

WILLOWGLEN MSC BERHAD (Company No. 462648-V)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended 31 March 2014

	3 months ended 31 March		3 months ended 31 March	
	Unaudited 2014 RM'000	Unaudited 2013 RM'000	Unaudited 2014 RM'000	Unaudited 2013 RM'000
Revenue	26,276	21,761	26,276	21,761
Operating expenses	(21,805)	(17,553)	(21,805)	(17,553)
Other operating income	367	151	367	151
Profit before tax	4,838	4,359	4,838	4,359
Income tax expense	(1,006)	(748)	(1,006)	(748)
Profit net of tax	3,832	3,611	3,832	3,611
Other comprehensive income, net of tax:				
Available-for-sale financial asset				
- Fair value changes	-	(16)	-	(16)
Foreign currency translation	177	(193)	177	(193)
Total comprehensive income for the period	4,009	3,402	4,009	3,402
Profit attributable to:				
- Owners of the parent	3,869	3,583	3,869	3,583
- Non-controlling interest	(37)	28	(37)	28
	3,832	3,611	3,832	3,611
Total comprehensive income attributable to:				
- Owners of the parent	4,025	3,374	4,025	3,374
- Non-controlling interest	(16)	28	(16)	28
	4,009	3,402	4,009	3,402
Earnings per ordinary share (sen):				
- Basic	1.59	1.47	1.59	1.47
- 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 2013 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 March 2014

	Unaudited 31 March 2014 RM'000	Audited 31 December 2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	7,277	7,131
Investment properties	1,650	1,650
Goodwill on consolidation	1,287	-
Deferred tax assets	183	175
	<u>10,397</u>	<u>8,956</u>
Current assets		
Inventories	1,513	1,472
Amount due from contract customers	22,415	28,580
Receivables, deposits and prepayments	19,041	22,405
Tax recoverable	127	108
Cash and bank balances	55,282	43,018
	<u>98,378</u>	<u>95,583</u>
TOTAL ASSETS	108,775	104,539
EQUITY & LIABILITIES		
Equity and reserves		
Share capital	24,800	24,800
Treasury shares, at cost	(1,653)	(1,653)
Reserves	66,745	62,720
Total equity attributable to owners of the parent	89,892	85,867
Non-controlling interest	332	300
Total equity	90,224	86,167
Non-current liabilities		
Employee benefits	56	52
Provision for reinstatement cost	78	78
Deferred tax liabilities	199	199
	<u>333</u>	<u>329</u>
Current liabilities		
Amount due to contract customers	8,151	7,873
Payables and accruals	5,981	6,330
Tax payable	4,086	3,840
	<u>18,218</u>	<u>18,043</u>
Total liabilities	18,551	18,372
TOTAL EQUITY AND LIABILITIES	108,775	104,539
Net assets per share (RM)	0.369	0.353

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 March 2014

	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 2014	24,800	(1,653)	4,440	(7,585)	5,143	-	60,722	85,867	300	86,167
Arising from Acquisition of Subsidiary	-	-	-	-	-	-	-	-	48	48
Total comprehensive income	-	-	-	-	156	-	3,869	4,025	(16)	4,009
At 31 March 2014	24,800	(1,653)	4,440	(7,585)	5,299	-	64,591	89,892	332	90,224
At 1 January 2013	24,800	(1,653)	4,440	(7,585)	3,378	256	48,665	72,301	31	72,332
Total comprehensive income	-	-	-	-	(193)	(16)	3,583	3,374	28	3,402
At 31 March 2013	24,800	(1,653)	4,440	(7,585)	3,185	240	52,248	75,675	59	75,734

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 March 2014

	Unaudited 31 March 2014 RM'000	Unaudited 31 March 2013 RM'000
Operating activities		
Profit before tax	4,838	4,359
Adjustments for non-cash items	135	31
Operating cash flows before changes in working capital	4,973	4,390
Changes in working capital:		
Net changes in inventories	(40)	(350)
Net changes in contract customers	6,444	9,983
Net changes in receivables	3,364	(4,698)
Net changes in payables	(345)	(770)
Cash flows from operations	14,396	8,555
Interest received	101	127
Tax paid	(780)	(890)
Net cash flows from operating activities	13,717	7,792
Investing activities		
Purchase of property, plant and equipment	(223)	(70)
Net cash flows used in investing activities	(223)	(70)
Financing activities		
Fixed term deposits held as security value	(17)	(19)
Acquisition of Subsidiary	(1,400)	-
Net cash flows used in financing activities	(1,417)	(19)
Net change in cash and cash equivalents	12,077	7,703
Cash and cash equivalents at 1 January	40,893	28,593
Effect of exchange rate changes on cash and cash equivalents	170	(184)
Cash and cash equivalents at 31 March	53,140	36,112
Analysis of cash and cash equivalents:		
Fixed deposits placed with licensed banks	35,545	26,193
Short term investments	2,233	5,498
Cash and bank balances	17,504	6,522
	55,282	38,213
Less: Fixed deposits held as security value	(2,142)	(2,101)
	53,140	36,112

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 2013.

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 2013 except for the adoption of the Amendments/Improvements to MFRSs, and New IC Interpretations that are applicable to the Group effective 1 January 2014. 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 2013 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 quarter.

A6 Dividends paid

There were no dividends paid during the current quarter ended 31 March 2014.

The proposed first and final tax exempt dividend of 20% per share for the financial year ended 31 December 2013 has been approved by the shareholders at the Sixteenth Annual General Meeting. The entitlement and payment dates for the dividend of 20% tax exempt (2012: 30% tax exempt) will be on 12 May 2014 and 28 May 2014 respectively.

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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	3,742	22,520	14	-	26,276
Inter-segment	1,534	13	-	(1,547)	-
Total revenue	5,276	22,533	14	(1,547)	26,276
Results:					
Interest income	50	51	-	-	101
Depreciation	132	104	3	-	239
Income tax expense	-	1,006	-	-	1,006
Segment profit/(loss)	(1,405)	6,318	(75)	-	4,838

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 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.

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 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.

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 2013.

A12 Capital commitments

There were no material capital commitments as at 31 March 2014.

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ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

B1 Review of performance

Revenue for the current quarter increased by 20.75% to RM26.28 million from RM21.76 million recorded in the preceding year's corresponding quarter. Profit before tax increased to RM4.84 million compared to RM4.36 million recorded in the preceding year's corresponding quarter.

The higher turnover and profit before tax is mainly contributed by the Singapore operations. Turnover from the Malaysia operations increased as well but the results were affected by higher R&D expenses and manpower cost. The Indonesia operations are still at development stage.

B2 Material change in results against preceding quarter

	Current Quarter 31/03/2014 RM'000	Preceding Quarter 31/12/2013 RM'000
Revenue	26,276	30,527
Profit before tax	4,838	7,437

For the current quarter, the Group recorded lower revenue of RM26.28 million compared to RM30.53 million recorded in the preceding quarter. The profit before tax reduced to RM4.84 million from RM7.44 million recorded in the last quarter. The decrease in profit before tax is mainly due to lower turnover, higher R&D expenses and higher manpower cost.

B3 Current year prospects

Under the Economic Transformation Programme ("ETP") and 10th Malaysia Plan, major projects such as the LRT extensions, KVMRT, water treatments and sewerage treatments will provide opportunities to the Group. Whereas in Singapore, more business opportunities are seen in the development of new infrastructure facilities, developments and security enhancements. The demand for system integration is growing in all kinds of traditional industries.

With the current projects at hand, the financial results of the Group for the current financial 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 31/03/2014 RM'000	3 months ended 31/03/2014 RM'000
Current Taxation	1,006	1,006
Adjustment for under/(over) provisions in previous years	-	-
Transfer to/(from) deferred taxation	-	-
	1,006	1,006

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 March 2014.

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 current quarter.

The proposed first and final tax exempt dividend of 20% per share for the financial year ended 31 December 2013 has been approved by the shareholders at the Sixteenth Annual General Meeting. The entitlement and payment dates for the dividend of 20% tax exempt (2012: 30% tax exempt) will be on 12 May 2014 and 28 May 2014 respectively.

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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 March		3 months ended 31 March	
	2014	2013	2014	2013
Net profit attributable to equity holders of the Company (RM'000)	3,869	3,583	3,869	3,583
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)	1.59	1.47	1.59	1.47
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 31/03/2014 RM'000	3 months ended 31/03/2014 RM'000
Depreciation of property, plant and equipment	239	239
Provision for and write off of inventories	-	-
Foreign exchange loss	16	16
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	101	101
Other income including investment income	21	21
Gain or loss on disposal of quoted or unquoted investments or properties	-	-
Gain on fair value adjustment on investment property	-	-
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 March 2014 RM'000	As at 31 March 2013 RM'000
Total retained profits of the Group and its subsidiaries		
- Realised	64,003	51,990
- Unrealised	731	301
Less: Consolidation adjustments	(143)	(43)
Total retained profits	64,591	52,248

By order of the Board
WILLOWGLEN MSC BERHAD

WONG AH CHIEW
Group Managing Director