

WILLOWGLEN MSC BERHAD (Company No. 462648-V)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended 30 September 2016

	3 months ended 30 September		9 months ended 30 September	
	Unaudited 2016 RM'000	Unaudited 2015 RM'000	Unaudited 2016 RM'000	Unaudited 2015 RM'000
Revenue	29,405	25,405	87,888	84,861
Operating expenses	(24,700)	(21,434)	(75,740)	(73,205)
Other operating income	134	383	1,080	1,352
Share of results of associate, net of tax	(228)	(77)	436	(77)
Profit before tax	4,611	4,277	13,664	12,931
Income tax expense	(880)	(878)	(2,422)	(2,159)
Profit net of tax	3,731	3,399	11,242	10,772
Other comprehensive income, net of tax:				
Fair value changes on available for sale financial asset	29	(22)	91	(31)
Foreign currency translation	1,262	6,558	(19)	10,563
Total comprehensive income for the period	5,022	9,935	11,314	21,304
Profit attributable to:				
- Owners of the parent	3,771	3,520	11,390	11,047
- Non-controlling interest	(40)	(121)	(148)	(275)
	3,731	3,399	11,242	10,772
Total comprehensive income attributable to:				
- Owners of the parent	5,056	10,013	11,458	21,534
- Non-controlling interest	(34)	(78)	(144)	(230)
	5,022	9,935	11,314	21,304
Earnings per ordinary share (sen):				
- Basic	1.55	1.44	4.68	4.53
- 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 30 September 2016

	Unaudited 30 September 2016 RM'000	Audited 31 December 2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	11,716	12,229
Investment in associates	13,882	13,296
Investment securities	5,432	3,026
Deferred tax assets	206	199
	<u>31,236</u>	<u>28,750</u>
Current assets		
Inventories	1,655	1,381
Amount due from contract customers	34,576	35,350
Receivables, deposits and prepayments	29,045	29,782
Tax recoverable	133	245
Cash and bank balances	45,706	43,886
	<u>111,115</u>	<u>110,644</u>
TOTAL ASSETS	142,351	139,394
EQUITY & LIABILITIES		
Equity and reserves		
Share capital	24,800	24,800
Treasury shares, at cost	(1,714)	(1,694)
Reserves	105,072	98,481
Total equity attributable to owners of the parent	128,158	121,587
Non-controlling interest	(6)	138
Total equity	128,152	121,725
Non-current liabilities		
Employee benefits	74	72
Provision for reinstatement cost	91	91
Deferred tax liabilities	115	115
	<u>280</u>	<u>278</u>
Current liabilities		
Amount due to contract customers	1,193	1,957
Payables and accruals	9,765	11,741
Tax payable	2,961	3,693
	<u>13,919</u>	<u>17,391</u>
Total liabilities	14,199	17,669
TOTAL EQUITY AND LIABILITIES	142,351	139,394
Net assets per share (RM)	0.53	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 30 September 2016

	-----		----- 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 2016	24,800	(1,694)	4,440	(7,585)	15,168	(32)	86,490	121,587	138	121,725
Total comprehensive income	-	-	-	-	(23)	91	11,390	11,458	(144)	11,314
Share Buy-back	-	(20)	-	-	-	-	-	(20)	-	(20)
Final dividend for the financial year ended 31 December 2015	-	-	-	-	-	-	(4,867)	(4,867)	-	(4,867)
At 30 September 2016	24,800	(1,714)	4,440	(7,585)	15,145	59	93,013	128,158	(6)	128,152
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

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 30 September 2016

	Unaudited 30 September 2016 RM'000	Unaudited 30 September 2015 RM'000
Operating activities		
Profit before tax	13,664	12,931
Adjustments for non-cash items	320	584
Operating profit before changes in working capital	13,984	13,515
Changes in working capital:		
Net changes in inventories	(274)	40
Net changes in contract customers	9	(3,896)
Net changes in receivables	737	(8,158)
Net changes in payables	(1,974)	(4,210)
Cash flows from operations	12,482	(2,709)
Interest received	437	427
Tax paid	(3,042)	(2,548)
Net cash flows from operating activities	9,877	(4,830)
Investing activities		
Purchase of property, plant and equipment	(685)	(896)
Purchase of investment securities	(2,405)	(2,833)
Investment in associate	(150)	(11,694)
Net cash flows used in investing activities	(3,240)	(15,423)
Financing activities		
Fixed term deposits held as security value	(13)	(240)
Dividend paid	(4,867)	(4,868)
Share buy-back	(20)	(9)
Net cash flows used in financing activities	(4,900)	(5,117)
Net changes in cash and cash equivalents	1,737	(25,370)
Cash and cash equivalents at 1 January	41,916	49,169
Effect of exchange rate changes on cash and cash equivalents	70	10,220
Cash and cash equivalents at 30 September	43,723	34,019
Analysis of cash and cash equivalents:		
Fixed deposits placed with licensed banks	14,147	11,775
Short term investments	805	2,301
Cash and bank balances	30,754	21,904
	45,706	35,980
Less: Fixed deposits held as security value	(1,983)	(1,961)
	43,723	34,019

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.

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 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 4,673,400 shares were held as treasury shares.

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities during the current financial year to date.

A6 Dividends paid

No dividend was paid during the current quarter.

The first and final tax exempt dividend of 20% per share for the financial year ended 31 December 2015 amounting to RM4,866,532 was paid on 26 May 2016.

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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	Others RM'000	Adjustments & Eliminations RM'000	Consolidated RM'000
Revenue:						
External customers	30,901	56,886	101	-	-	87,888
Inter-segment	1,099	125	-	-	(1,224)	-
Total revenue	32,000	57,011	101	-	(1,224)	87,888
Results:						
Interest income	85	232	4	116	-	437
Depreciation	730	457	7	-	-	1,194
Income tax expense	480	1,942	-	-	-	2,422
Share of results of associate	-	-	-	-	436	436
Segment profit/(loss)	999	12,423	(242)	48	436	13,664

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 financial year to date except for:

- (i) On 1 July 2016, WLG Solutions Pte. Ltd, an indirect wholly-owned subsidiary of the Company had incorporated Willowglen Vietnam Co., Ltd with a paid-up capital of USD100,000.00.
- (ii) On 15 September 2016, the Company and Secura Group Limited have jointly incorporated Secura Malaysia Sdn Bhd with an issued and paid-up share capital of RM300,000.00.

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 30 September 2016.

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 15.74% to RM29.41 million from RM25.41 million achieved in the corresponding quarter in 2015. Profit before tax increased to RM4.61 million compared to RM4.28 million recorded in the preceding year corresponding quarter.

For the 9 months ended 30 September 2016, the Group's revenue increased by 3.57% to RM87.89 million from RM84.86 million achieved in the corresponding period of 2015. Profit before tax increased to RM13.66 million from RM12.93 million recorded in the corresponding period of last financial year. The higher profit before taxation is mainly due to higher turnover.

The turnover from Malaysia operations has increased by 32.08% compared to the corresponding period of 2015 whereas the turnover of the Singapore operations has reduced by 7.42% despite the increase in outstanding order book. This is mainly due to the delay in the implementation of projects. We are currently re-strategising our business strategy and operations in Indonesia and we hope Indonesia operations will contribute to the bottom line of the Group next financial year.

B2 Material change in results against preceding quarter

	Current Quarter 30/09/2016 RM'000	Preceding Quarter 30/06/2016 RM'000
Revenue	29,405	32,770
Profit before tax	4,611	6,209

For the current quarter, the Group recorded lower revenue of RM29.41 million compared to RM32.77 million recorded in the preceding quarter. The profit before tax reduced to RM4.61 million from RM6.21 million recorded in the last quarter. The decrease in profit before tax is mainly due to lower turnover and losses incurred by our associate company in Canada.

B3 Current year prospects

Margin squeeze due to intense competition and cost pressures are the main challenges of the Group. With the current projects at hand, the financial results of the Group for the fourth quarter is expected to be satisfactory.

B4 Progress and steps to achieve financial estimate, forecast, projection and internal targets previously announced

There was no financial forecast previously announced by the Group.

B5 Statement of the Board of Directors' opinion on achievability of financial estimate, forecast, projection and internal targets previously announced

Not applicable

B6 Variance of actual profit from financial estimate, forecast profit or shortfall of profit guarantee

Not applicable.

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B7 Income tax expense

	3 months ended 30/09/2016 RM'000	9 months ended 30/09/2016 RM'000
Current Taxation	880	2,422
Adjustment for under/(over) provisions in previous years	-	-
Transfer to/(from) deferred taxation	-	-
	880	2,422

The tax charge relates to tax on profits of an overseas subsidiary which is subject to a lower tax rate.

B8 Status of corporate proposal announced

There were no corporate proposals announced but not completed at the date of this announcement.

B9 Group borrowings and debt securities

There were no group borrowings and debt securities outstanding as at 30 September 2016.

B10 Changes in Material Litigation

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

B11 Proposed Dividend

No dividend was declared for the period to date.

B12 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		9 months ended 30 September	
	2016	2015	2016	2015
Net profit attributable to equity holders of the Company (RM'000)	3,771	3,520	11,390	11,047
Weighted average number of ordinary shares in issue during the period ('000)	243,327	243,377	243,340	243,381
Basic earnings per ordinary share (sen)	1.55	1.44	4.68	4.53
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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B13 Operating profit

	3 months ended 30/09/2016 RM'000	9 months ended 30/09/2016 RM'000
Operating profit has been arrived at after charging:-		
Depreciation of property, plant and equipment	403	1,194
Provision for and write off of inventories	-	-
Foreign exchange loss	(71)	87
Provision for and write off of receivables	-	-
Interest expense	N/A	N/A
Exceptional items	N/A	N/A
And crediting:-		
Interest income	152	437
Other income including investment income	2	14
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

B14 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 2016 RM'000	As at 30 September 2015 RM'000
Total retained profits of the Group and its subsidiaries		
- Realised	93,667	78,658
- Unrealised	589	746
Less: Consolidation adjustments	(1,243)	43
Total retained profits	93,013	79,447

By order of the Board
WILLOWGLEN MSC BERHAD

WONG AH CHIEW
Group Managing Director