Company No. 462648-V

1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Address	Designation	Nationality
Diong King Ewu	61, Bishan Street 21 #05-05, Bishan 8 Singapore 574044 Republic of Singapore	Managing Director	Malaysian
Michael Wayne Price	A-19-1 Block A Endah Ria Condominium Jalan 3/149E Taman Sri Endah Bandar Baru Seri Petaling 57000 Kuala Lumpur	Executive Director	Canadian
Khor Chai Moi	21 Persiaran Basong Damansara Heights 50490 Kuala Lumpur	Non-Executive Director	Malaysian
Wong Ah Chiew	86 Jalan Keruing Bukit Bandaraya, Bangsar 59100 Kuala Lumpur	Non-Executive Director	Malaysian
Dr. Kamaruddin bin Mohd Said	35 Jalan Burhanuddin Helmi 2 Taman Tun Dr. Ismail 60000 Kuala Lumpur	Independent Director	Malaysian
Dr. Yap Chee Sing	41 Jalan BU 4/9 Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan	Independent Director	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Dr. Yap Chee Sing	Chairman	Independent Director
Dr. Kamaruddin bin Mohd Said	Member	Independent Director
Khor Chai Moi	Member	Non-Executive Director

COMPANY SECRETARIES : Leong Keng Yuen (MIA 6090)
7 Hala Lawan Kuda
30250 Ipoh
Perak Darul Ridzuan

		Ong Chai Fong (MAICSA 7022939) 140 Kampong Baru Sungai Chua 43000 Kajang Selangor Darul Ehsan
REGISTERED OFFICE	:	17th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel.: 03-2161 7722 Fax: 03-2161 7782
HEAD OFFICE	:	L5-E-5 & L5-E-6, Enterprise 4 Technology Park Malaysia Lebuhraya Puchong – Sg. Besi Bukit Jalil, 57000 Kuala Lumpur Tel.: 03-8996 0118 Fax: 03-8996 0128 E-mail: corpinfo@willowglen.com.my Website: www.willowglen.com.my
REGISTRARS AND TRANSFER OFFICE	:	Signet Share Registration Services Sdn. Bhd. 11th Floor, Tower Block Kompleks Antarabangsa Jalan Sultan Ismail 50250 Kuala Lumpur
AUDITORS AND REPORTING ACCOUNTANTS	:	KPMG Wisma KPMG Jalan Dungun, Damansara Heights 50490 Kuala Lumpur
SOLICITORS FOR THE LISTING EXERCISE	:	Cheang & Ariff 39 Court 39 Jalan Yap Kwan Seng 50450 Kuala Lumpur
PRINCIPAL BANKERS / BANKERS	:	Bumiputra-Commerce Bank Berhad (formerly known as Bank Bumiputra Malaysia Berhad) 7 Temasek Boulevard, #37-01/02/03 Suntec Tower One Singapore 038987 Republic of Singapore Bumiputra-Commerce Bank Berhad (formerly known as Bank Bumiputra Malaysia Berhad) Business Centre KL 3 Centre 19th Floor, 6 Jalan Tun Perak 50050 Kuala Lumpur HSBC Bank Malaysia Berhad 2 Leboh Ampang 50100 Kuala Lumpur

		Malayan Banking Berhad Ground Floor, Wisma PKNS Jalan Raja Laut Tambahan 50350 Kuala Lumpur
		The Development Bank of Singapore Limited 6 Shenton Way #18-08, DBS Tower Two Singapore 068809 Republic of Singapore
ADVISER, SPONSOR AND PLACEMENT AGENT	:	Arab-Malaysian Merchant Bank Berhad 22nd Floor, Bangunan Arab-Malaysian 55 Jalan Raja Chulan 50200 Kuala Lumpur
JOINT MANAGING UNDERWRITERS AND UNDERWRITERS	:	Arab-Malaysian Merchant Bank Berhad 22nd Floor, Bangunan Arab-Malaysian 55 Jalan Raja Chulan 50200 Kuala Lumpur
		OSK Securities Berhad 10th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur
ISSUING HOUSE	:	Malaysian Issuing House Sdn. Bhd. 27th Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur
LISTING SOUGHT	:	KLSE MESDAQ MARKET

2. PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information, including the Accountants' Report and Notes thereto, included elsewhere in this Prospectus. This Prospectus contains certain statements of a forward-looking nature relating to future events or the future financial performance of the Company and its subsidiary companies. Prospective investors are cautioned that such statements are only predictions and that actual results or events when materialised may differ materially from those disclosed in this Prospectus. Therefore, in evaluating such statements, prospective investors should carefully consider the various factors identified in this Prospectus, including the matters set forth under the heading "Risk Factors."

2.1. History, Principal Activities and Group Structure

WMSC was incorporated in Malaysia on 20 May 1998 under the Companies Act, 1965 as a private limited company with the name of Willowglen MSC Sdn. Bhd. and subsequently converted to a public limited company on 27 November 2000.

WMSC, the proposed listed company, is primarily involved in the research, development and supply of real-time control systems and information solutions. The Group's advanced real-time technology has resulted from fifteen (15) years of experience in SCADA and related systems.

The history of the Group goes back to December 1986, with the incorporation of WG Spore as a marketing and technical support base for its then Canada-based parent company, Willowglen Systems Ltd. Since its incorporation, WG Spore has grown into an ISO 9001 certified company with businesses in the ASEAN region and Taiwan.

In April 1995, WG Spore was acquired by Crimson Land Berhad (formerly known as MCB Holdings Berhad), a public company listed on the KLSE. As part of its expansion, WG Msia was incorporated in July 1995 to establish a stronger presence in Malaysia. In 1996, WG Spore started to embark on R & D activities with the objective of having its own SCADA software and hardware so as to be technically independent of its former Canadian parent company. In September 1997, Crimson Land Berhad disposed of WG Spore and WG Msia to three (3) Malaysian professional entrepreneurs, Mr. Liew Tien How, Mr. Aik Siaw Kong and Mr. Tan Hoon Kai.

On 31 March 1998, WMSC was granted MSC status and was subsequently incorporated in May 1998. In March 1999, the R & D activities were relocated to WMSC in Malaysia with the transfer of the key R & D personnel from WG Spore.

Subsequently in June 1999, the three (3) entrepreneurs divested their interests in WG Spore to New Advent and various employees of the Group. Concurrently, WG Msia obtained a new investor, Malta Industri Sdn. Bhd., which later became its sole shareholder in January 2000. Subsequently in October 2000, Malta Industri Sdn. Bhd. disposed of its shares in WG Msia to Mr. Yuen Kai Mun and Puan Salimah binti Haji Mohamad who later disposed of their interests to New Advent.

In October 2000, all three (3) companies underwent a restructuring exercise whereby WMSC acquired WG Spore and WG Msia resulting in the current corporate structure.

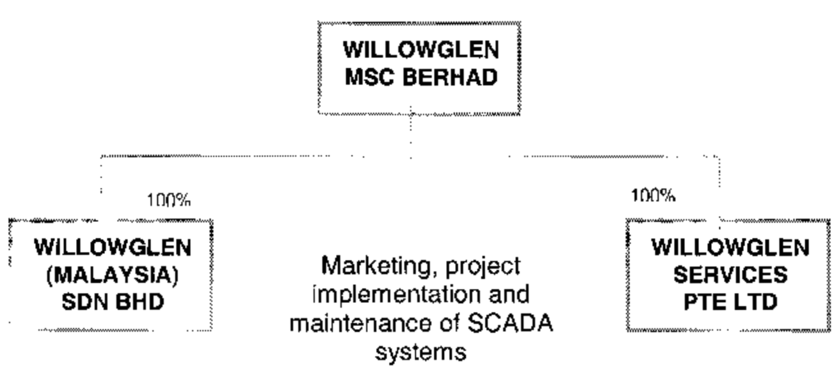
The Group is an integrated provider of customised SCADA systems, being involved in all stages of the design, development, production, supply, installation and maintenance of such systems. SCADA systems are usually used to monitor and control remote field equipment. Examples include switchgear in electrical substations, compressors and turbines in a gas pipeline, as well as pumps and valves in the distribution network of a water system. SCADA performs a vital function in the following industries:-

(a) Electrical power transmission and distribution;
(b) Oil and gas production and distribution;
(c) Water and sewerage treatment;
(d) Urban control applications; and
(e) Bulk material handling systems.

The Group's indigenous software products are marketed under the *SysLink* brand name. The initial version, *SysLink I*, was developed in 1993. The development of the enhanced version, *SysLink II*, began in 1995. *SysLink II* is still actively marketed. The development of the next generation version, *SysLink III*, is currently nearing completion. *SysLink III* has been actively marketed from early 2002 onwards. Hardware products, also designed indigenously, encompass a variety of products including modems, communication controllers and RTUs. Some RTUs feature advanced capabilities including audio and video capture and compression functions. In addition, the Group provides services for custom engineering design (both hardware and software), training, maintenance and after-sales support. The Group's customers include government and private enterprises involved in the above-mentioned activities, mainly in Singapore and Malaysia as well as other ASEAN countries.

The Group's vision is to be a world-class SCADA solutions provider in Asia. With this vision in mind, the Group aims to establish a stronger presence in Malaysia in order to benefit from the strong demand for SCADA products in Malaysia and the ASEAN region. The Group aspires to be an export-oriented enterprise which offers innovative and high value-added products and services.

WMSC has two (2) wholly owned subsidiaries, WG Msia and WG Spore. Below is a graphical presentation of the Group structure:-



Further information on the above companies is disclosed in the "Business Overview" and "Statutory Information" sections of this Prospectus.

2.2. Ownership and Management

Based on the Register of Members of WMSC as at the date of this Prospectus, the direct and indirect interests of the substantial shareholders, directors and Promoters in the issued share capital of the Company before and after the Issue are as follows:-

Name	Nationality / Place of Incorporation	Before Issue				After Issue			
		Direct No. of Shares	%	Indirect No. of Shares	%	Direct No. of Shares	%	Indirect No. of Shares	%
New Advent *	Malaysia	124,900,237	67.15	-	-	124,900,237	50.36	-	-
Dindings @	Malaysia	-	-	124,900,237	67.15	-	-	124,900,237	50.36
Wong Ah Chiew # ^	Malaysian	-	-	124,900,237	67.15	1,500,000	0.60	124,900,237	50.36
OSKVE	Malaysia	20,000,000	10.75	-	-	20,000,000	8.06	-	-
Michael Wayne Price * #	Canadian	14,847,337	7.98	-	-	14,847,337	5.99	-	-
Diong King Ewu * #	Malaysian	8,939,879	4.81	-	-	9,114,879	3.68	-	-
Khor Chai Moi #	Malaysian	-	-	-	-	750,000	0.30	-	-
Dr. Kamaruddin bin Mohd Said #	Malaysian	-	-	-	-	-	-	-	-
Dr. Yap Chee Sing #	Malaysian	-	-	-	-	100,000	0.04	-	-

Notes:-

* *Promoters of WMSC*
\# *Directors of WMSC*
@ *Deemed substantial interest through New Advent*
^ *Deemed substantial interest through Dindings*

A description of the Promoters, substantial shareholders, directors, and key management and technical personnel, and their direct and indirect shareholdings in the Company, is disclosed in the "Shareholders, Directors, Key Management and Technical Personnel" section of this Prospectus.

2.3. Products and Services

WMSC provides various products and services through its subsidiaries as follows:-

2.3.1. Software

The Group markets its SCADA software under the *SysLink* brand name.

The initial version, *SysLink I*, was developed in 1993. It was developed for the Windows 3.1 and later the Windows NT systems running on personal computer technology. It closely integrates with commercially available databases and spreadsheet applications, hence providing a flexible and cost-effective solution for users.

The development of the enhanced version, *SysLink II*, began in 1995. *SysLink II* is currently the Group's primary SCADA package. *SysLink II* is a more powerful package than *SysLink I* and includes remote video monitoring features. It runs on both UNIX workstations and Windows based personal computer systems. Its architecture is capable of monitoring and controlling a very large number of remote devices, hence making it a highly scalable solution for projects of any size. *SysLink I* and *II* were fully and independently developed by the Group without any external input. The development of the next generation version, *SysLink III*, is currently nearing completion. *SysLink III* has been actively marketed from early 2002 onwards. It provides further enhanced features to meet today's demanding specifications.

2.3.2. Hardware

The Group has a wide range of modems, RTUs and communication controllers for different kinds of applications. Its hardware products developed by its engineers include the latest video compression, transmission and decompression capabilities. The Group's RTUs have been designed to be fully compatible with one another. This means that a Willowglen SCADA system can be implemented or upgraded with a combination of RTUs, giving customers a wide range of performance and cost possibilities.

2.3.3. Services

As an integrated systems provider, the Group also provides its customers with services for custom engineering design (both hardware and software), training, maintenance and after-sales support.

2.4. Technology, Intellectual Property and Licences

The Group does not have any registered intellectual property rights in the form of patents, trademarks, copyright or designs. It is also not a party to any licensing agreements.

2.5. Research and Development Capabilities

As at 11 March 2002, the Group employed 30 full-time professionals to conduct in-house R & D. The Group's R & D activities are housed under WMSC which is currently purely focused on R & D. The R & D centre is located in Technology Park Malaysia. On 20 April 2000, WMSC was awarded a grant of RM2.873 million under the Multimedia Super Corridor Research & Development Grant Scheme. Current and future R & D activities are focused on the development of:-

(a) *SysLink III*, a new generation software package with multi-system and internet connectivity to replace *SysLink II*; and

(b) A series of highly advanced and modular field equipment products which can be connected to SCADA systems, for capturing and processing field information as well as for video capture and storage.

Please see "Business Overview – Research and Development" for further information.

2.6. Proforma Historical Financial Record

The financial highlights of the Group pertaining to the past four (4) financial years ended 30 June 2000, the financial period ended 31 December 2000 and the ten (10) months ended 31 October 2001, reproduced from the Accountants' Report which was extracted from the audited accounts and based on the assumption that the current structure of the Group had been in existence throughout the period under review, are as follows:-

Year Ended 30 June	**1997** **RM'000**	**1998** **RM'000**	**1999** **RM'000**	**2000 (Restated)** **RM'000**	**Period Ended 31.12.2000 (Restated)** **RM'000**	**10 Months Ended 31.10.2001** **RM'000**
Turnover	19,469	* 27,579	24,205	22,964	13,132	23,628
Profit before interest, depreciation and tax	1,330	3,049	4,090	2,906	2,299	∞ 2,495
Interest expense	(35)	(103)	(388)	(254)	(65)	(57)
Depreciation	(317)	(508)	(498)	(564)	(260)	(532)
Profit before tax	978	2,438	3,204	2,088	1,974	1,906
Taxation	(354)	(745)	(652)	(670)	(622)	(744)
Profit after tax	624	1,693	2,552	1,418	1,352	1,162
Exceptional items #	-	(1,510)	-	-	-	-
Profit after tax and exceptional items	624	183	2,552	@ 1,418	@ 1,352	1,162
No. of Shares (based on enlarged share capital) ('000)	248,000	248,000	248,000	248,000	248,000	248,000
Net EPS (sen) ^	0.25	0.07	1.03	0.57	0.55	0.47

Notes:-

(i) *The profit and loss accounts of WG Spore for the financial years ended 30 June 1997 to 1999 have been converted to Ringgit Malaysia based on the respective years' closing exchange rates for illustration purposes only. This is not in any way an indication or reflection of WG Spore's financial position for the relevant financial years had the financial statements been converted to Ringgit Malaysia using the average exchange rates prevailing during the respective financial years.*

(ii) *There were no minority interests in the financial years/periods under review.*

* *The significant growth in revenue for the financial year ended 30 June 1998 was mainly due to the appreciation of the Singapore Dollar against the Ringgit of approximately 38%. In the subsequent year, a depreciation of 9% in the exchange rate contributed significantly to the decrease in revenue.*

\# *The extraordinary item in the audited accounts of WG Spore for the financial year ended 30 June 1998 has been reclassified as an exceptional item. The exceptional item in the financial year ended 30 June 1998 comprises:-*

(a) *The construction costs of a factory which was prematurely terminated during the financial year ended 30 June 1998 amounting to RM1,667,000; and*

(b) *The refund of an overpayment of costs incurred during the financial year ended 30 June 1999 for the construction of this factory amounting to RM157,000.*

The reclassification was made so as to be consistent with the requirements of MASB Standard 3 on Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies.

In 1996, WG Spore had submitted an application to JTC Corporation to lease a piece of land for the construction of a factory. However, when the MSC was better known, WG Spore came to the conclusion that it would be beneficial to conduct R & D in the MSC. The Group also wanted to expand the operations of WG Msia. In view of this, it was no longer viable for WG Spore to have its own premises in Singapore. Hence, WG Spore decided to surrender the land to JTC Corporation in November 1997.

JTC Corporation is a statutory body in Singapore. Its primary role is to develop and manage industrial facilities in Singapore and the region.

@ *Prior to the financial year ended 31 December 2001, short-term employee benefits in the form of accumulating compensated absences were recognised when the absences occurred. However, with the adoption of Singapore's Statement of Accounting Standard 17 from the financial year ended 31 December 2001 onwards, WG Spore has to provide for its obligations in respect of short-term employee benefits in the form of accumulating compensated absences. This obligation is provided when the employees render services which increase their entitlement to future compensated absences. The new accounting policy has been adopted retrospectively, with the opening retained earnings and the comparative information adjusted for the amount relating to prior periods.*

The comparatives for the financial year ended 30 June 2000 and the financial period ended 31 December 2000 have been restated to conform with the change in accounting policy by WG Spore. The impact of this change in accounting policy is as follows:-

	Year Ended 30 June 2000 RM'000	***Period Ended 31 December 2000 RM'000***
Net profit before change to accounting policy	*1,997*	*1,209*
Impact of change in accounting policy		
- on profit before tax	*(736)*	*193*
- on taxation	*157*	*(50)*
Net profit for the period	*1,418*	*1,352*

^ *The net EPS has been calculated based on the profit after tax and exceptional items and the number of Shares in the enlarged share capital of the Company after the Issue.*

∞ *For the ten (10) months ended 31 October 2001, provisions were made for doubtful debts amounting to RM661,000 and for foreseeable losses on contract work-in-progress amounting to RM276,000.*

An extract of the Pro-forma Statement of Assets and Liabilities from the Accountants' Report is shown below. Details concerning the Pro-forma Statement of Assets and Liabilities are shown in the notes thereto in the Accountants' Report.

	The Company as at 31.10.2001 RM'000	**The Group (Before Issue) RM'000**	**Pro-forma Group (After Issue) RM'000**
Investment in Subsidiaries	14,515	-	-
Property, Plant and Equipment	630	3,514	3,514
Development Costs	2,957	2,957	2,957
Current Assets	1,569	18,261	28,861
Current Liabilities	(1,432)	(4,904)	(4,904)
Net Current Assets	137	13,357	23,957
	18,239	19,828	30,428
Share Capital	18,600	18,600	24,800
Reserves	(371)	1,163	5,563
Shareholders' Funds	18,229	19,763	30,363
Deferred Taxation	10	65	65
	18,239	19,828	30,428

There were no audit qualifications in the period under review.

2.7. Risk Factors

Prospective investors, prior to making an investment in the Company, should carefully consider the risk factors inherent in and affecting the business of the Company and its subsidiary companies and this offering. In addition, the discussion in this Prospectus contains forward-looking statements that involve risks and uncertainties. The Company's and the Group's actual results when materialised could differ materially from those discussed herein. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the "Risk Factors" section, and also include those discussed throughout this Prospectus.

The key risk factors that may affect the Group's future profitability are not limited to financial risks, market risks and industry risks. Risk factors include operating risks, competition, future growth, rapid technological/product change, product risks, dependence on directors and key personnel, reliance on major relationships, protection of Group and third party proprietary technology/intellectual property rights, potential acquisitions and joint ventures, possible future need for capital injection, past non-tradability of Shares and possible volatility of Share price, continued control over the Company by existing shareholders, foreign exchange risk, litigation risks, regulatory risks, MSC status and forward-looking statements.

Details of the aforementioned risks are provided in the "Risk Factors" section of this Prospectus.

If you are unsure about any of the information contained in the section on "Risk Factors", you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.

2.8. Prospects and Outlook

Despite the risks associated with the Group as summarised above, the prospects and business of the Group are encouraging in view of various factors.

The Group has shown good potential in its product innovations and execution of customer contracts. The Group has successfully implemented projects for the Housing Development Board of Singapore, Ministry of Environment (Singapore), PowerGrid Ltd. and PowerGas Ltd. of Singapore, National University of Singapore, Nanyang Technological University, Malaysia Airlines, Dewan Bandaraya Kuala Lumpur and Perbadanan Air Melaka, amongst others.

The Group has been generating profits and cash flow during the past four (4) financial years ended 30 June 2000, the financial period ended 31 December 2000 and the ten (10) months ended 31 October 2001. Its customers include government and private enterprises in Singapore and Malaysia as well as other ASEAN countries. The Government of Singapore, in particular the Housing Development Board, has been a major customer for the past 15 years. This fact lends credibility not only to the Group's products but also to its ability to successfully develop and maintain customer relationships. The average annual revenue contribution from the Housing Development Board's contracts for the financial years ended 30 June 1997 to 2000, the financial period ended 31 December 2000 and the ten (10) months ended 31 October 2001, was RM13.622 million or approximately 55% of the Group's pro-forma consolidated turnover. The Group has also had customers from the Middle East, Hong Kong and Taiwan. The fact that the Group has generated revenues from these export markets further proves that it has good potential to further improve its exports and revenue.

The WMSC Group will fulfill the Listing Requirement to have more than 50% of its total tangible assets situated within Malaysia upon its admission to the MESDAQ Market. As such, the Group does not foresee transferring any assets from WG Spore to Malaysia. The only part of the operations of WG Spore which has been transferred to Malaysia is the R & D operations. This transfer has been completed. WG Msia itself was set up to market the Group's products and services in Malaysia and did not involve the transfer of any assets from WG Spore. Apart from the transfer of the R & D operations, the operations of WG Spore remain unchanged. WG Spore will continue to be involved in the marketing, project implementation and maintenance of SCADA systems. The directors therefore believe that the Group's listing on the MESDAQ Market will not affect the business operations of WG Spore and its future contracts with customers in any way.

For the next few years, the Group will be focusing its marketing efforts on regional markets and on systems for the electrical power and oil and gas industries which together are the largest users of SCADA systems. In the area of R & D, the Group is currently developing *SysLink III*, a new generation software package with multi-system and internet connectivity, and a series of highly advanced and modular field equipment for capturing and processing field information and for video capture and storage.

The Group's hardware development is moving towards high performance technologies which are industry-wide standards, as compared to the older systems in the market which are highly proprietary. This approach is becoming more popular with SCADA systems developers around the world. SCADA systems based on open platforms and industry standards will be preferred as SCADA users/customers in the market continue to look for highly scalable solutions which also allow them to integrate easily with the latest hardware.

In terms of features, the Group's next generation SCADA product, *SysLink III*, includes both audio and video capture and compression features, and will be attractive as today's SCADA users are demanding for SCADA systems which will provide them with integrated and real-time capabilities in visual monitoring of the remote sites, rather than purely graphical representations.

The Group's technological platforms for its SCADA systems are on par with the global technological advances in the SCADA and information technology industries. This is evident in the *SysLink II* system which is the Group's current flagship SCADA solution. *SysLink II* systems are very flexible i.e. they can be deployed on the UNIX and Windows platforms. In addition, *SysLink II* also has remote video monitoring capability which is a very popular feature desired by most SCADA customers these days.

The Group's progressive R & D efforts in the areas of internet connectivity as well as enhanced video capabilities should result in third generation SCADA products which are on par with, if not ahead of, other leading edge SCADA products being developed around the world today. With internet access being more widely available than before, the Group's third generation web-enabled SCADA systems should be a popular choice among SCADA customers. Customers can easily access or retrieve desired information from web-enabled SCADA systems from any location as long as they have internet access and a web browser.

With its track record, experience and technological know-how, the Group should be able to maintain its position and capitalise on growth opportunities in the SCADA market.

2.9. Principal Statistics Relating to the Issue

The following statistics relating to the Issue are derived from the full text of this Prospectus and should be read in conjunction with that text.

Share Capital

Authorised share capital:	**RM**
1,000,000,000 ordinary shares of RM0.10 each	100,000,000
Issued and fully paid-up share capital:	
186,000,000 ordinary shares of RM0.10 each	18,600,000
To be issued pursuant to the Issue:	
62,000,000 ordinary shares of RM0.10 each	6,200,000
Enlarged capital	
248,000,000 ordinary shares of RM0.10 each	24,800,000
Issue Price per ordinary share of RM0.10 each	***RM0.20***
Market capitalisation based on Issue Price of RM0.20 per ordinary share of RM0.10 each	***RM49,600,000***

The Issue shall be by way of private placement through a book-building exercise for investors, both domestic and foreign, and public offering for members of the Malaysian public.

There is only one (1) class of shares in the Company, namely ordinary shares of RM0.10 each. The Issue Shares shall rank pari passu in all respects with the existing issued Shares of the Company, including voting rights and rights to all dividends and distributions that may be declared, paid or made subsequent to the date of allotment thereof.

Pro-forma NAV based on the Pro-forma Consolidated Balance Sheet as at 31 October 2001:-

Pro-forma NAV upon listing	RM30,363,000
Pro-forma NAV per Share upon listing (sen)	12.24 sen

Pro-forma NTA based on the Pro-forma Consolidated Balance Sheet as at 31 October 2001:-

Pro-forma NTA upon listing	RM27,406,000
Pro-forma NTA per Share upon listing (sen)	11.05 sen

2.10. Proceeds of Issue and Proposed Utilisation

Based on an Issue Price of RM0.20 per Share, the Company expects the gross proceeds of the Issue of RM12.4 million to accrue to the Company. This amount is expected to be utilised in the manner specified in the "Utilisation of Proceeds" section.

2.11. Material Litigation, Commitments and Contingent Liabilities

As at 11 March 2002, being the latest practicable date prior to the printing of this Prospectus, and save as disclosed in Sections 5.7, 13.6 and 13.7, there does not exist any material litigation, capital commitment or contingent liability which may materially affect the Group. Further details are disclosed in Sections 5.7, 13.6 and 13.7.

3. INTRODUCTION & DETAILS OF THE ISSUE

3.1. Introduction

This Prospectus is dated 22 March 2002.

Approval has been obtained from the KLSE and the SC for the proposed listing of WMSC, for admission to the Official List of the MESDAQ Market, and for permission to deal in and for quotation of the entire issued and paid-up share capital of WMSC including the Issue Shares which are the subject of this Prospectus. These Shares will be admitted to the Official List of the MESDAQ Market and official quotation will commence upon receipt of confirmation from MCD that all the CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all the successful applicants. The KLSE and the SC assume no responsibility for the correctness of any statements made or opinions or reports expressed in this Prospectus. Admission to the MESDAQ Market is not to be taken as an indication of the merits of the Company and its subsidiary companies or of its Shares.

Under the KLSE's trading rules, effective from the date of listing, trading in all KLSE listed securities can only be executed through an ADA.

A copy of this Prospectus has been lodged with the Registrar of Companies, Malaysia and registered by the SC who takes no responsibility for its contents.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, the KLSE has prescribed the Shares of the Company as a prescribed security. In consequence thereof, the Issue Shares offered through this Prospectus will be deposited directly with the MCD and any dealings in these Shares will be carried out in accordance with the aforesaid Act and the Rules of MCD.

An applicant for the Issue Shares should state his CDS account number in the space provided in the Application Form if he presently has such an account. Where an applicant does not presently have a CDS account, he should state in the Application Form his preferred ADA Code.

The written consents of the Adviser, Sponsor and Placement Agent, Joint Managing Underwriters and Underwriters, Solicitors, Principal Bankers, Issuing House, Registrars, Company Secretaries and Frost & Sullivan to the inclusion in this Prospectus of their names in the form and context in which their names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their name, Accountants' Report, and letter relating to the Pro-forma Consolidated Balance Sheet in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

No person is authorised to give any information or to make any representation not contained herein in connection with the Issue and if given or made, such information or representation must not be relied upon as having been authorised by WMSC. Neither the delivery of this Prospectus or any offer made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Group since the date hereof.

The distribution of this Prospectus and the sale of the Issue Shares in certain other jurisdictions may be restricted by law. Persons who may come into possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation to subscribe for the Issue in any jurisdiction in which such invitation is not authorised or lawful, or to any person to whom it is unlawful to make such an invitation.

Acceptance of applications will be conditional upon permission being granted to deal in, and quotation for all of the Issue Shares. Monies paid in respect of any application accepted will be returned if the said permission is not granted.

If you are unsure of any information contained in this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.

3.2. Purpose of the Issue

The purposes of the Issue are as follows:-

(a) To raise funds for the Group's continued operation and expansion, details of which are elaborated in the Section on "Utilisation of Proceeds" below;

(b) To obtain the listing of and quotation for the entire issued and paid-up capital of WMSC on the MESDAQ Market, which is expected to enhance the business, profile and future prospects of the Group;

(c) To enable the Group to have access to the capital market for its future expansion and growth; and

(d) To provide an opportunity for the directors and employees of the Company and its subsidiaries to participate in the equity growth of the Company.

3.3. Particulars of the Issue

	RM
Issued and fully paid-up share capital:	
186,000,000 ordinary shares of RM0.10 each	18,600,000
To be issued pursuant to the Issue:	
62,000,000 ordinary shares of RM0.10 each	6,200,000
Enlarged Share Capital	24,800,000

There is only one (1) class of shares in the Company, namely ordinary shares of RM0.10 each. The Issue Shares shall rank pari passu in all respects with the existing issued Shares of the Company, including voting rights and rights to all dividends and distributions that may be declared, paid or made subsequent to the date of allotment thereof.

Subject to any special rights attaching to any shares which may be issued by the Company in the future, the holders of Shares shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends and other distributions and the whole of any surplus in the event of liquidation of the Company, such surplus to be distributed amongst the members in proportion to the capital paid-up at the commencement of the liquidation, in accordance with the Company's Articles of Association.

Each shareholder shall be entitled to vote at any general meeting of the Company in person or by proxy or by attorney, and, on a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one (1) vote, and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each Share held. A proxy may but need not be a member of the Company.

The Issue of a total of 62,000,000 Shares at an Issue Price of RM0.20 per Share shall be subject to the terms and conditions of this Prospectus and, upon acceptance, will be allocated in the following manner:-

(a) 4,500,000 Issue Shares will be made available for application under the public offer;

(b) 52,000,000 Issue Shares will be made available for application under the private placement; and

(c) 5,500,000 Issue Shares will be made available for application by the eligible directors and employees of the Group.

All the Issue Shares have been fully underwritten by the Underwriters listed in Section 1. In the event of an under-subscription of the public offer, Shares may be transferred from the public offer tranche and allocated by way of private placement, and vice-versa. Any Shares in respect of paragraph (c) not subscribed for will be made available for application under the public offer and/or private placement.

In the event of an overall under-subscription of the Issue, all the Shares not applied for will be made available for subscription by the Underwriters in the proportions specified in the underwriting agreement dated 5 March 2002.

3.4. Pricing of the Issue

Prior to the offering, there has been no public market for the Shares. The Issue Price of RM0.20 per Share was negotiated between the Company and the Underwriters. Among the factors considered in determining the Issue Price, in addition to prevailing market conditions, were the book-built price offered to institutional investors, the Group's technology, estimates of business growth potential and revenue prospects for the Group, an assessment of the Group's management and the consideration of the aforesaid factors in relation to market valuation of companies in related businesses.

3.5. Underwriting

The Joint Managing Underwriters and Underwriters mentioned herein have agreed to underwrite all the Issue Shares. Underwriting commission is payable by the Company at the rate of 3.0% of the Issue Price of RM0.20 per Share. There is a force majeure clause in the underwriting agreement dated 5 March 2002 which allows the Underwriters to withdraw from the underwriting arrangement under adverse circumstances.

3.6. Utilisation of Proceeds

The Company expects the gross proceeds of the Issue to amount to RM12.4 million. The proceeds shall accrue to the Company and the Company shall bear all expenses relating to the listing of and quotation for its entire issued and paid-up share capital on the MESDAQ Market.

The proceeds from the Issue of RM12.4 million are expected to be utilised for the following:-

Purpose	Note	RM'000
Proposed overseas investment	(i)	1,100
R & D expenditure	(ii)	1,500
Repayment of bank borrowings	(iii)	750
Working capital	(iv)	7,250
Estimated listing expenses		1,800
		12,400

Notes:-

(i) *The Group intends to set up a representative office in Hong Kong within six (6) months from the date of listing. The allocation of RM1.1 million will be applied towards initial set-up costs and running/operational costs for the first two (2) years of operations, assuming that the office will be financially self-sufficient thereafter.*

(ii) *WMSC is currently developing the SysLink III. The directors expect to launch SysLink III in 2002. The estimated expenditure covers salaries, equipment and materials, and represents the balance after deducting the MSC grant.*

(iii) *The Group proposes to repay approximately RM750,000 of overdraft facilities taken by WG Msia from the following banks:-*

Lender	Type of Facility	* Outstanding Balance as at 11.03.2002 RM'000
Standard Chartered Bank Malaysia Berhad	Overdraft	443
Malayan Banking Berhad	Overdraft	349
Bumiputra-Commerce Bank Berhad	Overdraft	19
		811

* *Overdraft balances fluctuate from day to day depending on working capital requirements.*

(iv) *The utilisation of approximately 58% of the listing proceeds for working capital purposes is consistent with the nature and requirements of the Group's business. As stated in the section on "Business Overview – Growth Strategy", the Group's objective is to expand its business through the widening of its existing customer base and the achievement of its growth targets. In order to achieve this objective, the Group would need to increase its sales, debtors and inventory and would therefore need additional working capital to fund these items. The Group's business is not capital intensive and would not require significant capital expenditure.*

Part of the listing proceeds to be used for working capital purposes may be used to repay advances from Dindings. The advances were used for working capital in the ordinary course of business and for funding the expenses of the listing exercise. As at 11 March 2002, the advances amounted to RM800,000.

It is intended that the above-mentioned proceeds of RM12.4 million will be utilised within 24 months from the listing date.

3.7. Brokerage, Underwriting & Listing Expenses

Underwriting commission is payable by the Company in respect of all the Issue Shares at the rate of 3.0% of the Issue Price of RM0.20 per Share.

Listing expenses are estimated at approximately RM1.8 million, with the following estimated breakdown:-

	RM
Professional fees	700,000
Fees of the authorities	33,000
Underwriting fee	372,000
Placement fee	260,000
Brokerage fee	9,000
Printing and advertising fees	250,000
Miscellaneous	176,000
Total	**1,800,000**

4. RISK FACTORS

If you are unsure about any of the information contained in this section on "Risk Factors", you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.

In addition to the other information in this Prospectus, the following factors should be considered carefully in evaluating an investment in the Shares offered by this Prospectus. The discussion in this Prospectus contains certain forward-looking statements that involve risks and uncertainties. Prospective investors are cautioned that such statements are only predictions and that actual results or events may differ materially from those disclosed in this Prospectus.

Factors that could cause or contribute to such differences include, but are not limited to, those discussed in "Risk Factors", "Management's Discussions and Analysis of Financial Condition and Results of Operations" and "Business Overview" as well as those discussed elsewhere in this Prospectus.

4.1. Operating Risks

There is no assurance that WG Spore and WG Msia, which carry out the core revenue-generating business processes of the Group, will be profitable in the future, or that they will achieve increasing or consistent levels of profitability. The Group's revenue and operating results are difficult to forecast and could be adversely affected by many factors. These include, amongst others, lengthy sales cycle of between 2 to 18 months, debtors' collection problems, customer order deferrals, changes in the Group's operating expenses, the ability of the Group to develop and market new products and services and to control costs, market acceptance of new products or services, and other business risks common to going concerns.

Barring unforeseen circumstances, the directors believe that the Group should be able to maintain its record of profitability. As at 11 March 2002, the Group had 33 projects in Singapore with a total contract value of approximately S$27.6 million, and 5 projects in Malaysia with a total contract value of approximately RM8.2 million. Most of these projects are expected to be completed between 2002 and 2005. Moreover, the Group, through its prudent cash flow management, has steered its business through the peak of the economic crisis. The Group's cash flow management includes regular monitoring of its debtors position, having long term relationships with its customers, close monitoring of operating expenditure, and careful consideration of any proposed capital expenditure or borrowing and its effects on the Group.

4.2. Competition

The SCADA market is a niche market within the larger market for process control systems. Nevertheless, it is competitive and rapidly changing. The Group has experienced and expects to continue to experience intense competition from current and future competitors. The Group believes that its ability to compete depends upon many factors within and outside its control, including the timing and market acceptance of new products and services and enhancements developed by the Group and its competitors, product functionality, ease of use, performance, price, value for money, reliability, customer service and support, sales and marketing efforts, product distribution channels and the disposable resources of competitors.

As a mitigating factor, the Group has been in operation since 1987 and has vast experience with regards to the Malaysian and Singaporean markets. The Group focuses on technology which is highly reliable and has a competitive advantage in being the only integrated SCADA supplier in Malaysia and Singapore that offers real-time video capabilities. The systems which the Group supplies are also customised, thus providing a degree of differentiation which helps to secure further business from the customers.

The Group's technological platforms for its SCADA systems are on par with the global technological advances in the SCADA and information technology industries. This is evident in the *SysLink II* system whose sophistication and flexibility enable its deployment in diverse industrial applications. The Group's progressive R & D efforts should result in third generation SCADA products which are on par with, if not ahead of, other leading edge SCADA products being developed around the world.

However, competitive pressures may or may not materially and adversely affect the Group's business, operating results and financial condition.

4.3. Future Growth

The Group's potential expansion may significantly strain the Group's management, financial, customer support, operational and other resources. In the last few years, the management has pursued a conservative policy in sales and business development partly because of the economic downturn and has been selective in undertaking projects. However, in order to achieve the Group's growth targets as set out in its Five-Year Business Development Plan, management would need to adopt a more aggressive stance. There can be no assurance that management would be successful in making this change or that the change would not give rise to other problems.

The Group's proposed future plan and prospects will be dependent upon, among other things, the Group's ability to enter into strategic marketing or other arrangements on a timely basis and on favorable terms; hire and retain skilled management as well as financial, technical, marketing and other personnel; successfully manage growth (including monitoring operations, controlling costs and maintaining effective quality, inventory and service controls); and obtain adequate financing as and when needed. There can be no assurance that the Group will be able to successfully implement its business plan or that unanticipated expenses or problems or technical difficulties will not occur which would result in material delays in its implementation or even deviation from its original plans. In addition, the actual results may deviate from the business plan due to rapid technological changes, and market as well as competitive pressures.

4.4. Rapid Technological / Product Change in the SCADA Market

The market for the Group's products is characterised by rapid technological developments, evolving industry standards, swift changes in customer requirements, computer operating environments and software and hardware applications, and frequent new product introductions and enhancements. The Group's future depends substantially upon its ability to address the increasingly sophisticated needs of its customers. To the extent that one or more of the Group's competitors introduce products and services that better address customer needs or for any reason gain market share, the Group's business, operating results and financial condition could be materially adversely affected. The Group may or may not be successful in developing and marketing new products or enhancements to its existing products to adequately address the changing needs of the marketplace. In recognition of this, the Group constantly endeavours to develop and/or enhance its products expeditiously.

The Group is also susceptible to various security risks in the form of computer viruses, industrial espionage, hacking and fraud. As a mitigating factor, the Group believes that it has a high-end security system in place which is able to safeguard the assets and systems of the Group.

4.5. Product Risks

The Group's future results will substantially depend on market acceptance of the products developed. A reduction in demand or an increase in competition in the market for these products, or the Group's other existing or future products, will have a material adverse effect on the Group's business, results and financial condition. There is also no assurance that the Group will be able to develop and introduce new products and services or enhancements in a timely manner in response to changing market conditions or customer requirements or that the process will not encounter unforeseen problems.

To date, the Group's products have been well-received by its customers and the Group expects that enhancements and improvements of features, quick time to market and good technical service should ensure continuous acceptance of products.

4.6. Dependence on Directors and Key Personnel

The Group's future performance depends to a significant extent upon the continued efforts and abilities as well as the networking of its directors, key technical, sales and marketing, and senior management personnel. The loss of the services of any of these individuals may have a material adverse effect on the Group. The Group's future success also depends on its ability to attract sufficient skilled employees.

As a mitigating factor, the Group currently enjoys a cordial relationship with its employees and they do not belong to any trade union. The employees are also frequently sent to various courses to upgrade their knowledge. In addition, the Group is looking to put in place a suitable employment package which includes an employees' share option scheme.

4.7. Reliance on Major Relationships

The Group has in the past been substantially dependent on revenue from contracts with the Housing Development Board of Singapore, which is its largest customer. The Group's relationship with this customer has spanned over 15 years, during which the Group has built up goodwill through the customer's repeat orders. In the Group's present circumstances, any material reduction in revenue from this customer will materially adversely affect the Group's operating results. However, the Group is making progress in its efforts to widen its customer base so as to reduce its dependence on any single customer.

The Group has a number of business alliances with third parties and affiliates to provide marketing and support activities for the Group's products and services. The Group relies to a certain extent upon some of its business partners and alliances to provide marketing and sales opportunities for the Group's products and services. The Group's strategy in entering into these relationships is to present a best of breed approach where the Group and its partners present a solutions approach to their customers, leverage the marketing and sales efforts of its partners and alliances, and gain additional exposure and market visibility for its products. These relationships also assist the Group in keeping pace with technological and marketing developments, and in certain instances, provide the Group with technical assistance for the Group's product development efforts.

The Group's business partners are Gotesco Construction and Development Corporation in the Philippines, Data Video International Co. Ltd. in Taiwan, P.T. Inti Jatam Pura in Indonesia, MTE Ltd. in Thailand, and Lee Dickens Ltd. in the United Kingdom. The Group's appointment of these partners supplements its marketing efforts and as such is not expected to have any adverse effect on its sales growth.

However, there can be no assurance that these companies will not develop or market products which compete with the Group's products in the future or will not otherwise discontinue their relationships with or support of the Group. The failure of the Group to maintain its existing relationships, or to establish new relationships in the future for any reason, could have a material adverse effect on the Group's business, operating results and financial condition.

4.8. Protection of Group and Third Party Proprietary Technology/Intellectual Property Rights

The Group's success is also dependent upon its ability to use industry standard third party proprietary technology, and to protect its proprietary technology. However, existing patent, copyright, trademark and trade secret laws afford only limited protection. Accordingly, there can be no assurance that the Group will be able to protect its proprietary rights against unauthorised third party copying, use or exploitation, any of which could have a material adverse effect on the Group's business, operating results and financial condition. However, the directors believe that risks are relatively low due to the nature of the Group's products, as a SCADA system involves innumerable aspects which are complex and require time to develop and integrate. Moreover, both *SysLink I* and *II* have a key lock protection system to protect the products from unauthorised copying, and *SysLink III* will use a similar system. The Group will also procure its employees to sign an agreement which will effectively limit the possibility of the direct copying of its products by employees who resign.

4.9. Acquisitions and Joint Ventures

If appropriate opportunities present themselves, the Group intends to acquire businesses, products or technologies or enter into synergistic joint ventures that the Group believes will be in the interest of its shareholders. There can be no assurance that the Group will be able to successfully identify, negotiate or finance such acquisitions and joint ventures, or to integrate such acquisitions and joint ventures with its current business, or to benefit from such acquisitions and joint ventures. Acquisitions and joint ventures may cause the Group to seek additional capital which may or may not be available on satisfactory terms.

4.10. Future Capital Injections

It is the management's opinion that the net proceeds of the Issue, together with cash flow from operations and other existing sources of liquidity will be sufficient to meet the Group's projected working capital and other cash requirements. However, there is no assurance that future events may not cause the Group to seek additional capital sooner. If additional capital is required, there can be no assurance that it will be available or, if available, that it will be on terms satisfactory to the Group. The sale of additional equity or other convertible securities to non-shareholders will result in further dilution of the Group's shareholders.

4.11. No Prior Market for WMSC Shares and Possible Volatility of Share Price

There has been no prior public market for the Company's Shares. The Issue Price was determined through negotiation between the Group and the Underwriters based upon several factors and may not be an indication of the market price of the Shares after the Issue. See the section on "Underwriting" for a discussion of the factors considered in determining the Issue Price.

There can be no assurance that an active public market in the Shares will be developed or be sustained after this Issue or that the market price of the Shares will not decline below the Issue Price. The Group believes that a variety of factors could cause the price of the Shares to fluctuate, including sales of substantial amounts of Shares in the public market in the immediate future; announcements of developments relating to the Group's business; fluctuations in the Group's operating results and sales levels; general industry conditions or the world-wide economy; announcements of new products or product enhancements by the Group or its competitors; and developments in patent, copyright or other intellectual property rights. In addition, in recent years the stock market in general, and the market for the shares of many high technology companies in particular, has experienced extreme price fluctuations which have often been unrelated to the operating performance of such companies. Such fluctuations may adversely affect the market price of the Shares.

4.12. Continued Control by Existing Shareholders

Upon completion of this Issue, the directors, executive officers and substantial shareholders of the Group will, in the aggregate, beneficially own approximately 71.06% of the issued and paid-up share capital of the Group. As a result, these shareholders, acting together, will possess voting control over the Group, giving them the ability, amongst others, to elect at least a majority of the Group's Board of Directors and to control the vote on significant corporate transactions.

Nonetheless, the Group has appointed two (2) independent directors as a step towards good corporate governance to ensure that any future transactions involving related parties, if any, are entered into on arms-length terms.

4.13. Foreign Exchange Risk

The Group's current revenue is mainly generated from export markets, in particular Singapore. The Group is in the process of expanding its reach regionally as well as internationally. As such, there is a potential that the Group will be exposed to foreign exchange risk in the future due to its expansion plans. The Group will, as a mitigating factor, use various hedging techniques to mitigate this risk. However, there can be no assurance that any future significant fluctuations in exchange rates and financial crisis will not impact on the revenue and earnings of the Group.

4.14. Litigation Risks

The Group's agreements with its customers typically contain provisions designed to limit the Group's exposure to potential product liability claims. The Group has not experienced any material product liability claims. It is possible, however, that the limitation of liability provisions contained in the Group's customer agreements may not be effective as a result of existing or future laws or unfavourable judicial decisions. Furthermore, some of the Group's agreements with its customers are governed by foreign laws, and there is no assurance that purported limitation on liability clauses in those agreements would be enforced.

4.15. Regulatory Risks

Currently, save for general company and contract laws, the business activities of the Group in Malaysia and Singapore are not subject to any specific legislation or regulations. However, there can be no assurance that future legislative or regulatory policy changes will not affect the operations of the Group.

4.16. Change in MSC Status

WMSC was granted MSC status on 31 March 1998 by MDC. Presently, all MSC status companies are granted financial and non-financial incentives. Financial incentives include:-

- A five (5) year exemption from Malaysian income tax (only on income derived from MSC related activities) commencing from the date when the company starts generating income, renewable to 10 years - renewal will depend on the Group's performance in transferring technology or knowledge to Malaysia, or a 100% investment tax allowance on new investments made in MSC cybercities, commencing from the date on which the first qualifying capital expenditure is incurred;
- Duty-free importation of multimedia equipment, provided that the equipment is used by the company in the operation of its business, and not for direct sale and trading or use as components in manufactured items; and
- R & D grants for MSC small and medium enterprises that are at least 51% Malaysian owned.

Non-financial incentives include:-

- Unrestricted employment of foreign knowledge workers;
- Freedom of ownership; and
- Freedom to source capital for MSC infrastructure globally, and the right to borrow funds globally. All MSC status companies will be given exemptions by the Controller of Foreign Exchange from exchange control requirements which will allow them to execute transactions in any currency in Malaysia or elsewhere, borrow any amount from financial institutions, associate companies or non-residents, hedge foreign exchange exposure, remit funds globally and open foreign currency accounts in Malaysia or abroad with no limits on balances.

The MDC is the body responsible for monitoring all MSC designated companies. MDC has the right to take back any company's MSC status at any time. There can be no assurance that WMSC will continue to retain its MSC status or that it will continue to enjoy or not experience delays in enjoying the MSC incentives outlined above, all of which could materially and adversely affect the Group's business, operating results and financial condition.

4.17. Disclosure Regarding Forward-Looking Statements

This Prospectus includes forward-looking statements, which are statements other than statements of historical facts. Although the Group believes that, barring unforeseen circumstances, the expectations reflected in such forward-looking statements are reasonable at this time, there can be no assurance that such expectations will prove to have been correct.

5. MANAGEMENT'S DISCUSSIONS AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

5.1. Profit Record

The table below sets out a summary of the audited pro-forma consolidated results of the Group for the past four (4) financial years ended 30 June 2000 and the financial period ended 31 December 2000, and the audited consolidated results of the Group for the ten (10) months ended 31 October 2001, and is provided for illustrative purposes based on the audited accounts of WMSC and its subsidiary companies, prepared on the assumption that the acquisition of the subsidiaries' issued and paid-up share capital was completed on 1 July 1996:-

	←-----Financial Years Ended 30 June -------→				Financial Period Ended 31.12.2000 RM'000 (Restated)	10-Month Period Ended 31.10.2001 RM'000
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000 (Restated)		
Turnover	19,469	* 27,579	24,205	22,964	13,132	23,628
Profit before tax	978	2,438	3,204	2,088	1,974	∞ 1,906
Less: Taxation	(354)	(745)	(652)	(670)	(622)	(744)
Profit after tax	624	1,693	2,552	1,418	1,352	1,162
Exceptional items #	-	(1,510)	-	-	-	-
Profit after tax and exceptional items	624	183	2,552	@ 1,418	@ 1,352	1,162
No. of Shares (based on enlarged share capital) ('000)	248,000	248,000	248,000	248,000	248,000	248,000
Net EPS (sen) ^	0.25	0.07	1.03	0.57	0.55	0.47

Notes:-

(i) *The profit and loss accounts of WG Spore for the financial years ended 30 June 1997 to 1999 have been converted to Ringgit Malaysia based on the respective years' closing exchange rates for illustration purposes only. This is not in any way an indication or reflection of WG Spore's financial position for the relevant financial years had the financial statements been converted to Ringgit Malaysia using the average exchange rates prevailing during the respective financial years.*

(ii) *There were no minority interests in the financial years/periods under review.*

* *The significant growth in revenue for the financial year ended 30 June 1998 was mainly due to the appreciation of the Singapore Dollar against the Ringgit of approximately 38%. In the subsequent year, a depreciation of 9% in the exchange rate contributed significantly to the decrease in revenue.*

\# *The extraordinary item in the audited accounts of WG Spore for the financial year ended 30 June 1998 has been reclassified as an exceptional item. The exceptional item in the financial year ended 30 June 1998 comprises:-*

(a) The construction costs of a factory which was prematurely terminated during the financial year ended 30 June 1998 amounting to RM1,667,000; and

(b) The refund of an overpayment of costs incurred during the financial year ended 30 June 1999 for the construction of this factory amounting to RM157,000.

The reclassification was made so as to be consistent with the requirements of MASB Standard 3 on Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies.

In 1996, WG Spore had submitted an application to JTC Corporation to lease a piece of land for the construction of a factory. However, when the MSC was better known, WG Spore came to the conclusion that it would be beneficial to conduct R & D in the MSC. The Group also wanted to expand the operations of WG Msia. In view of this, it was no longer viable for WG Spore to have its own premises in Singapore. Hence, WG Spore decided to surrender the land to JTC Corporation in November 1997.

JTC Corporation is a statutory body in Singapore. Its primary role is to develop and manage industrial facilities in Singapore and the region.

@ *Prior to the financial year ended 31 December 2001, short-term employee benefits in the form of accumulating compensated absences were recognised when the absences occurred. However, with the adoption of Singapore's Statement of Accounting Standard 17 from the financial year ended 31 December 2001 onwards, WG Spore has to provide for its obligations in respect of short-term employee benefits in the form of accumulating compensated absences. This obligation is provided when the employees render services which increase their entitlement to future compensated absences. The new accounting policy has been adopted retrospectively, with the opening retained earnings and the comparative information adjusted for the amount relating to prior periods.*

The comparatives for the financial year ended 30 June 2000 and the financial period ended 31 December 2000 have been restated to conform with the change in accounting policy by WG Spore. The impact of this change in accounting policy is as follows:-

	Year Ended 30 June 2000 RM'000	***Period Ended 31 December 2000 RM'000***
Net profit before change to accounting policy	*1,997*	*1,209*
Impact of change in accounting policy		
- on profit before tax	*(736)*	*193*
- on taxation	*157*	*(50)*
Net profit for the period	*1,418*	*1,352*

^ *The net EPS has been calculated based on the profit after tax and exceptional items and the number of Shares in the enlarged share capital of the Company after the Issue.*

∞ *For the ten (10) months ended 31 October 2001, provisions were made for doubtful debts amounting to RM661,000 and for foreseeable losses on contract work-in-progress amounting to RM276,000.*

5.2. Consolidated Balance Sheet

The table below sets out the consolidated balance sheet of the Group as at 31 October 2001 based on the audited accounts of WMSC and its subsidiary companies:-

	RM'000
Property, plant and equipment	3,514
Development costs	2,957
Current assets	
Inventories	1,720
Amount due from contract customers	9,814
Trade receivables	5,147
Other receivables	1,054
Cash and cash equivalents	526
	18,261
Current liabilities	
Amount due to contract customers	114
Trade payables	1,421
Other payables and accruals	1,514
Short term borrowings	592
Taxation	763
Amount due to ultimate holding company	400
Amount due to a related company	100
	4,904
Net current assets	13,357
	19,828
Financed by:	
Share capital	18,600
Reserves	
Merger deficit	(7,585)
Translation reserve	(655)
Unappropriated profit	9,403
	1,163
Shareholders' funds	19,763
Deferred taxation	65
	19,828

Notes:-

(i) *The accounts of the subsidiary companies are accounted for using the merger method of accounting. The difference between the cost of acquisition over the nominal value of the shares of the subsidiary companies is accounted for as a merger deficit arising from the merger and adjusted against the reserves.*

(ii) *The assets and liabilities of WG Spore have been translated using the closing rate as at 31 October 2001 of S$1.00 = RM2.09, whilst its share capital has been translated at the rate which was used for the acquisition of WG Spore by WMSC, being S$1.00 = RM2.22.*

5.3. Consolidated Cash Flow Statement

The table below sets out the consolidated cash flow statement of the Group for the ten (10) months ended 31 October 2001 and is provided for illustrative purposes based on the audited accounts of WMSC and its subsidiary companies:-

	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before taxation	1,906
Adjustments for:	
Depreciation	532
Gain on disposal of property, plant and equipment	(43)
Interest income	(14)
Interest expense	57
Property, plant and equipment written off	72
Loss on disposal of property, plant and equipment	5
Operating profit before working capital changes	2,515
Changes in working capital:	
Amount due from contract customers	(612)
Amount due to contract customers	62
Inventories	(800)
Trade and other receivables	(812)
Trade and other payables	623
Amount due to a related company	100
Cash generated from operations	1,076
Interest paid	(57)
Interest received	14
Taxation paid	(882)
Net cash generated from operating activities	151
CASH FLOWS FROM INVESTING ACTIVITIES	
Grant received	941
Purchase of property, plant and equipment	(1,025)
Proceeds from disposal of property, plant and equipment	54
Development activity expenses paid	(1,732)
Net cash used in investing activities	(1,762)
CASH FLOWS FROM FINANCING ACTIVITIES	
Ultimate holding company	400
Net decrease in cash and cash equivalents	(1,211)
Effects of exchange rate changes	(70)
Cash and cash equivalents at beginning of period	1,187
Foreign exchange differences on opening cash and cash equivalents	28
Cash and cash equivalents at end of period	(66)

5.4. Key Financial/Operating Ratios

The table below sets out key financial ratios which are provided for illustrative purposes based on the audited accounts of WMSC and its subsidiary companies, prepared on the assumption that the structure of the Group had been in existence throughout the period under review:-

Year Ended 30 June	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	Period Ended 31.12.2000 RM'000	10 Months Ended 31.10.2001 RM'000
Pre-tax profit margin (%)	5.0	8.8	13.2	9.1	15.0	8.1
Effective tax rate (%)	36.2	30.6	20.3	32.1	31.5	39.0
Total bank borrowings	594	1,872	1,837	3,142	678	592
Interest expense	35	103	388	254	65	57
Interest cover (times)	28.9	24.7	9.3	9.2	31.4	34.4

5.5. Significant Accounting Policies

(a) Basis of accounting

The financial statements of the Group and of the Company are prepared under the historical cost convention and in compliance with applicable approved accounting standards in Malaysia.

(b) Basis of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. Subsidiaries are consolidated using the merger method of accounting.

Under the merger method of accounting, the results of the Group are presented as if the subsidiaries had been owned by the Company throughout the current and preceding accounting periods.

Credit differences arising between the cost of acquisition and the nominal value of share capital of the subsidiary are regarded as a non-distributable merger reserve. Debit differences arising are accounted for as a merger deficit and is set-off against the Group's reserves.

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

(c) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation.

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an item of property, plant and equipment exceeds its recoverable amount. In determining the recoverable amount of property, plant and equipment, expected future cash flows are not discounted to their present values. The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to equity. Any subsequent increase in recoverable amount is reduced by the amount that would have been recognised as depreciation had the write-down or write-off not occurred. Such subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset, in which case it is taken to equity.

(d) **Depreciation**

The straight-line method is used to write off the cost of the assets over the term of their estimated useful lives at the following principal annual rates:

Long term leasehold land	Lease period of 84 years
Buildings	2%
Furniture and fittings	10% - 20%
Office equipment	10% - 20%
Computer equipment	33 1/3%
Motor vehicle	20%
Renovations	10%

(e) **Investments**

Long term investments are stated at cost. A provision is made when the Directors are of the view that there is a permanent diminution in their value.

(f) **Development Costs**

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is expensed to the income statement as incurred.

Expenditure on development activities where research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is expensed in the income statement as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

Amortisation commences when the product or process is available for sale or use.

Capitalised development expenditure is amortised and recognised as an expense on a straight line basis over a period of five (5) years so as to reflect the pattern in which the related economic benefits are recognised.

(g) Grants

Monetary grants in relation to development activities are recognised upon receipt and are shown as a deduction in arriving at the carrying amount of the intangible asset to which it relates.

(h) Amount due from/to contract customers

Amount due from contract customers on contracts is stated at cost plus attributable profits less foreseeable losses and less progress billings. Cost includes all direct materials, sub-contracted costs and other related costs. Where progress billings exceed the aggregate amount due from contract customers plus attributable profits less foreseeable losses, the net credit balance on all such contracts is shown as amount due to contract customers.

(i) Inventories

Inventories comprise purchased goods mainly for use in the projects. Inventories are stated at the lower of cost and net realisable value with weighted average cost being the main basis for cost.

(j) Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and balances and deposits with bank which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts.

(k) Taxation

The tax expense in the income statement represents taxation at current tax rates based on profit earned during the period.

Deferred taxation is provided on the liability method for all material timing differences except where no liability is expected to arise in the foreseeable future and there are no indications the timing differences will reverse thereafter. Deferred tax benefits are only recognised where there is a reasonable expectation of realisation in the near future.

(l) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to Ringgit Malaysia at the foreign exchange rates ruling at the date of the transactions.

(ii) *Financial statements of foreign operations*

The Group's foreign operations are not considered an integral part of the Company's operations. Accordingly, the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Ringgit Malaysia at exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Ringgit Malaysia at average exchange rates applicable throughout the year. Foreign exchange differences arising on translation are recognised directly in equity.

(m) Revenue

(i) *Contracts*

Revenue on projects is recognised on the percentage of completion method, measured by reference to the percentage of costs incurred to date to the estimated total costs for each project.

Revenue on maintenance projects is recognised when the services are rendered. An expected loss on project is recognised immediately in the income statement.

(ii) *Interest income*

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

(n) Financing costs

All interest and other costs incurred in connection with borrowings are expensed as incurred.

5.6. Analysis and Commentary on Financial Information

A detailed analysis of the financial condition and operations of the Group is as follows.

Revenue and Profitability

For the financial period ended 31 December 2000, approximately 70% of the Group's revenue was derived from SCADA software and hardware products, with the remaining 30% being derived from maintenance services. For the ten (10) months ended 31 October 2001, approximately 72% of the Group's revenue was derived from SCADA software and hardware products, with the remaining 28% being derived from maintenance services. WG Msia and WG Spore are mostly involved in the marketing, project implementation and maintenance of SCADA systems on a turnkey basis. As such, a breakdown of the revenue contributions from sales of software and hardware products is not possible.

Revenue has remained fairly constant over the last four (4) financial years, the financial period ended 31 December 2000 and the ten (10) months ended 31 October 2001. This is partly attributable to the duration and committed nature of the contracts entered into by the Group with its customers.

The Group's gross margin depends on the type of projects undertaken and products sold and the degree of customisation, which are in turn influenced by the type of control system required by the customers.

The pre-tax profit margin dropped in the year ended 30 June 1997 due to increases in rental, salaries and staff related expenses attributable to WG Spore's expansion. In 1996, due to its R & D activities on the development of *SysLink II* and the Philippines Metropolitan Waterworks & Sewerage Services SCADA project, WG Spore had to recruit more staff. As its then rented premises in Hiang Kie Complex were inadequate, it decided to lease 13,000 square feet of space in New Tech Park, Singapore. The rent plus service charges amounted to more than S$500,000 annually. The increase in salaries and staff related expenses was attributable to an increase in staff numbers and salary increments for all staff.

The pre-tax profit margin improved in the years 1998 to 2000 due to higher margin contracts and cost savings measures instituted by management. The pre-tax margin dropped for the ten (10) months ended 31 October 2001 mainly due to a provision for doubtful debts of RM661,000 and a provision for foreseeable losses on contract work in progress of RM276,000. The provision for foreseeable losses on contract work in progress relates to profit which had been recognised earlier in relation to a water treatment plant project which has been deferred.

Segmental Analysis

A segmental analysis is not shown as in past years, revenue and profits have been entirely derived from the sale and maintenance of SCADA systems.

Credit terms

The Group's normal policy is to grant credit terms of between 30 to 60 days to its customers. For the financial period ended 31 December 2000, the trade debtors' turnover period was 53 days for WG Spore, 135 days for WG Msia and 63 days for the Group as a whole. For the ten (10) months ended 31 October 2001, the trade debtors' turnover period was 55 days for WG Spore, 185 days for WG Msia and 66 days for the Group as a whole. The high turnover period for WG Msia for the ten (10) months ended 31 October 2001 was mainly caused by slow payments from three (3) major customers. Subsequent to that period, 14.8% of the debts that exceeded the credit period were collected. WG Msia has commenced legal action against one of the debtors and a provision for doubtful debts of RM661,000 has been made in respect of the financial year ended 31 December 2001.

The normal credit terms granted by suppliers range from 30 to 60 days. For the financial period ended 31 December 2000, the trade creditors' turnover period was 26 days for WG Spore, 18 days for WG Msia and 26 days for the Group as a whole. For the ten (10) months ended 31 October 2001, the trade creditors' turnover period was 29 days for WG Spore, 25 days for WG Msia and 28 days for the Group as a whole. The Group has been paying its trade creditors promptly to take advantage of the discount available for prompt settlement.

Others

The Group does not carry much inventory. As at 31 October 2001, inventory amounted to only RM1.720 million or approximately 7% of total assets. Inventory consists of electrical and computer components required for the installation and maintenance of SCADA systems.

The gearing of the Group is also low at 0.06 times as at 31 October 2001. Borrowings consist of overdraft facilities for working capital and advances from Dindings.

5.7. Working Capital, Borrowings and Contingent Liabilities

The directors of the Company are of the opinion that after taking into consideration the cash flow forecast including the proceeds of the Issue and banking facilities available, the Group will have adequate working capital for its present and foreseeable future requirements.

As at 11 March 2002 (being the latest practicable date prior to the printing of this Prospectus), the Group's total bank borrowings amounted to approximately RM0.811 million comprising overdraft facilities.

Save as disclosed above, the Group does not have any other capital outstanding or loan capital created but unissued or mortgages or charges outstanding on that date.

As at 11 March 2002 (being the latest practicable date prior to the printing of this Prospectus), the Group does not have any material capital commitments or contingent liabilities.

[The remainder of this page has been intentionally left blank.]