

WILLOWGLEN MSC BERHAD (Company No. 462648-V)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended 30 September 2014

	3 months ended 30 September		9 months ended 30 September	
	Unaudited 2014 RM'000	Unaudited 2013 RM'000	Unaudited 2014 RM'000	Unaudited 2013 RM'000
Revenue	23,928	28,919	72,760	72,084
Operating expenses	(19,374)	(22,626)	(58,960)	(56,981)
Other operating income	121	243	618	572
Profit before tax	4,675	6,536	14,418	15,675
Income tax expense	(909)	(1,183)	(2,775)	(2,762)
Profit net of tax	3,766	5,353	11,643	12,913
Other comprehensive income, net of tax:				
Available-for-sale financial asset				
- Fair value changes	-	(132)	-	(159)
- Reclassification to profit or loss upon disposal	-	(97)	-	(97)
		(229)		(256)
Foreign currency translation	109	1,270	(301)	1,534
Total comprehensive income for the period	3,875	6,394	11,342	14,191
Profit attributable to:				
- Owners of the parent	3,842	5,399	11,812	12,953
- Non-controlling interest	(76)	(46)	(169)	(40)
	3,766	5,353	11,643	12,913
Total comprehensive income attributable to:				
- Owners of the parent	3,950	6,440	11,505	14,231
- Non-controlling interest	(75)	(46)	(163)	(40)
	3,875	6,394	11,342	14,191
Earnings per ordinary share (sen):				
- Basic	1.58	2.22	4.85	5.32
- 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 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 September 2014

	Unaudited 30 September 2014 RM'000	Audited 31 December 2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	8,145	7,131
Investment properties	1,650	1,650
Goodwill on consolidation	1,287	-
Deferred tax assets	175	175
	<u>11,257</u>	<u>8,956</u>
Current assets		
Inventories	1,624	1,472
Amount due from contract customers	25,271	28,580
Receivables, deposits and prepayments	13,047	22,405
Tax recoverable	242	108
Cash and bank balances	55,942	43,018
	<u>96,126</u>	<u>95,583</u>
TOTAL ASSETS	107,383	104,539
EQUITY & LIABILITIES		
Equity and reserves		
Share capital	24,800	24,800
Treasury shares, at cost	(1,662)	(1,653)
Reserves	69,357	62,720
Total equity attributable to owners of the parent	92,495	85,867
Non-controlling interest	185	300
Total equity	92,680	86,167
Non-current liabilities		
Employee benefits	52	52
Provision for reinstatement cost	77	78
Deferred tax liabilities	198	199
	<u>327</u>	<u>329</u>
Current liabilities		
Amount due to contract customers	4,922	7,873
Payables and accruals	5,852	6,330
Tax payable	3,602	3,840
	<u>14,376</u>	<u>18,043</u>
Total liabilities	14,703	18,372
TOTAL EQUITY AND LIABILITIES	107,383	104,539
Net assets per share (RM)	0.380	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 September 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	-	-	-	-	(307)	-	11,812	11,505	(163)	11,342
Share Buy-back	-	(9)	-	-	-	-	-	(9)	-	(9)
Final dividend for the financial year ended 31 December 2013	-	-	-	-	-	-	(4,868)	(4,868)	-	(4,868)
At 30 September 2014	24,800	(1,662)	4,440	(7,585)	4,836	-	67,666	92,495	185	92,680
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	-	-	-	-	1,534	(256)	12,953	14,231	(40)	14,191
Final dividend for the financial year ended 31 December 2012	-	-	-	-	-	-	(7,302)	(7,302)	-	(7,302)
At 30 September 2013	24,800	(1,653)	4,440	(7,585)	4,912	-	54,316	79,230	(9)	79,221

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.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 September 2014

	Unaudited 30 September 2014 RM'000	Unaudited 30 September 2013 RM'000
Operating activities		
Profit before tax	14,418	15,675
Adjustments for non-cash items	509	133
Operating cash flows before changes in working capital	14,927	15,808
Changes in working capital:		
Net changes in inventories	(155)	(1,654)
Net changes in contract customers	363	6,398
Net changes in receivables	9,359	(6,854)
Net changes in payables	(480)	1,189
Cash flows from operations	24,014	14,887
Interest received	288	381
Tax paid	(3,148)	(2,619)
Net cash flows from operating activities	21,154	12,649
Investing activities		
Purchase of property, plant and equipment	(1,657)	(546)
Proceeds from disposal of investment securities	-	2,300
Net cash flows used in investing activities	(1,657)	1,754
Financing activities		
Fixed term deposits held as security value	415	(38)
Acquisition of Subsidiary	(1,402)	-
Dividend paid	(4,868)	(7,302)
Share buy-back	(9)	-
Net cash flows used in financing activities	(5,864)	(7,340)
Net change in cash and cash equivalents	13,633	7,063
Cash and cash equivalents at 1 January	40,893	28,593
Effect of exchange rate changes on cash and cash equivalents	(294)	1,417
Cash and cash equivalents at 30 September	54,232	37,073
Analysis of cash and cash equivalents:		
Fixed deposits placed with licensed banks	36,859	21,264
Short term investments	1,605	4,191
Cash and bank balances	17,478	13,738
	55,942	39,193
Less: Fixed deposits held as security value	(1,710)	(2,120)
	54,232	37,073

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.

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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 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 were no share buyback during the current quarter. 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.

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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	15,329	57,413	18	-	72,760
Inter-segment	2,365	35	-	(2,400)	-
Total revenue	17,694	57,448	18	(2,400)	72,760
Results:					
Interest income	110	172	6	-	288
Depreciation	470	320	10	-	800
Income tax expense	-	2,775	-	-	2,775
Segment profit/(loss)	12,677	17,354	(239)	(15,374)	14,418

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:

- (i) 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.
- (ii) 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.

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 September 2014.

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ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

B1 Review of performance

Revenue for the current quarter reduced by 17.26% to RM23.93 million from RM28.92 million recorded in the corresponding quarter in 2013. Profit before tax reduced to RM4.68 million compared to RM6.54 million recorded in the preceding year's corresponding quarter.

For the 9 months ended 30 September 2014, revenue for the Group increased marginally to RM72.76 million from RM72.08 million recorded in the same period of 2013. Profit before tax amounted to RM14.42 million compared to RM15.68 million achieved in the corresponding period of the last financial year. The lower profit before taxation is mainly due to higher R&D expenses and manpower cost.

The Group's main markets continue to be Singapore and Malaysia. The Singapore operations contributed 79% of the Group's revenue with the balance coming from Malaysia. The Indonesia operations is still at development stage and will focus in providing solutions to data centres, utilities and oil and gas.

B2 Material change in results against preceding quarter

	Current Quarter 30/09/2014 RM'000	Preceding Quarter 30/06/2014 RM'000
Revenue	23,928	22,556
Profit before tax	4,675	4,905

For the current quarter, the Group recorded higher revenue of RM23.93 million compared to RM22.56 million recorded in the preceding quarter. The profit before tax reduced to RM4.68 million from RM4.91 million recorded in the last quarter. The decrease in profit before tax is mainly due to higher R&D expenses and manpower cost.

B3 Current year prospects

The demand for SCADA systems in the transportation, oil and gas, utility, water and waste water treatment industries will continue to drive the sales of the Group. 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 30/09/2014 RM'000	9 months ended 30/09/2014 RM'000
Current Taxation	909	2,775
Adjustment for under/(over) provisions in previous years	-	-
Transfer to/(from) deferred taxation	-	-
	909	2,775

The tax charge 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 September 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 September 2014		9 months ended 30 September 2014	
Net profit attributable to equity holders of the Company (RM'000)	3,842	5,399	11,812	12,953
Weighted average number of ordinary shares in issue during the period ('000)	243,397	243,407	243,401	243,407
Basic earnings per ordinary share (sen)	1.58	2.22	4.85	5.32
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.

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B11 Operating profit

Operating profit has been arrived at after charging:-

	3 months ended 30/09/2014 RM'000	9 months ended 30/09/2014 RM'000
Depreciation of property, plant and equipment	294	800
Provision for and write off of inventories	-	-
Foreign exchange loss	10	49
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	288
Other income including investment income	24	68
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 September 2014 RM'000	As at 30 September 2013 RM'000
Total retained profits of the Group and its subsidiaries		
- Realised	67,214	54,123
- Unrealised	721	305
Less: Consolidation adjustments	(269)	(112)
Total retained profits	67,666	54,316

By order of the Board
WILLOWGLEN MSC BERHAD

WONG AH CHIEW
Group Managing Director