

# WILLOWGLEN MSC BERHAD (Company No. 462648-V)

## CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended 31 December 2017

	3 months ended 31 December		12 months ended 31 December	
	Unaudited 2017 RM'000	Unaudited 2016 RM'000	Unaudited 2017 RM'000	Audited 2016 RM'000
Revenue	45,121	44,112	155,385	132,000
Operating expenses	(40,911)	(36,223)	(134,222)	(111,963)
Other operating income	489	489	1,144	1,569
Share of results of associate, net of tax	932	(183)	318	253
Profit before tax	5,631	8,195	22,625	21,859
Income tax expense	(742)	(1,488)	(3,965)	(3,910)
<b>Profit net of tax</b>	<b>4,889</b>	<b>6,707</b>	<b>18,660</b>	<b>17,949</b>
Other comprehensive income, net of tax:				
Fair value changes on available for sale financial assets	(65)	(30)	55	61
Foreign currency translation	(2,198)	1,586	(2,150)	1,567
<b>Total comprehensive income for the period</b>	<b>2,626</b>	<b>8,263</b>	<b>16,565</b>	<b>19,577</b>
Profit attributable to:				
- Owners of the parent	4,806	6,889	18,717	18,279
- Non-controlling interest	83	(182)	(57)	(330)
	<b>4,889</b>	<b>6,707</b>	<b>18,660</b>	<b>17,949</b>
Total comprehensive income attributable to:				
- Owners of the parent	2,573	8,449	16,686	19,907
- Non-controlling interest	53	(186)	(121)	(330)
	<b>2,626</b>	<b>8,263</b>	<b>16,565</b>	<b>19,577</b>
Earnings per ordinary share (sen):				
- Basic	1.97	2.83	7.69	7.51
- 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 2016 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 2017

	Unaudited 31 December 2017 RM'000	Audited 31 December 2016 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	15,639	11,549
Investment in associates	14,018	13,699
Investment securities	7,007	5,516
Other receivables	1,927	-
	<u>38,591</u>	<u>30,764</u>
<b>Current assets</b>		
Inventories	5,314	1,248
Amount due from contract customers	58,089	47,236
Receivables and other receivables	46,177	36,900
Tax recoverable	484	139
Cash and bank balances	30,737	41,027
	<u>140,801</u>	<u>126,550</u>
<b>TOTAL ASSETS</b>	<b>179,392</b>	<b>157,314</b>
<b>EQUITY &amp; LIABILITIES</b>		
<b>Equity and reserves</b>		
Share capital	29,240	24,800
Share premium	-	4,440
Treasury shares, at cost	(1,714)	(1,714)
Reserves	120,900	109,081
<b>Total equity attributable to owners of the parent</b>	<b>148,426</b>	<b>136,607</b>
Non-controlling interest	387	(192)
<b>Total equity</b>	<b>148,813</b>	<b>136,415</b>
<b>Non-current liabilities</b>		
Employee benefits	41	60
Provision for reinstatement cost	760	93
Deferred tax liabilities	115	118
	<u>916</u>	<u>271</u>
<b>Current liabilities</b>		
Amount due to contract customers	6,665	3,639
Provisions	442	577
Payables and other payables	18,694	12,871
Tax payable	3,862	3,541
	<u>29,663</u>	<u>20,628</u>
<b>Total liabilities</b>	<b>30,579</b>	<b>20,899</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>179,392</b>	<b>157,314</b>
Net assets per share (RM)	0.61	0.56

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 2017

	----- 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			
<b>At 1 January 2017</b>	24,800	(1,714)	4,440	(7,585)	16,735	29	99,902	136,607	(192)	136,415
<b>Reclassification pursuant to S618(2) of Companies Act 2016 (Note 1)</b>	4,440	-	(4,440)	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-	(2,086)	55	18,717	16,686	(121)	16,565
<b>Arising from increase in share capital in subsidiary</b>	-	-	-	-	-	-	-	-	700	700
<b>Final dividend for the financial year ended 31 December 2016</b>	-	-	-	-	-	-	(4,867)	(4,867)	-	(4,867)
<b>At 31 December 2017</b>	29,240	(1,714)	-	(7,585)	14,649	84	113,752	148,426	387	148,813
<b>At 1 January 2016</b>	24,800	(1,694)	4,440	(7,585)	15,168	(32)	86,490	121,587	138	121,725
<b>Total comprehensive income</b>	-	-	-	-	1,567	61	18,279	19,907	(330)	19,577
<b>Share Buy-back</b>	-	(20)	-	-	-	-	-	(20)	-	(20)
<b>Final dividend for the financial year ended 31 December 2015</b>	-	-	-	-	-	-	(4,867)	(4,867)	-	(4,867)
<b>At 31 December 2016</b>	24,800	(1,714)	4,440	(7,585)	16,735	29	99,902	136,607	(192)	136,415

### Note 1:

Pursuant to the Companies Act 2016 (“CA2016”) which came into effect on 31 January 2017, the credit amounts in the share premium account has been transferred to the share capital account. The Group may exercise its right to use the credit amounts transferred from the share premium account within 24 months after the commencement of the CA2016.

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 2017

	Unaudited 31 December 2017 RM'000	Audited 31 December 2016 RM'000
<b>Operating activities</b>		
Profit before tax	22,625	21,859
Adjustments for non-cash items	1,245	601
<b>Operating profit before changes in working capital</b>	23,870	22,460
Changes in working capital:		
Net changes in inventories	(4,012)	57
Net changes in contract customers	(7,827)	(10,204)
Net changes in receivables	(11,582)	(7,373)
Net changes in payables	6,336	1,697
<b>Cash flows from operations</b>	6,785	6,637
Interest received	679	631
Tax paid	(3,933)	(3,806)
<b>Net cash flows from operations</b>	3,531	3,462
<b>Investing activities</b>		
Purchase of property, plant and equipment	(6,134)	(957)
Purchase of investment securities	(2,401)	(2,250)
Proceeds from disposal of investment securities	792	-
Acquisition of associate	-	(150)
Changes in pledged deposits	528	(23)
<b>Net cash flows used in investing activities</b>	(7,215)	(3,380)
<b>Financing activities</b>		
Dividend paid	(4,867)	(4,867)
Repurchase of treasury shares	-	(20)
<b>Net cash flows used in financing activities</b>	(4,867)	(4,887)
<b>Net changes in cash and cash equivalents</b>	(8,551)	(4,805)
<b>Cash and cash equivalents at 1 January</b>	39,034	41,916
Effect of exchange rate changes on cash and cash equivalents	(1,211)	1,923
<b>Cash and cash equivalents at 31 December</b>	29,272	39,034
Analysis of cash and cash equivalents:		
Fixed deposits placed with licensed banks	13,419	15,987
Short term investments	2,092	2,035
Cash and bank balances	15,226	23,005
	30,737	41,027
Less: Fixed deposits held as security value	(1,465)	(1,993)
	29,272	39,034

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 2016.

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 2016 except for the adoption of the Amendments/Improvements to MFRSs that are applicable to the Group effective 1 January 2017. 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 2016 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 quarter.

### **A6 Dividends paid**

No dividend was paid during the current quarter.

# WILLOWGLEN MSC BERHAD (Company No. 462648-V)

## A7 Segmental reporting

The Group operates in three (3) principal geographical areas for the sales, implementation and maintenance of computer based control systems.

<b>Current Year To Date</b>	<b>Malaysia</b>	<b>Singapore</b>	<b>Indonesia</b>	<b>Others</b>	<b>Adjustments &amp; Eliminations</b>	<b>Consolidated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue:</b>						
External customers	39,668	114,829	888	-	-	155,385
Inter-segment	1,545	2,574	-	-	(4,119)	-
Total revenue	41,213	117,403	888	-	(4,119)	155,385
<b>Results:</b>						
Interest income	443	268	34	287	(353)	679
Depreciation	998	789	9	-	-	1,796
Income tax expense	-	4,007	-	-	-	4,007
Income tax income	42	-	-	-	-	42
Share of results of Associate	-	-	-	-	318	318
Segment profit/(loss)	4,574	25,233	(71)	191	(7,302)	22,625

## 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 2016.

## 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.

## 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 2016.

## A12 Capital commitments

There were no material capital commitments as at 31 December 2017.

# 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 2.29% to RM45.12 million from RM44.11 million achieved in the preceding year corresponding quarter. Profit before tax reduced to RM5.63 million compared to RM8.20 million recorded in the preceding year corresponding period.

For the 12 months ended 31 December 2017, the Group's revenue increased by 17.72% to RM155.39 million from RM132.00 million recorded in 2016. Profit before tax increased to RM22.63 million from RM21.86 million recorded in the last financial year. The higher profit before tax is mainly due to higher revenue.

Revenue from the Singapore operations has increased by 28.11% compared to last financial year whereas the Malaysia operations recorded a decrease in revenue of 5.19%. The decrease in revenue is mainly due to the delay in the implementation of integrated monitoring system projects.

The Singapore operations contributed to 73.90% of the Group's revenue with the balance coming from Malaysia operations. As the Indonesia operations continue to experience intense competition with low margins, the Group has reallocated the resources and concentrate in the growing Malaysia and Singapore markets.

In Canada, our associate company's financial performance has improved in the final quarter and has contributed RM318,000 to the bottom line of the Group.

### B2 Material change in results against preceding quarter

	Current Quarter 31/12/2017 RM'000	Preceding Quarter 30/09/2017 RM'000
Revenue	45,121	37,534
Profit before tax	5,631	5,845

For the current quarter, the Group recorded higher revenue of RM45.12 million compared to RM37.53 million recorded in the last quarter. The profit before tax reduced to RM5.63 million from RM5.85 million recorded in the preceding quarter. The decrease in profit before tax is mainly due to lower margins and higher overheads.

### B3 Prospects for 2018

Moving forward, the demand for SCADA and Intelligent Transport Systems will continue to drive the sales of the Group. 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.

# WILLOWGLEN MSC BERHAD (Company No. 462648-V)

## **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**

	<b>3 months ended 31/12/2017 RM'000</b>	<b>12 months ended 31/12/2017 RM'000</b>
Current Taxation	742	3,965
Adjustment for under/(over) provisions in previous years	-	-
Transfer to/(from) deferred taxation	-	-
	<hr/> 742	<hr/> 3,965

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 2017.

## **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 2017 for shareholders' approval at the forthcoming Annual General Meeting of the Company. The entitlement and payment dates for the dividend will be decided later.

## **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:-



**WILLOWGLEN MSC BERHAD** (Company No. 462648-V)

	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Net profit attributable to equity holders of the Company (RM'000)	4,806	6,889	18,717	18,279
Weighted average number of ordinary shares in issue during the period ('000)	243,327	243,327	243,327	243,336
Basic earnings per ordinary share (sen)	1.97	2.83	7.69	7.51
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**

	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31/12/2017</b>		<b>31/12/2017</b>	
	<b>RM'000</b>		<b>RM'000</b>	
Operating profit has been arrived at after charging:-				
Depreciation of property, plant and equipment	549		1,796	
Provision for and write off of inventories	-		-	
Foreign exchange loss	(39)		91	
Provision for and write off of receivables	(2)		378	
Loss on disposal of quoted or unquoted investments or properties	-		-	
Interest expense	N/A		N/A	
Exceptional items	N/A		N/A	
And crediting:-				
Interest income	211		679	
Other income including investment income	-		-	
Gain on disposal of quoted or unquoted investments or properties	-		-	
Gain on fair value adjustment on investment property	N/A		N/A	
Gain or loss on derivatives	N/A		N/A	

By order of the Board  
**WILLOWGLEN MSC BERHAD**

**WONG AH CHIEW**  
Group Managing Director