

WILLOWGLEN MSC BERHAD (Company No. 462648-V)

CONDENSED CONSOLIDATED INCOME STATEMENTS

For the period ended 31 December 2013

	3 months ended 31 December		12 months ended 31 December	
	Unaudited 2013 RM'000	Unaudited 2012 RM'000	Unaudited 2013 RM'000	Audited 2012 RM'000
Revenue	30,527	27,207	102,611	83,427
Operating expenses	(24,144)	(20,538)	(81,125)	(66,160)
Other operating income	1,054	384	1,626	927
Profit before tax	7,437	7,053	23,112	18,194
Income tax expense	(1,059)	(1,106)	(3,821)	(2,963)
Profit net of tax	6,378	5,947	19,291	15,231
Other comprehensive income, net of tax:				
Available-for-sale financial asset				
- Fair value changes	-	(19)	(159)	47
- Reclassification to profit or loss upon disposal	-	-	(97)	-
	-	(19)	(256)	47
Foreign currency translation	227	14	1,761	881
Total comprehensive income for the period	6,605	5,942	20,796	16,159
Profit attributable to:				
- Owners of the parent	6,406	5,982	19,359	15,376
- Non-controlling interest	(28)	(35)	(68)	(145)
	6,378	5,947	19,291	15,231
Total comprehensive income attributable to:				
- Owners of the parent	6,637	5,979	20,868	16,317
- Non-controlling interest	(32)	(37)	(72)	(158)
	6,605	5,942	20,796	16,159
Earnings per ordinary share (sen):				
- Basic	2.63	2.46	7.95	6.32
- 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 2012 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 2013

	Unaudited 31 December 2013 RM'000	Audited 31 December 2012 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	7,131	5,193
Investment properties	1,650	2,000
Investment securities	-	2,459
Deferred tax assets	175	78
	<u>8,956</u>	<u>9,730</u>
Current assets		
Inventories	1,472	1,249
Amount due from contract customers	28,580	25,940
Receivables, deposits and prepayments	22,405	16,625
Tax recoverable	108	32
Cash and bank balances	43,018	30,675
	<u>95,583</u>	<u>74,521</u>
TOTAL ASSETS	104,539	84,251
EQUITY & LIABILITIES		
Equity and reserves		
Share capital	24,800	24,800
Treasury shares, at cost	(1,653)	(1,653)
Reserves	62,720	49,154
Total equity attributable to owners of the parent	85,867	72,301
Non-controlling interest	300	31
Total equity	86,167	72,332
Non-current liabilities		
Employee benefits	52	35
Provision for reinstatement cost	78	75
Deferred tax liabilities	199	130
	<u>329</u>	<u>240</u>
Current liabilities		
Amount due to contract customers	7,873	3,134
Payables and accruals	6,330	5,698
Tax payable	3,840	2,847
	<u>18,043</u>	<u>11,679</u>
Total liabilities	18,372	11,919
TOTAL EQUITY AND LIABILITIES	104,539	84,251
Net assets per share (RM)	0.35	0.30

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 2013

	Share Capital RM'000	Treasury Shares RM'000	Reserves				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	Fair Value Reserve RM'000				
At 1 January 2013	24,800	(1,653)	4,440	(7,585)	3,378	256	48,665	72,301	31	72,332
Arising from increase in share capital in subsidiary	-	-	-	-	-	-	-	-	341	341
Total comprehensive income	-	-	-	-	1,765	(256)	19,359	20,868	(72)	20,796
Final dividend for the financial year ended 31 December 2012	-	-	-	-	-	-	(7,302)	(7,302)	-	(7,302)
At 31 December 2013	24,800	(1,653)	4,440	(7,585)	5,143	-	60,722	85,867	300	86,167
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	-	-	-	-	894	47	15,376	16,317	(158)	16,159
Final dividend for the financial year ended 31 December 2011	-	-	-	-	-	-	(6,085)	(6,085)	-	(6,085)
At 31 December 2012	24,800	(1,653)	4,440	(7,585)	3,378	256	48,665	72,301	31	72,332

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 2013

	Unaudited 31 December 2013 RM'000	Audited 31 December 2012 RM'000
Operating activities		
Profit before tax	23,112	18,194
Adjustments for non-cash items	48	(73)
Operating cash flows before changes in working capital	23,160	18,121
Changes in working capital:		
Net changes in inventories	(223)	10
Net changes in contract customers	2,098	(11,080)
Net changes in receivables	(5,780)	(6,591)
Net changes in payables	615	2,348
Cash flows from operations	19,870	2,808
Interest received	460	568
Tax paid	(2,903)	(1,788)
Net cash flows from operating activities	17,427	1,588
Investing activities		
Purchase of property, plant and equipment	(1,654)	(1,005)
Proceeds from disposal of investment securities	2,300	-
Proceeds from disposal of property, plant and equipment	-	210
Net cash flows from / (used in) investing activities	646	(795)
Financing activities		
Dividend paid	(7,302)	(6,085)
Fixed term deposits held as security value	(43)	(66)
Net cash flows used in financing activities	(7,345)	(6,151)
Net change in cash and cash equivalents	10,728	(5,358)
Cash and cash equivalents at 1 January	28,593	33,103
Effect of exchange rate changes on cash and cash equivalents	1,572	848
Cash and cash equivalents at 31 December	40,893	28,593
Analysis of cash and cash equivalents:		
Fixed deposits placed with licensed banks	29,321	16,114
Short term investments	2,232	3,025
Cash and bank balances	11,465	11,536
	43,018	30,675
Less: Fixed deposits held as security value	(2,125)	(2,082)
	40,893	28,593

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 2012.

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 2012 except for the adoption of the New MFRSs, Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations and Amendments to IC Interpretations that are applicable to the Group effective 1 January 2013. The adoption of these MFRSs and IC Interpretations does not have any material impact on the Group’s results and financial position.

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 2012 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 during the current quarter. 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 10% per share for the financial year ended 31 December 2012 amounting to RM7,302,198 was paid on 28 June 2013.

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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	17,592	84,717	302	-	102,611
Inter-segment	5,661	2,886	-	(8,547)	-
Total revenue	23,253	87,603	302	(8,547)	102,611
Results:					
Interest income	363	95	2	-	460
Depreciation	351	391	12	-	754
Income tax expense	304	3,571	(54)	-	3,821
Segment profit/(loss)	7,258	22,300	(192)	(6,254)	23,112

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 2012 except for the investment properties. During the quarter, a unit of the investment property has been reclassified to property, plant and equipment and another unit has been stated at fair value of RM1.65 million (2012: RM1.00 million). The fair value was determined based on a valuation report dated 30 December 2013.

A9 Material events subsequent to the end of the interim period

There were no material events subsequent to the end of the interim period except for the acquisition of two hundred ten thousand (210,000) ordinary shares of RM1.00 each representing 70% of the issued and paid-up share capital of Sentinel Systems Sdn Bhd for a cash consideration of RM1,400,000.00 on 12 February 2014. As a result of the acquisition, Sentinel Systems Sdn Bhd is a 70% owned subsidiary of the Company.

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 the acquisition of two (2) ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of WG Tech Sdn Bhd for a cash consideration of RM2.00 on 31 October 2013. As a result of the acquisition, WG Tech Sdn Bhd is a wholly owned subsidiary of the Company.

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 2012.

A12 Capital commitments

There were no material capital commitments as at 31 December 2013.

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ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

B1 Review of performance

Revenue for the current quarter increased by 12.20% to RM30.53 million from RM27.21 million recorded in the preceding year's corresponding quarter. Profit before tax increased to RM7.44 million compared to RM7.05 million recorded in the preceding year's corresponding quarter.

For the financial year ended 31 December 2013, the Group's revenue increased by 22.99% to RM102.61 million from RM83.43 million achieved in 2012. Profit before tax increased by 27.04% to RM23.11 million from RM18.19 million recorded in the last financial year. This is mainly due to increase in turnover, higher margins and the revaluation of investment property.

The Group's main market continues to be Singapore and Malaysia. The turnover from Singapore and Malaysia operations has increased by 23.42% and 19.24% respectively compared to the last financial year. The Indonesia operations are still at development stage.

B2 Material change in results against preceding quarter

	Current Quarter 31/12/2013 RM'000	Preceding Quarter 30/09/2013 RM'000
Revenue	30,527	28,919
Profit before tax	7,437	6,536

For the current quarter, the Group recorded higher revenue of RM30.53 million compared to RM28.92 million recorded in the preceding quarter. The profit before tax increased to RM7.44 million from RM6.54 million recorded in the last quarter. The increase in profit before tax is mainly due to higher turnover, higher margins and the revaluation of investment property.

B3 Prospects for 2014

For 2014, we expect the demand for SCADA and security solutions to improve further. With the current projects at hand, the financial results of the Group for the year is expected to be satisfactory.

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 31/12/2013 RM'000	12 months ended 31/12/2013 RM'000
Current Taxation	1,099	3,861
Adjustment for under/(over) provisions in previous years	(12)	(12)
Transfer to/(from) deferred taxation	(28)	(28)
	1,059	3,821

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

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 31 December 2013.

B8 Changes in Material Litigation

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

B9 Dividends

A final dividend of 20% tax exempt is proposed for the financial year ended 31 December 2013 for shareholders' approval. The entitlement and payment dates for the dividend will be decided later.

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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 31 December		12 months ended 31 December	
	2013	2012	2013	2012
Net profit attributable to equity holders of the Company (RM'000)	6,406	5,982	19,359	15,376
Weighted average number of ordinary shares in issue during the period ('000)	243,407	243,407	243,407	243,407
Basic earnings per ordinary share (sen)	2.63	2.46	7.95	6.32
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 31/12/2013 RM'000	12 months ended 31/12/2013 RM'000
Depreciation of property, plant and equipment	243	754
Provision for and write off of inventories	-	-
Foreign exchange loss	5	72
Provision for and write off of receivables	-	-
Interest expense	N/A	N/A
Impairment of assets	N/A	N/A
Exceptional items	N/A	N/A
And crediting:-		
Interest income	80	460
Other income including investment income	21	92
Gain or loss on disposal of quoted or unquoted investments or properties	-	97
Gain on fair value adjustment on investment property	650	650
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 31 December 2013 RM'000	As at 31 December 2012 RM'000
Total retained profits of the Group and its subsidiaries		
- Realised	59,719	48,385
- Unrealised	1,017	365
Less: Consolidation adjustments	(14)	(85)
Total retained profits	60,722	48,665

By order of the Board
WILLOWGLEN MSC BERHAD

WONG AH CHIEW
Group Managing Director