

WILLOWGLEN MSC BERHAD (Company No. 462648-V)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended 30 June 2014

	3 months ended 30 June		6 months ended 30 June	
	Unaudited 2014 RM'000	Unaudited 2013 RM'000	Unaudited 2014 RM'000	Unaudited 2013 RM'000
Revenue	22,556	21,404	48,832	43,165
Operating expenses	(17,781)	(16,802)	(39,586)	(34,355)
Other operating income	130	178	497	329
Profit before tax	4,905	4,780	9,743	9,139
Income tax expense	(860)	(831)	(1,866)	(1,579)
Profit net of tax	4,045	3,949	7,877	7,560
Other comprehensive income, net of tax:				
Available-for-sale financial asset				
- Fair value changes	-	(11)	-	(27)
Foreign currency translation	(587)	457	(410)	264
Total comprehensive income for the period	3,458	4,395	7,467	7,797
Profit attributable to:				
- Owners of the parent	4,101	3,971	7,970	7,554
- Non-controlling interest	(56)	(22)	(93)	6
	4,045	3,949	7,877	7,560
Total comprehensive income attributable to:				
- Owners of the parent	3,530	4,417	7,555	7,791
- Non-controlling interest	(72)	(22)	(88)	6
	3,458	4,395	7,467	7,797
Earnings per ordinary share (sen):				
- Basic	1.68	1.63	3.27	3.10
- 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 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 30 June 2014

	Unaudited 30 June 2014 RM'000	Audited 31 December 2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	7,387	7,131
Investment properties	1,650	1,650
Goodwill on consolidation	1,287	-
Deferred tax assets	175	175
	<u>10,499</u>	<u>8,956</u>
Current assets		
Inventories	1,617	1,472
Amount due from contract customers	22,430	28,580
Receivables, deposits and prepayments	17,000	22,405
Tax recoverable	145	108
Cash and bank balances	53,566	43,018
	<u>94,758</u>	<u>95,583</u>
TOTAL ASSETS	105,257	104,539
EQUITY & LIABILITIES		
Equity and reserves		
Share capital	24,800	24,800
Treasury shares, at cost	(1,662)	(1,653)
Reserves	65,407	62,720
Total equity attributable to owners of the parent	88,545	85,867
Non-controlling interest	260	300
Total equity	88,805	86,167
Non-current liabilities		
Employee benefits	53	52
Provision for reinstatement cost	77	78
Deferred tax liabilities	198	199
	<u>328</u>	<u>329</u>
Current liabilities		
Amount due to contract customers	6,290	7,873
Payables and accruals	6,004	6,330
Tax payable	3,830	3,840
	<u>16,124</u>	<u>18,043</u>
Total liabilities	16,452	18,372
TOTAL EQUITY AND LIABILITIES	105,257	104,539
Net assets per share (RM)	0.364	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 30 June 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	-	-	-	-	(415)	-	7,970	7,555	(88)	7,467
Share Buy-back	-	(9)	-	-	-	-	-	(9)	-	(9)
Final dividend for the financial year ended 31 December 2013	-	-	-	-	-	-	(4,868)	(4,868)	-	(4,868)
At 30 June 2014	24,800	(1,662)	4,440	(7,585)	4,728	-	63,824	88,545	260	88,805
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	-	-	-	-	264	(27)	7,554	7,791	6	7,797
Final dividend for the financial year ended 31 December 2012	-	-	-	-	-	-	(7,302)	(7,302)	-	(7,302)
At 30 June 2013	24,800	(1,653)	4,440	(7,585)	3,642	229	48,917	72,790	37	72,827

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 30 June 2014

	Unaudited 30 June 2014 RM'000	Unaudited 30 June 2013 RM'000
Operating activities		
Profit before tax	9,743	9,139
Adjustments for non-cash items	180	39
Operating cash flows before changes in working capital	9,923	9,178
Changes in working capital:		
Net changes in inventories	(29)	(792)
Net changes in contract customers	4,568	7,035
Net changes in receivables	5,406	1,852
Net changes in payables	(327)	(1,280)
Cash flows from operations	19,541	15,993
Interest received	208	268
Tax paid	(1,914)	(1,732)
Net cash flows from operating activities	17,835	14,529
Investing activities		
Purchase of property, plant and equipment	(600)	(164)
Net cash flows used in investing activities	(600)	(164)
Financing activities		
Fixed term deposits held as security value	585	(25)
Acquisition of Subsidiary	(1,400)	-
Dividend paid	(4,868)	(7,302)
Share buy-back	(9)	-
Net cash flows used in financing activities	(5,692)	(7,327)
Net change in cash and cash equivalents	11,543	7,038
Cash and cash equivalents at 1 January	40,893	28,593
Effect of exchange rate changes on cash and cash equivalents	(410)	285
Cash and cash equivalents at 30 June	52,026	35,916
Analysis of cash and cash equivalents:		
Fixed deposits placed with licensed banks	20,512	20,690
Short term investments	2,233	5,027
Cash and bank balances	30,821	12,306
	53,566	38,023
Less: Fixed deposits held as security value	(1,540)	(2,107)
	52,026	35,916

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

During the current quarter, 10,000 shares were repurchased. The share buy-back transaction was financed by internally generated funds.

As at the end of the current quarter, a total of 4,603,400 shares were held as treasury shares.

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% per share for the financial year ended 31 December 2013 amounting to RM4,867,932 was paid on 28 May 2014.

WILLOWGLEN MSC BERHAD (Company No. 462648-V)

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	8,673	40,144	15	-	48,832
Inter-segment	2,092	35	-	(2,127)	-
Total revenue	10,765	40,179	15	(2,127)	48,832
Results:					
Interest income	87	115	6	-	208
Depreciation	292	208	6	-	506
Income tax expense	-	1,866	-	-	1,866
Segment profit/(loss)	13,248	12,011	(142)	(15,374)	9,743

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 except for the acquisition of one (1) ordinary share of USD1.00 each representing the entire issued and paid-up share capital of Willowglen Limited for a cash consideration of RM2,280.00 on 23 July 2014. As a result of the acquisition, Willowglen Limited is a wholly 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 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 30 June 2014.

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 5.38% to RM22.56 million from RM21.40 million recorded in the preceding year's corresponding quarter. Profit before tax increased to RM4.91 million compared to RM4.78 million recorded in the corresponding quarter in 2013.

For the 6 months ended 30 June 2014, the Group's revenue increased by 13.13% to RM48.83 million from RM43.17 million achieved in the same period of 2013. Profit before tax increased to RM9.74 million compared to RM9.14 million in the corresponding period of the last financial year.

The Group's main market continue to be Singapore and Malaysia. The turnover from Singapore and Malaysia operations has increased by 9.66% and 39.03% respectively compared to the corresponding period of 2013. However, the results of the Malaysia operations 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 30/06/2014 RM'000	Preceding Quarter 31/03/2014 RM'000
Revenue	22,556	26,276
Profit before tax	4,905	4,838

For the current quarter, the Group recorded lower revenue of RM22.56 million compared to RM26.28 million recorded in the preceding quarter. The profit before tax increased to RM4.91 million from RM4.84 million recorded in the last quarter. The increase in profit before tax is mainly due to higher margins.

B3 Current year prospects

The growing demand for SCADA and security solutions is expected to continue for the remaining 2 quarters. 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.

WILLOWGLEN MSC BERHAD (Company No. 462648-V)

B5 Income tax expense

	3 months ended 30/06/2014 RM'000	6 months ended 30/06/2014 RM'000
Current Taxation	860	1,866
Adjustment for under/(over) provisions in previous years	-	-
Transfer to/(from) deferred taxation	-	-
	860	1,866

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 30 June 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 period to date.

The proposed first and final tax exempt dividend of 20% per share for the financial year ended 31 December 2013 amounting to RM4,867,932 was paid on 28 May 2014.

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	
	2014	2013	2014	2013
Net profit attributable to equity holders of the Company (RM'000)	4,101	3,971	7,970	7,554
Weighted average number of ordinary shares in issue during the period ('000)	243,400	243,407	243,403	243,407
Basic earnings per ordinary share (sen)	1.68	1.63	3.27	3.10
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.

WILLOWGLEN MSC BERHAD (Company No. 462648-V)

B11 Operating profit

Operating profit has been arrived at after charging:-

	3 months ended 30/06/2014 RM'000	6 months ended 30/06/2014 RM'000
Depreciation of property, plant and equipment	267	506
Provision for and write off of inventories	-	-
Foreign exchange loss	23	39
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	107	208
Other income including investment income	23	44
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

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 2014 RM'000	As at 30 June 2013 RM'000
Total retained profits of the Group and its subsidiaries		
- Realised	63,306	48,733
- Unrealised	713	249
Less: Consolidation adjustments	(195)	(65)
Total retained profits	63,824	48,917

By order of the Board
WILLOWGLEN MSC BERHAD

WONG AH CHIEW
Group Managing Director