

WILLOWGLEN MSC BERHAD (Company No. 462648-V)

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

For the period ended 30 September 2018

	3 months ended 30 September		9 months ended 30 September	
	Unaudited 2018 RM'000	Unaudited 2017 RM'000	Unaudited 2018 RM'000	Unaudited 2017 RM'000
Revenue	31,086	37,534	97,812	110,264
Operating expenses	(27,819)	(30,932)	(89,294)	(93,311)
Other operating income	502	106	1,220	655
Share of results of associate, net of tax	(62)	(863)	624	(614)
Profit before tax	3,707	5,845	10,362	16,994
Income tax expense	(1,226)	(1,289)	(3,015)	(3,223)
Profit net of tax	2,481	4,556	7,347	13,771
Other comprehensive income, net of tax:				
Fair value changes on available for sale financial assets	59	82	(100)	120
Foreign currency translation	2,079	53	(860)	48
Total comprehensive income for the period	4,619	4,691	6,387	13,939
Profit attributable to:				
- Owners of the parent	2,477	4,615	7,385	13,911
- Non-controlling interest	4	(59)	(38)	(140)
	2,481	4,556	7,347	13,771
Total comprehensive income attributable to:				
- Owners of the parent	4,621	4,763	6,465	14,113
- Non-controlling interest	(2)	(72)	(78)	(174)
	4,619	4,691	6,387	13,939
Earnings per ordinary share (sen):				
- Basic	0.52	0.95	1.52	2.86
- 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 2017 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 2018

	Unaudited 30 September 2018 RM'000	Audited 31 December 2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	15,410	15,639
Investment in associates	14,642	14,018
Investment securities	7,060	7,007
Other receivables	1,803	1,927
	<u>38,915</u>	<u>38,591</u>
Current assets		
Inventories	2,661	5,314
Amount due from contract customers	32,482	58,089
Trade and other receivables	30,070	46,177
Tax recoverable	619	484
Cash and bank balances	63,073	30,737
	<u>128,905</u>	<u>140,801</u>
TOTAL ASSETS	167,820	179,392
EQUITY & LIABILITIES		
Equity and reserves		
Share capital	29,240	29,240
Treasury shares, at cost	(1,714)	(1,714)
Reserves	122,498	120,900
Total equity attributable to owners of the parent	150,024	148,426
Non-controlling interest	309	387
Total equity	150,333	148,813
Non-current liabilities		
Employee benefits	-	41
Provision for reinstatement cost	757	760
Deferred tax liabilities	115	115
	<u>872</u>	<u>916</u>
Current liabilities		
Amount due to contract customers	1,992	6,665
Provisions	280	442
Trade and other payables	10,686	18,694
Tax payable	3,657	3,862
	<u>16,615</u>	<u>29,663</u>
Total liabilities	17,487	30,579
TOTAL EQUITY AND LIABILITIES	167,820	179,392
Net assets per share (RM)	0.31	0.61
Number of ordinary shares in issue ('000)	486,654	243,327

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 2018

	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 2018	29,240	(1,714)	-	(7,585)	14,649	84	113,752	148,426	387	148,813
Total comprehensive income	-	-	-	-	(820)	(100)	7,385	6,465	(78)	6,387
Final dividend for the financial year ended 31 December 2017	-	-	-	-	-	-	(4,867)	(4,867)	-	(4,867)
At 30 September 2018	29,240	(1,714)	-	(7,585)	13,829	(16)	116,270	150,024	309	150,333
At 1 January 2017	24,800	(1,714)	4,440	(7,585)	16,735	29	99,902	136,607	(192)	136,415
Transition to no-par value regime	4,440	-	(4,440)	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	82	120	13,911	14,113	(174)	13,939
Arising from increase in share capital in subsidiary	-	-	-	-	-	-	-	-	700	700
Final dividend for the financial year ended 31 December 2016	-	-	-	-	-	-	(4,867)	(4,867)	-	(4,867)
At 30 September 2017	29,240	(1,714)	-	(7,585)	16,817	149	108,946	145,853	334	146,187

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 2018

	Unaudited 30 September 2018 RM'000	Unaudited 30 September 2017 RM'000
Operating activities		
Profit before tax	10,362	16,994
Adjustments for non-cash items	162	1,769
Operating profit before changes in working capital	10,524	18,763
Changes in working capital:		
Net changes in inventories	2,642	(1,012)
Net changes in contract customers	20,934	(6,396)
Net changes in receivables	16,230	(8,548)
Net changes in payables	(8,212)	(4,547)
Cash flows from operations	42,118	(1,740)
Interest received	614	472
Tax paid	(3,355)	(3,838)
Net cash flows from operations	39,377	(5,106)
Investing activities		
Purchase of property, plant and equipment	(1,582)	(1,159)
Purchase of investment securities	(1,637)	(2,401)
Proceeds from disposal of property, plant and equipment	98	-
Proceeds from disposal of investment securities	1,490	792
Changes in pledged deposits	(38)	534
Net cash flows used in investing activities	(1,669)	(2,234)
Financing activities		
Dividends paid	(4,867)	(4,867)
Net cash flows used in financing activities	(4,867)	(4,867)
Net changes in cash and cash equivalents	32,841	(12,207)
Cash and cash equivalents at 1 January	29,272	39,034
Effect of exchange rate changes on cash and cash equivalents	(543)	368
Cash and cash equivalents at 30 September	61,570	27,195
Analysis of cash and cash equivalents:		
Fixed deposits placed with licensed banks	32,725	12,920
Short term investments	1,007	140
Cash and bank balances	29,341	15,594
	63,073	28,654
Less: Fixed deposits held as security value	(1,503)	(1,459)
	61,570	27,195

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 2017.

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 2017 except for the adoption of the Amendments/Improvements to MFRSs that are applicable to the Group effective 1 January 2018. The adoption of these MFRSs does not have any known 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 2017 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 9,346,800 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 except for the issuance of 248,000,000 new ordinary shares arising from the bonus issue on the basis of one (1) bonus share for one (1) existing ordinary share held. The new ordinary shares were listed and quoted on the Main Market of Bursa Securities on 12 June 2018.

A6 Dividends paid

No dividend was paid during the current quarter.

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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	16,737	80,924	151	-	-	97,812
Inter-segment	1,564	165	-	-	(1,729)	-
Total revenue	18,301	81,089	151	-	(1,729)	97,812
Results:						
Interest income	93	307	-	214	-	614
Depreciation	846	870	2	-	-	1,718
Income tax expense	-	3,015	-	-	-	3,015
Share of results of Associate	-	-	-	-	624	624
Segment profit/(loss)	(1)	17,019	(50)	145	(6,751)	10,362

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 2017.

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 that the Company had incorporated an associate company known as Austral Willowglen Sdn. Bhd. ("Austral Willowglen") on 6 June 2018 by subscribing 30 ordinary shares in the capital of Austral Willowglen at a total cash consideration of RM30.00.

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 2017.

A12 Capital commitments

There were no material capital commitments as at 30 September 2018.

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ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

B1 Review of performance

Revenue for the current quarter reduced by 17.18% to RM31.09 million from RM37.53 million achieved in the preceding year corresponding quarter. Profit before tax reduced to RM3.71 million from RM5.85 million recorded in the preceding year corresponding quarter.

For the 9 months ended 30 September 2018, the Group's revenue reduced by 11.29% to RM97.81 million from RM110.26 million recorded in the correspondence period of 2017. Profit before tax reduced to RM10.36 million from RM16.99 million recorded in the corresponding period of last financial year. The lower profit before taxation is mainly due to the decrease in margins and lower revenue of the Malaysia operations.

Revenue contributed by the Singapore operations has reduced marginally compared to the corresponding period of last financial year whereas the Malaysia operations recorded a decrease in revenue of 39.74%. This is mainly attributable to the delay in the award of many projects tendered.

B2 Material change in results against preceding quarter

	Current Quarter 30/09/2018 RM'000	Preceding Quarter 30/06/2018 RM'000
Revenue	31,086	31,136
Profit before tax	3,707	3,554

For the current quarter, the Group recorded lower revenue of RM31.09 million compared to RM31.14 million recorded in the last quarter. The profit before tax increased to RM3.71 million from RM3.55 million recorded in the preceding quarter. The increase in profit before tax is mainly due to lower operating expenses incurred during the current quarter.

B3 Current year prospects

The Group expect continued uncertainty in the SCADA business environment. Moving forward, the Group will continue its efforts to venture into new markets and to improve its operational efficiency to be more competitive.

With the current projects at hand, the operations of the Group is expected to remain profitable.

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 30/09/2018 RM'000	9 months ended 30/09/2018 RM'000
Current Taxation	1,226	3,015
Adjustment for under/(over) provisions in previous years	-	-
Transfer to/(from) deferred taxation	-	-
	1,226	3,015

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 2018.

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.

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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 30 September		9 months ended 30 September	
	2018	2017	2018	2017
Net profit attributable to equity holders of the Company (RM'000)	2,477	4,615	7,385	13,911
Weighted average number of ordinary shares in issue during the period ('000)	486,654	486,654 *	486,654	486,654*
Basic earnings per ordinary share (sen)	0.52	0.95	1.52	2.86
Diluted earnings per ordinary share (sen)	N/A	N/A	N/A	N/A

* The weighted average number of ordinary shares in issue during the period has been adjusted pursuant to the issuance of bonus shares as per Note A5.

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 30/09/2018 RM'000	9 months ended 30/09/2018 RM'000
Operating profit has been arrived at after charging:-		
Depreciation of property, plant and equipment	558	1,718
Provision for and write off of inventories	12	12
Foreign exchange loss	100	112
Provision for and write off of receivables	-	-
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	214	614
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