

WILLOWGLEN MSC BERHAD (Company No. 462648-V)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended 31 March 2016

	3 months ended 31 March		3 months ended 31 March	
	Unaudited 2016 RM'000	Unaudited 2015 RM'000	Unaudited 2016 RM'000	Unaudited 2015 RM'000
Revenue	25,713	31,226	25,713	31,226
Operating expenses	(23,115)	(27,428)	(23,115)	(27,428)
Other operating income	560	633	560	633
Share of results of associate, net of tax	(314)	-	(314)	-
Profit before tax	2,844	4,431	2,844	4,431
Income tax expense	(303)	(601)	(303)	(601)
Profit net of tax	2,541	3,830	2,541	3,830
Other comprehensive income, net of tax:				
Fair value changes on available for sale financial asset	23	-	23	-
Foreign currency translation	(3,007)	1,261	(3,007)	1,261
Total comprehensive income for the period	(443)	5,091	(443)	5,091
Profit attributable to:				
- Owners of the parent	2,602	3,918	2,602	3,918
- Non-controlling interest	(61)	(88)	(61)	(88)
	2,541	3,830	2,541	3,830
Total comprehensive income attributable to:				
- Owners of the parent	(374)	5,177	(374)	5,177
- Non-controlling interest	(69)	(86)	(69)	(86)
	(443)	5,091	(443)	5,091
Earnings per ordinary share (sen):				
- Basic	1.07	1.61	1.07	1.61
- 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 2015 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 2016

	Unaudited 31 March 2016 RM'000	Audited 31 December 2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	12,129	12,229
Investment in an associate	12,983	13,296
Investment securities	2,917	3,026
Deferred tax assets	191	199
	<u>28,220</u>	<u>28,750</u>
Current assets		
Inventories	1,230	1,381
Amount due from contract customers	32,009	35,350
Receivables, deposits and prepayments	24,661	29,782
Tax recoverable	205	245
Cash and bank balances	44,994	43,886
	<u>103,099</u>	<u>110,644</u>
TOTAL ASSETS	131,319	139,394
EQUITY & LIABILITIES		
Equity and reserves		
Share capital	24,800	24,800
Treasury shares, at cost	(1,694)	(1,694)
Reserves	98,107	98,481
Total equity attributable to owners of the parent	121,213	121,587
Non-controlling interest	69	138
Total equity	121,282	121,725
Non-current liabilities		
Employee benefits	69	72
Provision for reinstatement cost	87	91
Deferred tax liabilities	110	115
	<u>266</u>	<u>278</u>
Current liabilities		
Amount due to contract customers	2,031	1,957
Payables and accruals	4,460	11,741
Tax payable	3,280	3,693
	<u>9,771</u>	<u>17,391</u>
Total liabilities	10,037	17,669
TOTAL EQUITY AND LIABILITIES	131,319	139,394
Net assets per share (RM)	0.50	0.50

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 2016

	-----		----- Non-distributable -----			----- Reserves -----		Total RM'000	Non- controlling interest RM'000	Total RM'000
	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 2016	24,800	(1,694)	4,440	(7,585)	15,168	(32)	86,490	121,587	138	121,725
Total comprehensive income	-	-	-	-	(2,999)	23	2,602	(374)	(69)	(443)
At 31 March 2016	24,800	(1,694)	4,440	(7,585)	12,169	(9)	89,092	121,213	69	121,282
At 1 January 2015	24,800	(1,670)	4,440	(7,585)	6,382	-	73,268	99,635	702	100,337
Total comprehensive income	-	-	-	-	1,259	-	3,918	5,177	(86)	5,091
At 31 March 2015	24,800	(1,670)	4,440	(7,585)	7,641	-	77,186	104,812	616	105,428

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 2016

	Unaudited 31 March 2016 RM'000	Unaudited 31 March 2015 RM'000
Operating activities		
Profit before tax	2,844	4,431
Adjustments for non-cash items	566	157
Operating profit before changes in working capital	3,410	4,588
Changes in working capital:		
Net changes in inventories	151	93
Net changes in contract customers	3,415	(3,190)
Net changes in receivables	5,121	(1,319)
Net changes in payables	(7,289)	(1,827)
Cash flows from / (used in) operations	4,808	(1,655)
Interest received	145	115
Tax paid	(676)	(639)
Net cash flows from / (used in) operating activities	4,277	(2,179)
Investing activities		
Purchase of property, plant and equipment	(375)	(143)
Net cash flows used in investing activities	(375)	(143)
Financing activities		
Fixed term deposits held as security value	(26)	(23)
Net cash flows used in financing activities	(26)	(23)
Net changes in cash and cash equivalents	3,876	(2,345)
Cash and cash equivalents at 1 January	41,916	49,169
Effect of exchange rate changes on cash and cash equivalents	(2,794)	1,385
Cash and cash equivalents at 31 March	42,998	48,209
Analysis of cash and cash equivalents:		
Fixed deposits placed with licensed banks	24,012	31,576
Short term investments	799	511
Cash and bank balances	20,183	17,866
	44,994	49,953
Less: Fixed deposits held as security value	(1,996)	(1,744)
	42,998	48,209

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 2015.

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 2015 except for the adoption of the New MFRSs and Amendments/Improvements to MFRSs that are applicable to the Group effective 1 January 2016. The adoption of these MFRSs 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 2015 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 4,643,400 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 2016.

The proposed final tax exempt dividend of 20% for the financial year ended 31 December 2015 has been approved by the shareholders at the Eighteenth Annual General Meeting. The entitlement and payment dates for the dividend of 20% tax exempt (2014: 20% tax exempt) will be on 16 May 2016 and 26 May 2016 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	Singapore	Indonesia	Others	Adjustments & Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue:						
External customers	8,088	17,612	13	-	-	25,713
Inter-segment	329	-	-	-	(329)	-
Total revenue	8,417	17,612	13	-	(329)	25,713
Results:						
Interest income	32	84	-	29	-	145
Depreciation	245	149	3	-	-	397
Income tax expense	-	303	-	-	-	303
Share of results of associate	-	-	-	-	(314)	(314)
Segment profit/(loss)	(464)	3,688	(93)	27	(314)	2,844

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 2015.

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 quarter.

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 2015.

A12 Capital commitments

There were no material capital commitments as at 31 March 2016.

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ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

B1 Review of performance

Revenue for the current quarter reduced by 17.66% to RM25.71 million from RM31.23 million achieved in the corresponding quarter of 2015. Profit before tax reduced to RM2.84 million compared to RM4.43 million recorded in the preceding year corresponding quarter. The lower profit before taxation is mainly due to lower turnover and higher manpower cost.

The Group's main markets continue to be Singapore and Malaysia. The Singapore and Malaysia operations contributed to 68% and 32% of the Group's revenue respectively. In Canada, the financial performance did not roll out as expected due to the delay in the implementation of projects. We are putting in extra efforts to promote and seek business opportunities to develop our brand name and market in Indonesia.

B2 Material change in results against preceding quarter

	Current Quarter 31/03/2016 RM'000	Preceding Quarter 31/12/2015 RM'000
Revenue	25,713	34,407
Profit before tax	2,844	8,138

For the current quarter, the Group recorded lower revenue of RM25.71 million compared to RM34.41 million recorded in the preceding quarter. The profit before tax reduced to RM2.84 million from RM8.14 million recorded in the last quarter. The decrease in profit before tax is mainly due to lower turnover and higher manpower cost.

B3 Current year prospects

The Group will continue to capitalize on its core competencies in providing total SCADA and security solutions. Other than focusing in securing jobs in the traditional industries, we are also actively pursuing projects in new industries such as power substation monitoring, hospital monitoring systems and renewable energy monitoring. With the current projects at hand, the financial results of the Group 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 31/03/2016 RM'000	3 months ended 31/03/2015 RM'000
Current Taxation	303	303
Adjustment for under/(over) provisions in previous years	-	-
Transfer to/(from) deferred taxation	-	-
	303	303

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 31 March 2016.

B8 Changes in Material Litigation

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

B9 Dividends

The proposed final tax exempt dividend of 20% for the financial year ended 31 December 2015 has been approved by the shareholders at the Eighteenth Annual General Meeting. The entitlement and payment dates for the dividend of 20% tax exempt (2014: 20% tax exempt) will be on 16 May 2016 and 26 May 2016 respectively.

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	
	2016	2015	2016	2015
Net profit attributable to equity holders of the Company (RM'000)	2,602	3,918	2,602	3,918
Weighted average number of ordinary shares in issue during the period ('000)	243,357	243,387	243,357	243,387
Basic earnings per ordinary share (sen)	1.07	1.61	1.07	1.61
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

	3 months ended 31/03/2016 RM'000	3 months ended 31/03/2016 RM'000
Operating profit has been arrived at after charging:-		
Depreciation of property, plant and equipment	397	397
Provision for and write off of inventories	-	-
Foreign exchange loss	191	191
Provision for and write off of receivables	-	-
Interest expense	N/A	N/A
Exceptional items	N/A	N/A
And crediting:-		
Interest income	145	145
Other income including investment income	6	6
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 31 March 2016 RM'000	As at 31 March 2015 RM'000
Total retained profits of the Group and its subsidiaries		
- Realised	89,172	76,542
- Unrealised	326	676
Less: Consolidation adjustments	(406)	(32)
Total retained profits	89,092	77,186

By order of the Board
WILLOWGLEN MSC BERHAD

WONG AH CHIEW
Group Managing Director