

WILLOWGLEN MSC BERHAD (Company No. 462648-V)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended 30 September 2015

	3 months ended 30 September		9 months ended 30 September	
	Unaudited 2015 RM'000	Unaudited 2014 RM'000	Unaudited 2015 RM'000	Unaudited 2014 RM'000
Revenue	25,405	23,928	84,861	72,760
Operating expenses	(21,434)	(19,374)	(73,205)	(58,960)
Other operating income	383	121	1,352	618
Share of results of equity accounted associate, net of tax	(77)	-	(77)	-
Profit before tax	4,277	4,675	12,931	14,418
Income tax expense	(878)	(909)	(2,159)	(2,775)
Profit net of tax	3,399	3,766	10,772	11,643
Other comprehensive income, net of tax:				
Fair value changes on available for sale financial asset	(22)	-	(31)	-
Foreign currency translation	6,558	109	10,563	(301)
Total comprehensive income for the period	9,935	3,875	21,304	11,342
Profit attributable to:				
- Owners of the parent	3,520	3,842	11,047	11,812
- Non-controlling interest	(121)	(76)	(275)	(169)
	3,399	3,766	10,772	11,643
Total comprehensive income attributable to:				
- Owners of the parent	10,013	3,950	21,534	11,505
- Non-controlling interest	(78)	(75)	(230)	(163)
	9,935	3,875	21,304	11,342
Earnings per ordinary share (sen):				
- Basic	1.44	1.58	4.53	4.85
- 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 2014 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 2015

	Unaudited 30 September 2015 RM'000	Audited 31 December 2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	12,473	10,564
Investment properties	-	1,650
Intangible assets	1,302	1,557
Investment in an associate	11,617	-
Investment securities	3,110	-
Deferred tax assets	197	186
	<u>28,699</u>	<u>13,957</u>
Current assets		
Inventories	1,596	1,636
Amount due from contract customers	34,512	31,609
Receivables, deposits and prepayments	28,732	20,573
Tax recoverable	474	368
Cash and bank balances	35,980	50,890
	<u>101,294</u>	<u>105,076</u>
TOTAL ASSETS	129,993	119,033
EQUITY & LIABILITIES		
Equity and reserves		
Share capital	24,800	24,800
Treasury shares, at cost	(1,679)	(1,670)
Reserves	93,171	76,505
Total equity attributable to owners of the parent	116,292	99,635
Non-controlling interest	472	702
Total equity	116,764	100,337
Non-current liabilities		
Employee benefits	58	54
Provision for reinstatement cost	94	79
Deferred tax liabilities	137	118
	<u>289</u>	<u>251</u>
Current liabilities		
Amount due to contract customers	2,750	3,744
Payables and accruals	6,786	11,014
Tax payable	3,404	3,687
	<u>12,940</u>	<u>18,445</u>
Total liabilities	13,229	18,696
TOTAL EQUITY AND LIABILITIES	129,993	119,033
Net assets per share (RM)	0.478	0.409

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 2015

	-----		----- Non-distributable -----			----- Reserves -----		Total	Non-controlling interest	Total
	Share Capital	Treasury Shares	Share premium	Merger deficit	Translation reserve	Fair Value Adjustment Reserve	Distributable Retained profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
At 1 January 2015	24,800	(1,670)	4,440	(7,585)	6,382	-	73,268	99,635	702	100,337
Total comprehensive income	-	-	-	-	10,518	(31)	11,047	21,534	(230)	21,304
Share Buy-back	-	(9)	-	-	-	-	-	(9)	-	(9)
Final dividend for the financial year ended 31 December 2014	-	-	-	-	-	-	(4,868)	(4,868)	-	(4,868)
At 30 September 2015	24,800	(1,679)	4,440	(7,585)	16,900	(31)	79,447	116,292	472	116,764
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

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 2015

	Unaudited 30 September 2015 RM'000	Unaudited 30 September 2014 RM'000
Operating activities		
Profit before tax	12,931	14,418
Adjustments for non-cash items	584	509
Operating profit before changes in working capital	13,515	14,927
Changes in working capital:		
Net changes in inventories	40	(155)
Net changes in contract customers	(3,896)	363
Net changes in receivables	(8,158)	9,359
Net changes in payables	(4,210)	(480)
Cash flows from / (used in) operations	(2,709)	24,014
Interest received	427	288
Tax paid	(2,548)	(3,148)
Net cash flows from / (used in) operating activities	(4,830)	21,154
Investing activities		
Purchase of property, plant and equipment	(896)	(1,657)
Acquisition of Subsidiary	-	(1,402)
Purchase of investment securities	(2,833)	-
Investment in an associate	(11,694)	-
Net cash flows used in investing activities	(15,423)	(3,059)
Financing activities		
Fixed term deposits held as security value	(240)	415
Dividend paid	(4,868)	(4,868)
Share buy-back	(9)	(9)
Net cash flows used in financing activities	(5,117)	(4,462)
Net change in cash and cash equivalents	(25,370)	13,633
Cash and cash equivalents at 1 January	49,169	40,893
Effect of exchange rate changes on cash and cash equivalents	10,220	(294)
Cash and cash equivalents at 30 September	34,019	54,232
Analysis of cash and cash equivalents:		
Fixed deposits placed with licensed banks	11,775	36,859
Short term investments	2,301	1,605
Cash and bank balances	21,904	17,478
	35,980	55,942
Less: Fixed deposits held as security value	(1,961)	(1,710)
	34,019	54,232

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 2014.

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 2014 except for the adoption of the Amendments/Improvements to MFRSs, and New IC Interpretations that are applicable to the Group effective 1 January 2015. 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 2014 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 4,623,400 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 2014 amounting to RM4,867,532 was paid on 28 May 2015.

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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	Singapore	Indonesia	Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue:						
External customers	23,395	61,445	21	-	-	84,861
Inter-segment	1,095	36	-	-	(1,131)	-
Total revenue	24,490	61,481	21	-	(1,131)	84,861
Results:						
Interest income	134	222	39	32	-	427
Depreciation	598	386	10	-	-	994
Amortisation of intangible asset	-	-	-	-	255	255
Income tax expense	88	2,071	-	-	-	2,159
Segment profit/(loss)	2,069	14,171	(192)	(52)	(3,065)	12,931

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 2014.

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) On 27 March 2015, Willowglen Services Pte Ltd, a wholly owned subsidiary of the Company had incorporated Willowglen Asia Pte. Limited with an issued and paid-up share capital of HK\$1.00.
- (ii) On 30 March 2015, Willowglen Services Pte Ltd had incorporated WLG Solutions Pte. Ltd. with an issued and paid-up share capital of SGD1.00.
- (iii) On 25 June 2015, Willowglen Asia Pte. Limited had entered into the Share Subscription Agreement and Unanimous Shareholder Agreement to subscribe 1,960 Class A Shares of CAD0.01 per share and 4,799,929 Class D Shares of CAD0.807700072 per share in Willowglen Systems Inc. for a total consideration of CAD3,876,922.60. The share subscription exercise was completed on 8 July 2015.

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 2014.

A12 Capital commitments

There were no material capital commitments as at 30 September 2015.

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ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

B1 Review of performance

Revenue for the current quarter increased by 6.17% to RM25.41 million from RM23.93 million achieved in the corresponding quarter in 2014. Profit before tax reduced to RM4.28 million compared to RM4.68 million recorded in the preceding year corresponding quarter.

For the 9 months ended 30 September 2015, the Group's revenue increased by 16.63% to RM84.86 million from RM72.76 million achieved in the same period of 2014. Profit before tax reduced to RM12.93 million from RM14.42 million in the corresponding period of the last financial year. The lower profit before taxation is mainly due to lower margins and higher R&D expenses.

The Group's main markets continue to be Singapore and Malaysia. The Singapore operations contributed 72.41% of the Group's revenue with the balance coming from Malaysia. The turnover from Singapore and Malaysia operations has increased by 7.02% and 52.61% respectively compared to the corresponding period of 2014. The Indonesia operations are focusing in providing SCADA and security solutions to the data centers, utilities and oil and gas market.

B2 Material change in results against preceding quarter

	Current Quarter 30/09/2015 RM'000	Preceding Quarter 30/06/2015 RM'000
Revenue	25,405	28,230
Profit before tax	4,277	4,223

For the current quarter, the Group recorded lower revenue of RM25.41 million compared to RM28.23 million recorded in the preceding quarter. The profit before tax increased to RM4.28 million from RM4.22 million recorded in the last quarter.

B3 Current year prospects

The SCADA market continues to be competitive. However, 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 30/09/2015 RM'000	9 months ended 30/09/2015 RM'000
Current Taxation	878	2,290
Adjustment for under/(over) provisions in previous years	-	(131)
Transfer to/(from) deferred taxation	-	-
	878	2,159

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 2015.

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% per share for the financial year ended 31 December 2014 amounting to RM4,867,532 was paid on 28 May 2015.

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 2015		9 months ended 30 September 2015	
	2015	2014	2015	2014
Net profit attributable to equity holders of the Company (RM'000)	3,520	3,842	11,047	11,812
Weighted average number of ordinary shares in issue during the period ('000)	243,377	243,397	243,381	243,401
Basic earnings per ordinary share (sen)	1.44	1.58	4.53	4.85
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 30/09/2015 RM'000	9 months ended 30/09/2015 RM'000
Depreciation of property, plant and equipment	350	994
Provision for and write off of inventories	5	5
Foreign exchange loss	102	188
Provision for and write off of receivables	41	41
Interest expense	N/A	N/A
Impairment of assets	N/A	N/A
Exceptional items	N/A	N/A
And crediting:-		
Interest income	124	427
Other income including investment income	13	36
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 2015 RM'000	As at 30 September 2014 RM'000
Total retained profits of the Group and its subsidiaries		
- Realised	78,658	67,214
- Unrealised	746	721
Less: Consolidation adjustments	43	(269)
Total retained profits	79,447	67,666

By order of the Board
WILLOWGLEN MSC BERHAD

WONG AH CHIEW
Group Managing Director