

WILLOWGLEN MSC BERHAD (Company No. 462648-V)

CONDENSED CONSOLIDATED INCOME STATEMENTS

For the period ended 31 December 2010

	3 months ended 31 December		12 months ended 31 December	
	Unaudited 2010 RM'000	Unaudited 2009 RM'000	Unaudited 2010 RM'000	Audited 2009 RM'000
Revenue	15,063	16,525	54,470	62,001
Operating expenses	(12,591)	(13,507)	(44,356)	(48,565)
Other income	775	1,234	1,450	1,728
Profit before taxation	3,247	4,252	11,564	15,164
Tax expense	(818)	(787)	(2,252)	(2,550)
Net profit for the period	2,429	3,465	9,312	12,614
Net profit attributable to:				
- Equity holders of the Company	2,439	3,465	9,322	12,614
- Minority interest	(10)	-	(10)	-
	2,429	3,465	9,312	12,614
Earnings per ordinary share (sen):				
- Basic	0.99	1.40	3.77	5.10
- Diluted	N/A	N/A	N/A	N/A

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

WILLOWGLEN MSC BERHAD (Company No. 462648-V)**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

For the period ended 31 December 2010

	3 months ended 31 December		12 months ended 31 December	
	Unaudited 2010 RM'000	Unaudited 2009 RM'000	Unaudited 2010 RM'000	Unaudited 2009 RM'000
Net profit for the period	2,429	3,465	9,312	12,614
Other comprehensive income:				
Exchange differences on foreign currency net investments	492	140	(720)	686
Fair value changes in available- for-sale investments	(4)	-	210	-
Total comprehensive income for the period	2,917	3,605	8,802	13,300
Total comprehensive income attributable to:				
- Equity holders of the Company	2,927	3,605	8,812	13,300
- Minority Interest	(10)	-	(10)	-
Total comprehensive income for the period	2,917	3,605	8,802	13,300

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

WILLOWGLEN MSC BERHAD (Company No. 462648-V)

CONDENSED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2010

	Unaudited 31 December 2010 RM'000	Unaudited 31 December 2009 RM'000 (restated)
ASSETS		
Non-current assets		
Property, plant and equipment	5,040	5,238
Investment properties	2,000	1,495
Other investments	-	2,147
Available-for-sale investments	2,413	-
Deferred tax assets	3	184
	<u>9,456</u>	<u>9,064</u>
Current assets		
Inventories	1,175	1,478
Receivables, deposits and prepayments	19,958	26,606
Tax recoverable	62	51
Cash and cash equivalents	37,720	32,277
	<u>58,915</u>	<u>60,412</u>
TOTAL ASSETS	<u>68,371</u>	<u>69,476</u>
EQUITY & LIABILITIES		
Equity and reserves		
Share capital	24,800	24,800
Treasury shares, at cost	(840)	(75)
Reserves	37,077	35,636
Total equity attributable to shareholders of the Company	<u>61,037</u>	<u>60,361</u>
Minority Interest	312	-
Total equity	<u>61,349</u>	<u>60,361</u>
Non-current liability		
Provision for reinstatement cost	72	-
Deferred tax liabilities	237	93
	<u>309</u>	<u>93</u>
Current liabilities		
Amount due to contract customers	734	2,217
Payables and accruals	4,235	4,398
Tax payable	1,744	2,407
	<u>6,713</u>	<u>9,022</u>
Total liabilities	<u>7,022</u>	<u>9,115</u>
TOTAL EQUITY AND LIABILITIES	<u>68,371</u>	<u>69,476</u>
Net assets per share (RM)	0.25	0.24

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

WILLOWGLEN MSC BERHAD (Company No. 462648-V)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2010

	Reserves							Total	Minority Interest	Total
	Share Capital	Treasury Shares	Non-distributable			Distributable	Total			
			Share premium	Merger deficit	Translation reserve	Fair Value Reserve				
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2010	24,800	(75)	4,440	(7,585)	2,557	-	36,224	60,361	-	60,361
Effect of adopting FRS139	-	-	-	-	-	-	56	56	-	56
	24,800	(75)	4,440	(7,585)	2,557	-	36,280	60,417	-	60,417
Arising from equity in subsidiary	-	-	-	-	-	-	-	-	322	322
Total comprehensive income	-	-	-	-	(720)	210	9,322	8,812	(10)	8,802
Share buy back	-	(765)	-	-	-	-	-	(765)	-	(765)
Final dividend for the financial year ended 31 December 2009	-	-	-	-	-	-	(7,427)	(7,427)	-	(7,427)
At 31 December 2010	24,800	(840)	4,440	(7,585)	1,837	210	38,175	61,037	312	61,349
At 1 January 2009	24,800	(55)	4,440	(7,585)	1,871	-	28,561	52,032	-	52,032
Total comprehensive income	-	-	-	-	686	-	12,614	13,300	-	13,300
Share buy back	-	(20)	-	-	-	-	-	(20)	-	(20)
Final dividend for the financial year ended 31 December 2008	-	-	-	-	-	-	(4,951)	(4,951)	-	(4,951)
At 31 December 2009	24,800	(75)	4,440	(7,585)	2,557	-	36,224	60,361	-	60,361

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

WILLOWGLEN MSC BERHAD (Company No. 462648-V)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 December 2010

	Unaudited 31 December 2010 RM'000	Audited 31 December 2009 RM'000
Cash flows from operating activities	14,367	8,736
Cash flows from investing activities	(399)	(2,541)
Cash flows from financing activities	(8,745)	(5,641)
Net increase in cash and cash equivalents	5,223	554
Cash and cash equivalents at 1 January	30,551	28,560
Effect of exchange rate changes on opening cash and cash equivalents	(333)	1,437
Cash and cash equivalents at 31 December	35,441	30,551

Cash and cash equivalents included in the Condensed Consolidated Cash Flow Statement comprise the following balance sheet amounts:-

Fixed deposits placed with licensed banks	19,771	19,723
Short term deposits placed with licensed bank	400	-
Cash and bank balances	17,549	12,554
	37,720	32,277
Less: Fixed deposits held as security value	(2,279)	(1,726)
	35,441	30,551

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

WILLOWGLEN MSC BERHAD (Company No. 462648-V)

NOTES TO THE INTERIM FINANCIAL REPORT

A1 Basis of preparation

The interim financial report is unaudited and has been prepared in compliance with FRS134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2009.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the year ended 31 December 2009 except for the adoption of the following new and revised FRSs, amendments/improvements to FRSs and IC Int:-

New FRSs

FRS 4	Insurance Contracts
FRS 7	Financial Instruments : Disclosures
FRS 8	Operating Segments
FRS 139	Financial Instruments : Recognition and Measurement

Revised FRSs

FRS 101	Presentation of Financial Statements
FRS 123	Borrowing costs

Amendments/Improvements to FRSs

FRS 1	First time Adoption of Financial Reporting Standards
FRS 2	Share-based Payment – Vesting Conditions and Cancellations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 7	Financial Instruments: Disclosure
FRS 8	Operating Segments
FRS 107	Statement of Cash Flows
FRS 108	Accounting Policies, Changes in Accounting, Estimates and Errors
FRS 110	Events After the Reporting Period
FRS 116	Property, Plant and Equipment
FRS 117	Leases
FRS 118	Revenue
FRS 119	Employee Benefits
FRS 120	Accounting for Government Grants and Disclosure for Government Assistance
FRS 123	Borrowing Costs
FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
FRS 128	Investments in Associates
FRS 129	Financial Reporting in Hyperinflationary Economics
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Presentation
FRS 134	Interim Financial Reporting
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 139	Financial Instruments: Recognition and Measurement
FRS 140	Investment Property

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A1 Basis of preparation (continued)

IC Int

IC Int 9	Reassessment of Embedded Derivatives
IC Int 10	Interim Financial Reporting and Impairment
IC Int 11	FRS 2 – Group and Treasury Share Transactions
IC Int 13	Customer Loyalty Programmes
IC Int 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The principal effects of the adoption of the FRSs are set out below:

- (a) FRS101 requires the Group to present all owner changes in equity and all non-owner changes be presented in either in one statement of comprehensive income or in two separate statements of income and comprehensive income. The Group has adopted to present the comprehensive income in two separate statements of income and comprehensive income where the individual components of comprehensive income and the related tax effects have been disclosed therein.
- (b) FRS117 establishes that when a lease includes both land and buildings elements, the Group has to assess the classification of each element as finance or an operating lease separately. In determining whether the land element is finance or an operating lease, an important consideration is that land normally has an indefinite economic life. The Group has assessed and determined that all leasehold land are in substance finance lease and has reclassified the prepaid land lease payments to property, plant and equipment. The change in accounting policy has been made retrospectively.

	31 December 2009		
	As previously stated RM'000	Effects of reclassification RM'000	As restated RM'000
Property, plant and equipment	3,579	1,659	5,238
Prepaid land lease payments	1,659	(1,659)	-

- (c) FRS139 establishes the principles for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. All financial assets and financial liabilities, including derivatives are recognized at contract dates when, and only when, the Group becomes a party to the contractual provisions of the instruments.

FRS139 has been adopted prospectively and the comparative as at 31 December 2009 are not restated. The changes have been accounted for by restating the opening balances in the balance sheet as at 1 January 2010:

	1 January 2010		
	As previously stated RM'000	Effects of FRS139 RM'000	As restated RM'000
Other investments	2,147	(2,147)	-
Available-for-sale investments			
- Cost	-	2,147	
- Fair value adjustments to retained profits	-	56	2,203

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A1 Basis of preparation (continued)

- (d) FRS8 requires disclosure of operating segments based on the segments information regularly provided to the chief operating decision maker. The Group concluded that the operating segments determined in accordance with FRS8 are the same as the business segments previously adopted.
- (e) FRS7 requires financial assets and financial liabilities be disclosed in the statement of financial position based on their respective classifications. An additional disclosure for the sensitivity analysis for each type of market risk to which the Group is exposed at the reporting date to show how profit or loss and equity would be affected by changes in the risk variables that were reasonably possible at the date. This will apply for the financial statements at the end of the year.

The Group has not adopted the following revised FRS, amendments/improvements to FRSs and IC Int that have been issued but are not yet effective for the Group:-

		Effective for financial periods beginning on or after
<u>Revised FRSs</u>		
FRS 1	First time Adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combinations	1 July 2010
FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 July 2010
<u>Amendments/Improvements to FRSs</u>		
FRS 2	Share-based Payment – Vesting Conditions and Cancellations	1 July 2010
FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
FRS 138	Intangible Assets	1 July 2010
<u>IC Int</u>		
IC Int 9	Reassessment of Embedded Derivatives	1 July 2010
IC Int 12	Service Concession Arrangements	1 July 2010
IC Int 15	Agreements for the Construction of Real Estate	1 July 2010
IC Int 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Int 17	Distributions of Non-cash Assets to Owners	1 July 2010

A2 Audit report on preceding annual financial statement

The auditor's report of the Group's annual audited financial statements for the year ended 31 December 2009 was not subject to any qualification.

A3 Seasonal or cyclical factors

The Group's operations were not materially affected by any seasonal or cyclical changes.

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A4 Changes in estimates of amounts reported in prior interim reports or prior financial years which have a material effect in the current quarter

There were no changes in estimates of amounts reported in the prior interim reports or changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter.

A5 Issuance, cancellations, repurchases, resale and repayments of debt and equity securities

During the current financial year to date, a total of 2,000,000 shares were repurchased and held as treasury shares. As at the end of the current quarter, a total of 2,429,800 shares were held as treasury shares. The share buyback transactions were financed by internally generated funds.

Apart from the above, there were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities during the current financial year to date.

A6 Dividends paid

The first and final tax exempt dividend of 20% and a special tax exempt dividend of 10% per share for the financial year ended 31 December 2009 amounting to RM7,427,106 was paid on 30 June 2010.

A7 Segmental reporting

The Group operates in three (3) principal geographical areas for the sales, implementation and maintenance of computer based control systems.

Current Year To Date	Malaysia RM'000	Singapore RM'000	Europe RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from external customers	9,034	41,412	4,024	-	54,470
Inter-segment revenue	1,369	198	-	(1,567)	-
Total revenue	10,403	41,610	4,024	(1,567)	54,470
Segment result	7,420	10,162	877	(8,345)	10,114
Other income					1,450
Profit before taxation					11,564

A8 Valuation of property, plant and equipment

No revaluation of property, plant and equipment has been done since the preceding financial year ended 31 December 2009 except for the investment properties which has been stated at fair value of RM2.00 million (2009: RM1.50 million). The fair value was determined based on a valuation report dated 30 December 2010 using the open market value basis.

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A9 Material events subsequent to the end of the interim period

There were no material events subsequent to the end of the interim period.

A10 Changes in composition of the Group

There were no changes in the composition of the Group during the current financial year to date except for :

- (i) The deregistration of Willowglen (Hong Kong) Pte Limited (“WHK”)
The deregistration of WHK does not have any material effect on the net assets or earnings of the Group for the financial year ending 31 December 2010 as WHK has been dormant for 4 years.
- (ii) The incorporation of PT Willowglen Indonesia (“PTWI”)
The Company and PT Indointernet have jointly incorporated PTWI on 3 September 2010. Its principal activities are trading, hardware and software consulting services.

A11 Changes in contingent liabilities or contingent assets

There were no contingent assets arising since the last audited financial statements for the year ended 31 December 2009.

A12 Capital commitments

There were no material capital commitments as at 31 December 2010.

WILLOWGLEN MSC BERHAD (Company No. 462648-V)

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

B1 Review of performance

Revenue for the current quarter was reduced by 8.85% to RM15.06 million from RM16.53 million achieved in the preceding year's corresponding quarter. Profit before tax amounted to RM3.25 million compared to RM4.25 million achieved in the corresponding quarter in 2009.

For the financial year ended 31 December 2010, the Group recorded lower revenue of RM54.47 million compared to RM62.00 million recorded in 2009. The Group recorded a profit before taxation of RM11.56 million or a decrease of 23.74% from RM15.16 million achieved in 2009. This was mainly due to lower turnover.

B2 Material change in results against preceding quarter

	Current Quarter 31/12/2010 RM'000	Preceding Quarter 30/09/2010 RM'000
Revenue	15,063	11,751
Profit before taxation	3,247	2,363

For the current quarter, the Group recorded higher revenue of RM15.06 million compared to RM11.75 million in the preceding quarter. The profit before taxation has increased by 37.41% to RM3.25 million from RM2.36 million achieved in the last quarter.

B3 Prospects for 2011

With the implementation of the Economic Transformation Programme in full force, we expect an exciting year ahead of us where there will be more requirements for SCADA systems in the transportation, oil and gas, electrical, water and waste-water industries and security of public buildings. The results of the Group is expected to be satisfactory in 2011.

B4 Variance of actual profit from forecast profit and shortfall of profit guarantee

Not applicable.

B5 Tax expense

	3 months ended 31/12/2010 RM'000	12 months ended 31/12/2010 RM'000
Current Taxation	493	1,927
Adjustment for under/(over) provisions in previous years	(1)	(1)
Transfer to/(from) deferred taxation	326	326
	818	2,252

The tax charge mostly relates to tax on profits of an overseas subsidiary which is subject to a lower tax rate.

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B5 Tax expense (continued)

The Company was granted Multimedia Super Corridor (“MSC”) status on 31 March 1998. By virtue of this status, the Company has been granted full pioneer status as an incentive for a period of five years commencing year 2002. The pioneer status has since been extended to 2012 for the maximum allowable period of ten years.

B6 Unquoted investments and properties

	RM’000
Medium Term Notes	
- At cost	2,147
- At book value / market value	2,413

There were no purchases or disposals of unquoted investments and properties in the current financial year to date.

B7 Quoted investment

There were no purchases or disposals of quoted investments during the current financial year to date.

B8 Status of corporate proposal announced

The listing of and quotation for the entire issued and paid-up share capital of the Company was transferred to the Main Market of Bursa Malaysia Securities Berhad on 28 September 2010.

B9 Group borrowings and debt securities

There were no group borrowings and debt securities outstanding as at 31 December 2010.

B10 Off balance sheet financial instruments

The group does not have any financial instruments with off balance sheet risk as at the date of this announcement.

B11 Changes in Material Litigation

The Group does not have any outstanding material litigation as at the date of this announcement.

B12 Dividends

A final dividend of 20% tax exempt and a special dividend of 10% tax exempt are proposed for the financial year ended 31 December 2010 for shareholders’ approval. The entitlement and payment dates for the dividend will be decided later.

WILLOWGLEN MSC BERHAD (Company No. 462648-V)

B13 Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the net profit attributable to shareholders divided by the weighted average number of ordinary shares outstanding during the period, calculated as follows:-

	3 months ended 31 December		12 months ended 31 December	
	2010	2009	2010	2009
Net profit attributable to equity holders of the Company (RM'000)	2,439	3,465	9,322	12,614
Weighted average number of ordinary shares in issue during the period ('000)	245,570	247,570	246,981	247,585
Basic earnings per ordinary share (sen)	0.99	1.40	3.77	5.10
Diluted earnings per ordinary share (sen)	N/A	N/A	N/A	N/A

N/A: Not applicable, the Group does not have in issue any financial instrument or other contract that may entitle its shareholders to ordinary shares, and therefore dilute its basic earnings per share.

B14 Supplementary Information Disclosed Pursuant to Bursa Malaysia Securities Berhad Listing Requirements

The following analysis of realised and unrealised retained profits is prepared pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Securities Berhad Listing Requirements and in accordance with the Guidance on Special Matter No. 1 - Determination of Realised and Unrealised Profits or Losses as issued by the Malaysian Institute of Accountants. This disclosure is based on the format prescribed by Bursa Malaysia Securities Berhad.

	As at 31 December 2010 RM'000
Total retained profits of the Group and its subsidiaries	
- Realised	38,375
- Unrealised	(200)
Less: Consolidation adjustments	-
Total retained profits	38,175

By order of the Board
WILLOWGLEN MSC BERHAD

KHOR CHAI MOI (MDM.)
Managing Director