

WILLOWGLEN MSC BERHAD (Company No. 462648-V)

CONDENSED CONSOLIDATED INCOME STATEMENTS

For the period ended 30 September 2012

	3 months ended 30 September		9 months ended 30 September	
	Unaudited 2012 RM'000	Unaudited 2011 RM'000	Unaudited 2012 RM'000	Unaudited 2011 RM'000
Revenue	22,372	11,978	56,220	36,508
Operating expenses	(17,600)	(9,345)	(45,622)	(31,275)
Other operating income	166	166	543	649
Profit before tax	4,938	2,799	11,141	5,882
Income tax expense	(838)	(544)	(1,857)	(1,137)
Profit net of tax	4,100	2,255	9,284	4,745
Other comprehensive income, net of tax:				
Fair value changes in available-for-sale financial asset	(6)	(4)	66	17
Foreign currency translation	(52)	(8)	867	817
Total comprehensive income for the period	4,042	2,243	10,217	5,579
Profit attributable to:				
- Owners of the parent	4,145	2,295	9,394	4,840
- Non-controlling interest	(45)	(40)	(110)	(95)
	4,100	2,255	9,284	4,745
Total comprehensive income attributable to:				
- Owners of the parent	4,092	2,276	10,338	5,660
- Non-controlling interest	(50)	(33)	(121)	(81)
	4,042	2,243	10,217	5,579
Earnings per ordinary share (sen):				
- Basic	1.70	0.93	3.86	1.95
- 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 September 2012

	Unaudited 30 September 2012 RM'000	Audited 31 December 2011 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	5,260	4,836
Investment properties	2,000	2,000
Investment securities	2,478	2,412
Deferred tax assets	39	42
	<u>9,777</u>	<u>9,290</u>
Current assets		
Inventories	1,183	1,283
Amount due from contract customers	18,096	12,362
Receivables, deposits and prepayments	15,794	10,034
Tax recoverable	149	126
Cash and cash equivalents	30,904	35,119
	<u>66,126</u>	<u>58,924</u>
TOTAL ASSETS	75,903	68,214
EQUITY & LIABILITIES		
Equity and reserves		
Share capital	24,800	24,800
Treasury shares, at cost	(1,653)	(1,653)
Reserves	43,175	38,922
Total equity attributable to owners of the parent	66,322	62,069
Non-controlling interest	68	189
Total equity	66,390	62,258
Non-current liabilities		
Employee benefits	9	10
Provision for reinstatement cost	75	72
Deferred tax liabilities	132	130
	<u>216</u>	<u>212</u>
Current liabilities		
Amount due to contract customers	3,169	636
Payables and accruals	4,162	3,378
Tax payable	1,966	1,730
	<u>9,297</u>	<u>5,744</u>
Total liabilities	9,513	5,956
TOTAL EQUITY AND LIABILITIES	75,903	68,214
Net assets per share (RM)	0.27	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 September 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	-	-	-	-	878	66	9,394	10,338	(121)	10,217
Final dividend for the financial year ended 31 December 2011	-	-	-	-	-	-	(6,085)	(6,085)	-	(6,085)
At 30 September 2012	24,800	(1,653)	4,440	(7,585)	3,362	275	42,683	66,322	68	66,390
At 1 January 2011	24,800	(840)	4,440	(7,585)	1,837	210	38,175	61,037	312	61,349
Total comprehensive income	-	-	-	-	803	17	4,840	5,660	(81)	5,579
Share buy back	-	(813)	-	-	-	-	-	(813)	-	(813)
Final dividend for the financial year ended 31 December 2010	-	-	-	-	-	-	(7,308)	(7,308)	-	(7,308)
At 30 September 2011	24,800	(1,653)	4,440	(7,585)	2,640	227	35,707	58,576	231	58,807

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 September 2012

	Unaudited 30 September 2012 RM'000	Unaudited 30 September 2011 RM'000
Operating activities		
Profit before tax	11,141	5,882
Adjustments for non-cash items	283	286
Operating cash flows before changes in working capital	11,424	6,168
Changes in working capital:		
Net changes in inventories	101	(391)
Net changes in contract customers	(3,200)	(2,877)
Net changes in receivables	(5,760)	(1,206)
Net changes in payables	785	(533)
Cash flows from operations	3,350	1,161
Interest received	447	620
Tax paid	(1,643)	(1,992)
Net cash flows from operating activities	2,154	(211)
Investing activities		
Purchase of property, plant and equipment	(900)	(308)
Proceeds from disposal of property, plant and equipment	208	-
Net cash flows used in investing activities	(692)	(308)
Financing activities		
Dividend paid	(6,085)	(7,308)
Fixed term deposits held as security value	(52)	208
Share buy-back	-	(813)
Net cash flows used in financing activities	(6,137)	(7,913)
Net change in cash and cash equivalents	(4,675)	(8,432)
Cash and cash equivalents at 1 January	33,103	35,441
Effect of exchange rate changes on cash and cash equivalents	408	479
Cash and cash equivalents at 30 September	28,836	27,488
Analysis of cash and cash equivalents:		
Fixed deposits placed with licensed banks	16,081	8,572
Short term investments	3,728	8,579
Cash and bank balances	11,095	12,408
	30,904	29,559
Less: Fixed deposits held as security value	(2,068)	(2,071)
	28,836	27,488

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.

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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 were 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	9,677	46,509	34	-	56,220
Inter-segment	1,230	134	-	(1,364)	-
Total revenue	10,907	46,643	34	(1,364)	56,220
Results:					
Interest income	507	41	6	(107)	447
Depreciation	213	256	9	-	478
Income tax expense	107	1,750	-	-	1,857
Segment profit/(loss)	112	11,250	(221)	-	11,141

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 September 2012.

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ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

B1 Review of performance

Revenue for the current quarter increased by 86.78% to RM22.37 million from RM11.98 million recorded in the corresponding quarter in 2011. Profit before tax increased to RM4.94 million compared to RM2.80 million recorded in the preceding year's corresponding quarter.

For the 9 months ended 30 September 2012, the Group's revenue increased by 53.99% to RM56.22 million from RM36.51 million achieved in the same period of 2011. Profit before tax increased to RM11.14 million compared to RM5.88 million in the corresponding period in 2011. However, due to keen competition the gross profit margin of the Group were lower as compared to previous financial years.

The higher turnover and profit before tax is mainly contributed by the Singapore operations. Turnover from the Malaysia operations has increased as well compared to the last financial year. The Indonesia operations are still at exploration stage and will focus in providing SCADA and security solutions to the data centers, utilities and building facilities industries.

B2 Material change in results against preceding quarter

	Current Quarter 30/09/2012 RM'000	Preceding Quarter 30/06/2012 RM'000
Revenue	22,372	16,851
Profit before tax	4,938	3,459

For the current quarter, the Group recorded higher revenue of RM22.37 million compared to RM16.85 million in the preceding quarter. The profit before tax increased to RM4.94 million from RM3.46 million recorded in the last quarter. The increase in profit before tax is mainly due to higher revenue.

B3 Current year prospects

The growing demand for SCADA and security solutions is expected to continue to 2013. With the current projects at hand, the results of the Group is expected to be good for the final quarter.

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 30/09/2012 RM'000	9 months ended 30/09/2012 RM'000
Current Taxation	838	1,857
Adjustment for under/(over) provisions in previous years	-	-
Transfer to/(from) deferred taxation	-	-
	<hr/> 838	<hr/> 1,857

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 September 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 September 2012		9 months ended 30 September 2011	
Net profit attributable to equity holders of the Company (RM'000)	4,145	2,295	9,394	4,840
Weighted average number of ordinary shares in issue during the period ('000)	243,407	243,542	243,407	243,674
Basic earnings per ordinary share (sen)	1.70	0.93	3.86	1.95
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 30/09/2012 RM'000	9 months ended 30/09/2012 RM'000
Depreciation of property, plant and equipment	179	478
Provision for and write off of inventories	-	-
Foreign exchange loss	25	48
Provision for and write off of receivables	-	2
Interest expense	N/A	N/A
Impairment of assets	N/A	N/A
Exceptional items	N/A	N/A
And crediting:-		
Interest income	127	447
Other income including investment income	29	86
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 September 2012 RM'000	As at 30 September 2011 RM'000
Total retained profits of the Group and its subsidiaries		
- Realised	42,552	35,714
- Unrealised	179	191
Less: Consolidation adjustments	(48)	(198)
Total retained profits	42,683	35,707

By order of the Board
WILLOWGLEN MSC BERHAD

KHOR CHAI MOI (PUAN SRI)
Managing Director