

WILLOWGLEN MSC BERHAD (Company No. 462648-V)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended 31 December 2016

	3 months ended 31 December		12 months ended 31 December	
	Unaudited 2016 RM'000	Unaudited 2015 RM'000	Unaudited 2016 RM'000	Unaudited 2015 RM'000
Revenue	44,112	34,407	132,000	119,268
Operating expenses	(36,223)	(28,286)	(111,963)	(101,491)
Other operating income	489	1,698	1,569	3,050
Share of results of associate, net of tax	(183)	319	253	242
Profit before tax	8,195	8,138	21,859	21,069
Income tax expense	(1,488)	(1,405)	(3,910)	(3,564)
Profit net of tax	6,707	6,733	17,949	17,505
Other comprehensive income, net of tax:				
Fair value changes on available for sale financial asset	(30)	(1)	61	(32)
Foreign currency translation	1,586	(1,756)	1,567	8,807
Total comprehensive income for the period	8,263	4,976	19,577	26,280
Profit attributable to:				
- Owners of the parent	6,889	7,043	18,279	18,090
- Non-controlling interest	(182)	(310)	(330)	(585)
	6,707	6,733	17,949	17,505
Total comprehensive income attributable to:				
- Owners of the parent	8,449	5,310	19,907	26,844
- Non-controlling interest	(186)	(334)	(330)	(564)
	8,263	4,976	19,577	26,280
Earnings per ordinary share (sen):				
- Basic	2.83	2.90	7.51	7.43
- 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 December 2016

	Unaudited 31 December 2016 RM'000	Audited 31 December 2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	11,549	12,229
Investment in associates	13,699	13,296
Investment securities	5,516	3,026
Deferred tax assets	-	199
	<u>30,764</u>	<u>28,750</u>
Current assets		
Inventories	1,248	1,381
Amount due from contract customers	47,236	35,350
Receivables, deposits and prepayments	36,900	29,782
Tax recoverable	139	245
Cash and bank balances	41,027	43,886
	<u>126,550</u>	<u>110,644</u>
TOTAL ASSETS	157,314	139,394
EQUITY & LIABILITIES		
Equity and reserves		
Share capital	24,800	24,800
Treasury shares, at cost	(1,714)	(1,694)
Reserves	113,521	98,481
Total equity attributable to owners of the parent	136,607	121,587
Non-controlling interest	(192)	138
Total equity	136,415	121,725
Non-current liabilities		
Employee benefits	60	72
Provision for reinstatement cost	93	91
Deferred tax liabilities	118	115
	<u>271</u>	<u>278</u>
Current liabilities		
Amount due to contract customers	3,639	1,957
Payables and accruals	13,448	11,741
Tax payable	3,541	3,693
	<u>20,628</u>	<u>17,391</u>
Total liabilities	20,899	17,669
TOTAL EQUITY AND LIABILITIES	157,314	139,394
Net assets per share (RM)	0.56	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 December 2016

	Non-distributable		Reserves			Fair Value Adjustment Reserve	Distributable Retained profits	Total	Non-controlling interest	Total
	Share Capital	Treasury Shares	Share premium	Merger deficit	Translation reserve					
	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	-	-	-	-	1,567	61	18,279	19,907	(330)	19,577
Share Buy-back	-	(20)	-	-	-	-	-	(20)	-	(20)
Final dividend for the financial year ended 31 December 2015	-	-	-	-	-	-	(4,867)	(4,867)	-	(4,867)
At 31 December 2016	24,800	(1,714)	4,440	(7,585)	16,735	29	99,902	136,607	(192)	136,415
At 1 January 2015	24,800	(1,670)	4,440	(7,585)	6,382	-	73,268	99,635	702	100,337
Total comprehensive income	-	-	-	-	8,786	(32)	18,090	26,844	(564)	26,280
Share Buy-back	-	(24)	-	-	-	-	-	(24)	-	(24)
Final dividend for the financial year ended 31 December 2014	-	-	-	-	-	-	(4,868)	(4,868)	-	(4,868)
At 31 December 2015	24,800	(1,694)	4,440	(7,585)	15,168	(32)	86,490	121,587	138	121,725

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 December 2016

	Unaudited 31 December 2016 RM'000	Unaudited 31 December 2015 RM'000
Operating activities		
Profit before tax	21,859	21,069
Adjustments for non-cash items	601	297
Operating profit before changes in working capital	22,460	21,366
Changes in working capital:		
Net changes in inventories	57	255
Net changes in contract customers	(10,204)	(5,528)
Net changes in receivables	(7,373)	(9,250)
Net changes in payables	1,697	757
Cash flows from operations	6,637	7,600
Interest received	631	549
Tax paid	(3,806)	(3,451)
Net cash flows from operating activities	3,462	4,698
Investing activities		
Purchase of property, plant and equipment	(957)	(1,301)
Purchase of investment securities	(2,250)	(2,833)
Investment in associate	(150)	(11,695)
Net cash flows used in investing activities	(3,357)	(15,829)
Financing activities		
Fixed term deposits held as security value	(23)	(249)
Dividend paid	(4,867)	(4,868)
Share buy-back	(20)	(24)
Net cash flows used in financing activities	(4,910)	(5,141)
Net changes in cash and cash equivalents	(4,805)	(16,272)
Cash and cash equivalents at 1 January	41,916	49,169
Effect of exchange rate changes on cash and cash equivalents	1,923	9,019
Cash and cash equivalents at 31 December	39,034	41,916
Analysis of cash and cash equivalents:		
Fixed deposits placed with licensed banks	15,987	24,143
Short term investments	2,035	105
Cash and bank balances	23,005	19,638
	41,027	43,886
Less: Fixed deposits held as security value	(1,993)	(1,970)
	39,034	41,916

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 4,673,400 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	41,841	89,633	526	-	-	132,000
Inter-segment	1,713	413	-	-	(2,126)	-
Total revenue	43,554	90,046	526	-	(2,126)	132,000
Results:						
Interest income	125	331	4	171	-	631
Depreciation	967	621	9	-	-	1,597
Income tax expense	631	3,078	201	-	-	3,910
Share of results of associate	-	-	-	-	253	253
Segment profit/(loss)	11,143	20,763	(373)	80	(9,754)	21,859

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 31 December 2016.

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ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

B1 Review of performance

Revenue for the current quarter increased by 28.21% to RM44.11 million from RM34.41 million achieved in the preceding year corresponding quarter. Profit before tax increased to RM8.20 million compared to RM8.14 million recorded in the preceding year corresponding quarter.

For the 12 months ended 31 December 2016, the Group's revenue increased by 10.68% to RM132.00 million from RM119.27 million achieved in 2015. Profit before tax increased to RM21.86 million from RM21.07 million recorded in the last financial year. The higher profit before taxation is mainly due to higher turnover.

The turnover from Malaysia and Singapore operations has increased by 21.17% and 6.26% respectively compared to 2015. The Malaysia operations contributed 31.70% of the Group's revenue with the balance coming from Singapore. The Indonesia operations did not perform well in the current financial year and with a new management team we hope the performance of the Indonesia operations will improve and contribute to the bottom line of the Group next financial year.

B2 Material change in results against preceding quarter

	Current Quarter 31/12/2016 RM'000	Preceding Quarter 30/09/2016 RM'000
Revenue	44,112	29,405
Profit before tax	8,195	4,611

For the current quarter, the Group recorded higher revenue of RM44.11 million compared to RM29.41 million recorded in the preceding quarter. The profit before tax increased to RM8.20 million from RM4.61 million recorded in the last quarter. The increase in profit before tax is mainly due to higher turnover.

B3 Prospects for 2017

The business environment for SCADA and IMS market will remain challenging in 2017 due to intense competition and cost pressures. With the current projects at hand, the financial results of the Group 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.

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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.

B7 Income tax expense

	3 months ended 31/12/2016 RM'000	12 months ended 31/12/2016 RM'000
Current Taxation	1,480	3,902
Adjustment for under/(over) provisions in previous years	(194)	(194)
Transfer to/(from) deferred taxation	202	202
	<hr/> 1,488	<hr/> 3,910

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 31 December 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

A final single-tier dividend of 2 sen per ordinary share is proposed for the financial year ended 31 December 2016 for shareholders' approval at the forthcoming Annual General Meeting of the Company. The entitlement and payment dates for the dividend will be on 15 May 2017 and 31 May 2017 respectively.

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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 31 December		12 months ended 31 December	
	2016	2015	2016	2015
Net profit attributable to equity holders of the Company (RM'000)	6,889	7,043	18,279	18,090
Weighted average number of ordinary shares in issue during the period ('000)	243,327	243,368	243,336	243,378
Basic earnings per ordinary share (sen)	2.83	2.90	7.51	7.43
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.

B13 Operating profit

	3 months ended 31/12/2016 RM'000	12 months ended 31/12/2016 RM'000
Operating profit has been arrived at after charging:-		
Depreciation of property, plant and equipment	403	1,597
Provision for and write off of inventories	76	76
Foreign exchange loss	(4)	83
Provision for and write off of receivables	255	255
Interest expense	N/A	N/A
Exceptional items	N/A	N/A
And crediting:-		
Interest income	194	631
Other income including investment income	-	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

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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 31 December 2016 RM'000	As at 31 December 2015 RM'000
Total retained earnings of the Group and its subsidiaries		
- Realised	102,511	85,903
- Unrealised	(476)	1,004
Total share of retained earnings from associates		
- Realised	618	411
- Unrealised	(123)	(169)
	102,530	87,149
Less: Consolidation Adjustments	(2,628)	(659)
Total Retained Earnings	99,902	86,490

By order of the Board
WILLOWGLEN MSC BERHAD

WONG AH CHIEW
Group Managing Director