

WILLOWGLEN MSC BERHAD (Company No. 462648-V)

CONDENSED CONSOLIDATED INCOME STATEMENTS

For the period ended 30 June 2012

	3 months ended 30 June		6 months ended 30 June	
	Unaudited 2012 RM'000	Unaudited 2011 RM'000	Unaudited 2012 RM'000	Unaudited 2011 RM'000
Revenue	16,851	12,533	33,848	24,530
Operating expenses	(13,576)	(10,960)	(28,022)	(21,930)
Other operating income	184	259	377	483
Profit before tax	3,459	1,832	6,203	3,083
Income tax expense	(488)	(406)	(1,019)	(593)
Profit net of tax	2,971	1,426	5,184	2,490
Other comprehensive income, net of tax:				
Fair value changes in available-for-sale financial asset	(6)	16	72	21
Foreign currency translation	941	668	919	825
Total comprehensive income for the period	3,906	2,110	6,175	3,336
Profit attributable to:				
- Owners of the parent	3,009	1,457	5,249	2,545
- Non-controlling interest	(38)	(31)	(65)	(55)
	2,971	1,426	5,184	2,490
Total comprehensive income attributable to:				
- Owners of the parent	3,943	2,134	6,246	3,384
- Non-controlling interest	(37)	(24)	(71)	(48)
	3,906	2,110	6,175	3,336
Earnings per ordinary share (sen):				
- Basic	1.24	0.58	2.16	1.02
- 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 2011 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 30 June 2012

	Unaudited 30 June 2012 RM'000	Audited 31 December 2011 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	5,359	4,836
Investment properties	2,000	2,000
Investment securities	2,484	2,412
Deferred tax assets	40	42
	<u>9,883</u>	<u>9,290</u>
Current assets		
Inventories	1,175	1,283
Amount due from contract customers	15,965	12,362
Receivables, deposits and prepayments	10,149	10,034
Tax recoverable	170	126
Cash and cash equivalents	31,548	35,119
	<u>59,007</u>	<u>58,924</u>
TOTAL ASSETS	68,890	68,214
EQUITY & LIABILITIES		
Equity and reserves		
Share capital	24,800	24,800
Treasury shares, at cost	(1,653)	(1,653)
Reserves	39,083	38,922
Total equity attributable to owners of the parent	62,230	62,069
Non-controlling interest	118	189
Total equity	62,348	62,258
Non-current liabilities		
Employee benefits	10	10
Provision for reinstatement cost	75	72
Deferred tax liabilities	132	130
	<u>217</u>	<u>212</u>
Current liabilities		
Amount due to contract customers	1,213	636
Payables and accruals	3,393	3,378
Tax payable	1,719	1,730
	<u>6,325</u>	<u>5,744</u>
Total liabilities	6,542	5,956
TOTAL EQUITY AND LIABILITIES	68,890	68,214
Net assets per share (RM)	0.26	0.26

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2011 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 30 June 2012

	Share Capital RM'000	Treasury Shares RM'000	Reserves			Fair Value Reserve RM'000	Distributable Retained profits RM'000	Total RM'000	Non- controlling interest RM'000	Total RM'000
			Share premium RM'000	Merger deficit RM'000	Translation reserve RM'000					
At 1 January 2012	24,800	(1,653)	4,440	(7,585)	2,484	209	39,374	62,069	189	62,258
Total comprehensive income	-	-	-	-	925	72	5,249	6,246	(71)	6,175
Final dividend for the financial year ended 31 December 2011	-	-	-	-	-	-	(6,085)	(6,085)	-	(6,085)
At 30 June 2012	24,800	(1,653)	4,440	(7,585)	3,409	281	38,538	62,230	118	62,348
At 1 January 2011	24,800	(840)	4,440	(7,585)	1,837	210	38,175	61,037	312	61,349
Total comprehensive income	-	-	-	-	818	21	2,545	3,384	(48)	3,336
Share buy back	-	(759)	-	-	-	-	-	(759)	-	(759)
Final dividend for the financial year ended 31 December 2010	-	-	-	-	-	-	(7,308)	(7,308)	-	(7,308)
At 30 June 2011	24,800	(1,599)	4,440	(7,585)	2,655	231	33,412	56,354	264	56,618

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2011 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 30 June 2012

	Unaudited 30 June 2012 RM'000	Unaudited 30 June 2011 RM'000
Operating activities		
Profit before tax	6,203	3,083
Adjustments for non-cash items	248	(216)
Operating cash flows before changes in working capital	6,451	2,867
Changes in working capital:		
Net changes in inventories	109	(95)
Net changes in contract customers	(3,026)	(3,171)
Net changes in receivables	(115)	(312)
Net changes in payables	17	89
Cash flows from operations	3,436	(622)
Interest received	320	395
Tax paid	(1,073)	(1,052)
Net cash flows from operating activities	2,683	(1,279)
Investing activities		
Purchase of property, plant and equipment	(814)	(231)
Proceeds from disposal of property, plant and equipment	208	-
Net cash flows used in investing activities	(606)	(231)
Financing activities		
Dividend paid	(6,085)	(7,308)
Fixed term deposits held as security value	(34)	234
Share buy-back	-	(759)
Net cash flows used in financing activities	(6,119)	(7,833)
Net change in cash and cash equivalents	(4,042)	(9,343)
Cash and cash equivalents at 1 January	33,103	35,441
Effect of exchange rate changes on cash and cash equivalents	437	491
Cash and cash equivalents at 30 June	29,498	26,589
Analysis of cash and cash equivalents:		
Fixed deposits placed with licensed banks	15,372	15,505
Short term investments	3,113	1,774
Cash and bank balances	13,062	11,355
	31,547	28,634
Less: Fixed deposits held as security value	(2,049)	(2,045)
	29,498	26,589

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2011 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 the Malaysian Financial Reporting Standards (“MFRS”) 134: 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 2011.

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 2011 except for the adoption of the Malaysian Financial Reporting Standards (“MFRS”) framework issued by Malaysian Accounting Standards Board (“MASB”).

The Group has adopted the MFRS framework with effect from 1 January 2012. This MFRS framework was introduced to fully converge the existing Financial Reporting Standards (“FRS”) framework with the International Financial Reporting Standards (“IFRS”) framework. There was no material impact to the Group’s results and financial position upon the adoption of the MFRS.

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 2011 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.

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

There was no share buyback for the period to date. As at the end of the current quarter, a total of 4,593,400 shares were held as treasury shares.

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 5% per share for the financial year ended 31 December 2011 amounting to RM6,085,165 was paid on 28 June 2012.

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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	Indonesia RM'000	Eliminations RM'000	Consolidated RM'000
Revenue:					
External customers	5,191	28,623	34	-	33,848
Inter-segment	784	134	-	(918)	-
Total revenue	5,975	28,757	34	(918)	33,848
Results:					
Interest income	355	29	5	(69)	320
Depreciation	141	152	6	-	299
Income tax expense	42	977	-	-	1,019
Segment profit/(loss)	(364)	6,697	(130)	-	6,203

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 2011.

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.

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 2011.

A12 Capital commitments

There were no material capital commitments as at 30 June 2012.

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 increased by 34.45% to RM16.85 million from RM12.53 million recorded in the preceding year's corresponding quarter. Profit before tax increased to RM3.46 million compared to RM1.83 million recorded in the corresponding quarter in 2011.

For the 6 months ended 30 June 2012, the Group's revenue increased by 37.99% to RM33.85 million from RM24.53 million achieved in the same period of 2011. Profit before tax increased to RM6.20 million compared to RM3.08 million in the corresponding period of the last financial year.

The higher profit before taxation is mainly due to higher turnover from the Singapore operations. Turnover from the Malaysia operations increased marginally compared to the last financial year. The Indonesia operations are still at exploration stage where we are targeting the monitoring of data centers and integrated security and monitoring solution market.

B2 Material change in results against preceding quarter

	Current Quarter 30/06/2012 RM'000	Preceding Quarter 31/03/2012 RM'000
Revenue	16,851	16,997
Profit before tax	3,459	2,744

For the current quarter, the Group recorded lower revenue of RM16.85 million compared to RM17.00 million in the preceding quarter. The profit before tax increased to RM3.46 million from RM2.74 million recorded in the last quarter. The increase in profit before tax is mainly due to lower operating expenses in the current quarter compared to the preceding quarter.

B3 Current year prospects

Sales for the Group is expected to improve further due to the growing demand for SCADA and security solutions in transportation, oil and gas, utilities and security of public buildings. Barring unforeseen circumstances, the results of the Group is expected to improve for the remaining 2 quarters.

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

Not applicable.

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B5 Income tax expense

	3 months ended 30/06/2012 RM'000	6 months ended 30/06/2012 RM'000
Current Taxation	488	1,019
Adjustment for under/(over) provisions in previous years	-	-
Transfer to/(from) deferred taxation	-	-
	488	1,019

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

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 for a maximum allowable period of ten years. The pioneer status has expired on 3 June 2012.

B6 Status of corporate proposal announced

There were no corporate proposals announced but not completed at the date of this announcement.

B7 Group borrowings and debt securities

There were no group borrowings and debt securities outstanding as at 30 June 2012.

B8 Changes in Material Litigation

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

B9 Dividends

No dividend was declared for the period to date.

The first and final tax exempt dividend of 20% and a special tax exempt dividend of 5% per share for the financial year ended 31 December 2011 amounting to RM6,085,165 was paid on 28 June 2012.

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B10 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 30 June		6 months ended 30 June	
	2012	2011	2012	2011
Net profit attributable to equity holders of the Company (RM'000)	2,971	1,426	5,184	2,490
Weighted average number of ordinary shares in issue during the period ('000)	243,407	243,593	243,407	243,741
Basic earnings per ordinary share (sen)	1.24	0.58	2.16	1.02
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.

B11 Operating profit

Operating profit has been arrived at after charging:-

	3 months ended 30/06/2012 RM'000	6 months ended 30/06/2012 RM'000
Depreciation of property, plant and equipment	157	299
Provision for and write off of inventories	-	-
Foreign exchange loss	14	23
Provision for and write off of receivables	2	2
Interest expense	N/A	N/A
Impairment of assets	N/A	N/A
Exceptional items	N/A	N/A
And crediting:-		
Interest income	155	320
Other income including investment income	29	57
Gain or loss on disposal of quoted or unquoted investments or properties	N/A	N/A
Gain or loss on derivatives	N/A	N/A

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B12 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 30 June 2012 RM'000	As at 30 June 2011 RM'000
Total retained profits of the Group and its subsidiaries		
- Realised	38,291	33,424
- Unrealised	250	186
Less: Consolidation adjustments	(3)	(198)
Total retained profits	38,538	33,412

By order of the Board
WILLOWGLEN MSC BERHAD

KHOR CHAI MOI (MDM.)
Managing Director