaya Sumpah
(Commissioner for Oaths)
Penang

Independent Auditors' Report to the members of Wong Engineering Corporation Berhad

Report on the Financial Statements

We have audited the financial statements of Wong Engineering Corporation Berhad, which comprise the statements of financial position as at 31 October 2011 of the Group and of the Company, and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 38 to 92.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 October 2011 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

c) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 29 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
AF 0758
Chartered Accountants

Ooi Kok Seng
2432/05/13 (J)
Chartered Accountant

Date : 21 February 2012
Penang

List of Group Properties

Location	Description	Land Area / Built-up Area	Tenure	Age of Building	Net Book Value RM'000	Date of Acquisition
H.S. (D) 3237 4766, Lorong Permatang Pauh, Off Jalan Permatang Pauh, 13400 Butterworth	Double Storey Semi-Detached Light Industrial (Factory)	4,523 sq.ft. / 5,949 sq. ft.	Freehold	33 years	458	13-11-96
H.S. (D) 1705 & 3238 4767, Lorong Permatang Pauh, Off Jalan Permatang Pauh, 13400 Butterworth	Four Storey Light Industrial (Office and Factory)	12,966 sq. ft. / 47,303 sq. ft.	Freehold	20 years	3,122	13-11-96
Lot 24, Jalan Hi-Tech 4, Kulim Hi-Tech Park (Phase 1), 09000 Kulim, Kedah Darul Aman.	Seven Units Of Industrial Factories And One Unit Of Office Block	7.759 acres / 245,483 sq. ft.	60 years lease expiring on 17.3.2056	13 years	25,968	Land: 05-12-96 Building: 14-01-99
1759-1769 Taman Mutiara 6 09700 Karangan Kulim, Kedah Darul Aman	11 Units Single Storey Terrace House	17,842 sq.ft	Freehold	8 years	573	19-12-01
4-12A Blk 8, 3-01 & 3-02 Blk 9, R/Pangsa Taman Bagan Jalan Bagan 13400 Butterworth	3 Units Flat	1,560 sq.ft	Freehold	20 years	86	13-11-96

Shareholdings Statistics as at 29 February 2012

AUTHORISED SHARE CAPITAL	:	RM100,000,000/= divided into 200,000,000 Ordinary Shares of RM0.50 each
ISSUED AND FULLY PAID-UP CAPITAL	:	RM45,844,000/= (including 1,885,000 treasury shares)
CLASS OF SHARES	:	Ordinary Shares of RM0.50 each
NO. OF SHAREHOLDERS	:	2,176
VOTING RIGHTS	:	One Vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No of Shareholders	Total Holdings	% of Total Holdings
Less than 100	3	72	0.00
100 - 1,000	64	51,178	0.06
1,001 - 10,000	1,438	6,659,850	7.26
10,001 - 100,000	593	17,733,680	19.34
100,001 to less than 5% of issued shares	77	28,508,222	31.09
5% and above of issued shares	1	38,734,998	42.25
Total	2,176	91,688,000	100.00

SUBSTANTIAL SHAREHOLDERS

	Name	No of shares Direct	% of Issued Capital	No of shares Deemed*	% of Issued Capital
1.	Dato' Wong Kem Woh	1,202,992	1.34	38,734,998	43.13
2.	Wong Kem Chew	1,064,666	1.19	38,734,998	43.13
3.	Wong Kam Hooi	1,158,664	1.29	38,734,998	43.13
4	Wong Engineering Holdings Sdn Bhd	38,734,998	43.13	-	-

* *Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Wong Engineering Holdings Sdn Bhd*

DIRECTORS' INTEREST IN THE SHARE CAPITAL

IN THE COMPANY

Name of Directors	Direct Interest	%	Deemed Interest	%
Dato' Wong Kem Woh	1,202,992	1.34	39,326,998*	43.79
Wong Kem Chew	1,064,666	1.19	39,761,498*	44.28
Wong Kam Hooi	1,158,664	1.29	39,371,898*	43.84
Tang Yin Kham	-	-	-	-
Dato' Haji Man Bin Mat	-	-	-	-
Lim Gin Chuan	-	-	-	-
Chang Joo Huat	60,000	0.07	-	-

* *Deemed interest by virtue of Section 6A and Section 134 of the Companies Act, 1965 held through Wong Engineering Holdings Sdn Bhd and spouse and/or children respectively.*

IN RELATED COMPANIES

- Wong Exerion Precision Technology Sdn Bhd

Name of Directors	Direct Interest	%	Deemed Interest	%
Dato' Wong Kem Woh	-	-	510,000*	51
Wong Kem Chew	-	-	510,000*	51
Wong Kam Hooi	-	-	510,000*	51

* *Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Wong Engineering Industries Sdn. Bhd.*

By virtue of their interest in the shares of the Company, Dato' Wong Kem Woh, Wong Kam Hooi and Wong Kem Chew are also deemed to be interested in the shares of its wholly owned subsidiary companies to the extent the company has an interest.

THIRTY LARGEST SECURITIES HOLDERS AS AT 29 FEBRUARY 2012

	Name	No. of Ordinary Shares held	% of Shareholding
1	WONG ENGINEERING HOLDINGS SDN BHD	38,734,998	43.13
2	JASON CHOONG JIN SUN	3,112,400	3.47
3	CH'NG SHAIU MEI	1,629,300	1.81
4	CHOONG CHENG IMM	1,512,600	1.68
5	WONG KEM CHEW	1,064,666	1.19
6	WONG KAM HOOI	1,064,664	1.19
7	WONG KEM WOH	1,062,674	1.18
8	HONG YEAM WAH	1,000,000	1.11
9	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEE SAI MUN (E-KLC)	864,300	0.96
10	TAN PAK NANG	680,000	0.76
11	TAN GUEK HUWA	626,500	0.70
12	TAN HONG YOK	594,900	0.66
13	CHOONG EWE MAY	592,000	0.66
14	JASON CHOONG JIN SUN	455,200	0.51
15	TAN GUEK HUWA	400,000	0.45
16	HO KOK KIANG	388,400	0.43
17	CHANG CHAI KIN	365,900	0.41
18	GAN WEE PENG	351,000	0.39
19	OOI CHIM YONG	346,000	0.39
20	TAN JIN TUAN	332,000	0.37
21	WONG KAM HOONG	320,000	0.36
22	WONG AH YONG	300,000	0.33
23	GOH KHEE PAU	300,000	0.33
24	LEE YU YONG @ LEE YUEN YING	284,700	0.32
25	THIAN ONG NGA	279,300	0.31
26	NLE ELECTRICAL ENGINEERING SDN BHD	260,900	0.29
27	WONG SOO CHAI @ WONG CHICK WAI	258,700	0.29
28	WONG YICK YOW	247,000	0.28
29	LOH YERK CHOO	239,200	0.27
30	CHEW LAY ENG	238,500	0.27
	TOTAL:	57,905,802	64.50

Proxy Form

I/We, ____
(Full Name in Block Letter)

NRIC No ____

of ____
(Address)

being a member/members of Wong Engineering Corporation Berhad, hereby appoint

____
(Full Name in Block Letter)

of ____
(Address)

or failing him, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Fifteenth Annual General Meeting of the Company, to be held at Sunway Carnival Convention VIP Holding room, Sunway Carnival Convention Centre @ Level 4, Sunway Carnival Mall, 11, Lebuh Tenggiri Dua, Pusat Bandar Seberang Jaya, 13700 Prai, Penang, Malaysia on Thursday, 19 April 2012 at 11.00 a.m. and at any adjournment thereof.

NO.	RESOLUTIONS	FOR	AGAINST
1.	Ordinary Resolution 1		
2.	Ordinary Resolution 2		
3.	Ordinary Resolution 3		
4.	Ordinary Resolution 4		
5.	Ordinary Resolution 5		
6.	Ordinary Resolution 6		

(Please indicate with an “X” in the appropriate spaces provided above on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain as he/she thinks fit).

In the case of more than one proxy is appointed, the proportions of my/our shareholding to be represented by each proxy are as follows :

First named proxy	%
Second named proxy	%
	100%

No. Of Shares Held

Signed this ______ day of ____________________ 2012

____
Signature of Member

NOTES :

1. *A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting, provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with.*
2. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholding to be represented by each proxy.*
3. *Where a Member of the Company is an exempt authorised nominee which hold ordinary shares in the Company for multiple beneficial owner in one (1) securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.*

   An exempt authorised nominee refers to an authorized nominee defined under the Securities Industry (Central Depositories) Act 1991 (“SICDA”) which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
4. *If the appointor is a corporation, the Form of Proxy must be executed under the corporation’s seal or under the hand of an officer or attorney duly authorised.*
5. *For a proxy to be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company, Suite 2-1, 2nd Floor, Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.*
6. *For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Article 60(3) of the Articles of Association of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors (“ROD”) as at 13 April 2012 and only a Depositor whose name appears on such ROD shall be entitled to attend this meeting or appoint proxy to attend and/or vote in his/her behalf.*

Fold along this line

STAMP

The Secretaries
WONG ENGINEERING CORPORATION BERHAD (409959-W)

Registered Office
Suite 2-1, 2nd Floor, Menara Penang Garden,
42A Jalan Sultan Ahmad Shah,
10050 Penang.

Fold along this line

WONG ENGINEERING CORPORATION BERHAD
(409959-W)
Lot 24, Jalan Hi-Tech 4, Kulim Hi-Tech Park (Phase 1),
09000 Kulim, Kedah Darul Aman, Malaysia.

Tel: +604-427 1788 Fax: +604-427 1799
E-mail: info@wec.com.my Website: www.wec.com.my