

WILLOWGLEN MSC BERHAD (Company No. 462648-V)

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

For the period ended 31 March 2019

	3 months ended 31 March		3 months ended 31 March	
	Unaudited 2019 RM'000	Unaudited 2018 RM'000	Unaudited 2019 RM'000	Unaudited 2018 RM'000
Revenue	29,161	35,590	29,161	35,590
Operating expenses	(24,228)	(33,146)	(24,228)	(33,146)
Other operating income	428	334	428	334
Share of results of associate, net of tax	255	323	255	323
Profit before tax	5,616	3,101	5,616	3,101
Income tax expense	(1,044)	(905)	(1,044)	(905)
Profit net of tax	4,572	2,196	4,572	2,196
Other comprehensive income, net of tax:				
Fair value gain on debt instruments at fair value through other comprehensive income	123	(81)	123	(81)
Foreign currency translation differences for foreign operations	(829)	(3,288)	(829)	(3,288)
Total comprehensive income for the period	3,866	(1,173)	3,866	(1,173)
Profit attributable to:				
- Owners of the parent	4,576	2,196	4,576	2,196
- Non-controlling interest	(4)	-	(4)	-
	4,572	2,196	4,572	2,196
Total comprehensive income attributable to:				
- Owners of the parent	3,867	(1,137)	3,867	(1,137)
- Non-controlling interest	(1)	(36)	(1)	(36)
	3,866	(1,173)	3,866	(1,173)
Earnings per ordinary share (sen):				
- Basic	0.94	0.45	0.94	0.45
- 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 2018 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 2019

	Unaudited 31 March 2019 RM'000	Audited 31 December 2018 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	14,544	15,077
Investment in associates	15,355	15,034
Right-of-use assets	4,254	-
Investment securities	6,956	6,880
Other receivables	1,770	1,858
	<u>42,879</u>	<u>38,849</u>
Current assets		
Inventories	2,121	2,777
Contract assets	21,292	32,910
Trade and other receivables	36,275	36,660
Tax recoverable	671	631
Cash and bank balances	78,100	68,541
	<u>138,459</u>	<u>141,519</u>
TOTAL ASSETS	181,338	180,368
EQUITY & LIABILITIES		
Equity and reserves		
Share capital	29,240	29,240
Treasury shares, at cost	(1,747)	(1,747)
Reserves	130,389	126,744
Total equity attributable to owners of the Company	157,882	154,237
Non-controlling interest	342	343
Total equity	158,224	154,580
Non-current liabilities		
Lease liabilities	3,291	-
Provision for reinstatement cost	752	758
Deferred tax liabilities	114	115
	<u>4,157</u>	<u>873</u>
Current liabilities		
Contract liabilities	1,706	7,277
Provisions	254	540
Trade and other payables	10,383	12,864
Lease liabilities	1,212	-
Tax payable	5,402	4,234
	<u>18,957</u>	<u>24,915</u>
Total liabilities	23,114	25,788
TOTAL EQUITY AND LIABILITIES	181,338	180,368
Net assets per share (RM)	0.32	0.32
Number of ordinary shares in issue ('000)	486,583	486,583

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 2019

	Share Capital	Treasury Shares	Merger deficit	Translation reserve	Fair Value Adjustment Reserve	Retained profits	Total	Non-Controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	29,240	(1,747)	(7,585)	14,513	(177)	119,993	154,237	343	154,580
Adoption of MFRS16	-	-	-	-	-	(222)	(222)	-	(222)
Restated balances as at 1 January 2019	29,240	(1,747)	(7,585)	14,513	(177)	119,771	154,015	343	154,358
Total comprehensive income	-	-	-	(832)	123	4,576	3,867	(1)	3,866
At 31 March 2019	29,240	(1,747)	(7,585)	13,681	(54)	124,347	157,882	342	158,224
At 1 January 2018	29,240	(1,714)	(7,585)	14,649	84	113,752	148,426	387	148,813
Total comprehensive income	-	-	-	(3,252)	(81)	2,196	(1,137)	(36)	(1,173)
At 31 March 2018	29,240	(1,714)	(7,585)	11,397	3	115,948	147,289	351	147,640

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 2019

	Unaudited 31 March 2019 RM'000	Unaudited 31 March 2018 RM'000
Operating activities		
Profit before tax	5,616	3,101
Adjustments for non-cash items	239	120
Operating profit before changes in working capital	5,855	3,221
Changes in working capital:		
Net changes in inventories	656	3,207
Net changes in contract customers	6,047	6,032
Net changes in receivables	474	5,891
Net changes in payables	(2,773)	(9,297)
Cash flows from operations	10,259	9,054
Interest received	294	178
Income tax refunded/(paid)	84	(1,039)
Net cash flows from operations	10,637	8,193
Investing activities		
Purchase of property, plant and equipment	(44)	(211)
Changes in pledged deposits	(21)	(20)
Net cash flows used in investing activities	(65)	(231)
Financing activities		
	-	-
Net cash flows used in financing activities	-	-
Net changes in cash and cash equivalents	10,572	7,962
Cash and cash equivalents at 1 January	67,033	29,272
Effect of exchange rate changes	(1,033)	(2,914)
Cash and cash equivalents at 31 March	76,572	34,320
Analysis of cash and cash equivalents:		
Fixed deposits placed with licensed banks	41,671	10,985
Short term investments	4,578	180
Cash and bank balances	31,851	24,640
	78,100	35,805
Less: Pledged deposits	(1,528)	(1,485)
	76,572	34,320

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 2018.

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 2018 except for the adoption of the Amendments/Improvements to MFRSs that are applicable to the Group effective 1 January 2019. The adoption of these MFRSs does not have any material impact on the Group’s results and financial position except for :

MFRS 16 Leases

MFRS 16 eliminates the distinction between finance and operating leases. All leases will be brought onto the statement of financial position except for short-term and low value asset leases. On the adoption of this standard, the Group has capitalized its rented premises on the statements of financial position by recognizing them as ‘right-of-use’ assets and their corresponding lease liabilities for the present value for future lease payments.

On the date of initial recognition, the Group applied the transition approach and did not restate comparative amounts for the periods prior to first adoption. Right-of-use assets were measured on transition as if the new rules had always been applied.

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 2018 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 9,416,800 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 two (2) principal geographical areas for the sales, implementation and maintenance of computer based control systems.

Current Year To Date	Malaysia	Singapore	Others	Adjustments & Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue:					
External customers	4,867	24,294	-	-	29,161
Inter-segment	780	-	-	(780)	-
Total revenue	5,647	24,294	-	(780)	29,161
Results:					
Interest income	57	169	68	-	294
Depreciation	233	335	-	-	568
Income tax expense	-	1,044	-	-	1,044
Share of results of associates	-	-	-	255	255
Segment profit/(loss)	(2,217)	7,515	63	255	5,616

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 2018.

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 2018.

A12 Capital commitments

There were no material capital commitments as at 31 March 2019.

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 reduced by 18.06% to RM29.16 million from RM35.59 million achieved in the preceding year corresponding quarter. Profit before tax increased to RM5.62 million compared to RM3.10 million recorded in the corresponding quarter of 2018 mainly due to higher margins and lower overheads.

The Singapore operations contributed to 83.31% of the Group's revenue with the balance coming from Malaysia operations. Revenue of the Malaysia operations has reduced as many of the projects on hand are either at the early stage of implementation or end of completion stage where income recognition from projects is low.

B2 Material change in results against preceding quarter

	Current Quarter 31/03/2019 RM'000	Preceding Quarter 31/12/2018 RM'000
Revenue	29,161	36,827
Profit before tax	5,616	5,088

For the current quarter, the Group recorded lower revenue of RM29.16 million compared to RM36.83 million recorded in the last quarter. The profit before tax increased to RM5.62 million from RM5.09 million recorded in the preceding quarter. The increase in profit before tax is mainly due to higher margins and lower overheads.

B3 Current year prospects

The SCADA and IMS business environment will remain challenging in 2019 due to intense competition and cost pressures. With the current projects at hand, the financial performance 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.

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.

WILLOWGLEN MSC BERHAD (Company No. 462648-V)

B7 Income tax expense

	3 months ended 31/03/2019 RM'000	3 months ended 31/03/2019 RM'000
Current Taxation	1,044	1,044
Adjustment for under/(over) provisions in previous years	-	-
Transfer to/(from) deferred taxation	-	-
	1,044	1,044

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 March 2019.

B10 Changes in Material Litigation

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

B11 Proposed Dividend

The proposed final single-tier dividend of 1 sen per ordinary share for the financial year ended 31 December 2018 has been approved by the shareholders at the Twenty-First Annual General Meeting of the Company. The entitlement and payment dates for the dividend will be on 21 May 2019 and 17 June 2019 respectively.

WILLOWGLEN MSC BERHAD (Company No. 462648-V)

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 March		3 months ended 31 March	
	2019	2018	2019	2018
Net profit attributable to equity holders of the Company (RM'000)	4,576	2,196	4,576	2,196
Weighted average number of ordinary shares in issue during the period ('000)	486,583	486,654 *	486,583	486,654*
Basic earnings per ordinary share (sen)	0.94	0.45	0.94	0.45
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 on the basis of one (1) bonus share for one (1) existing ordinary share held.

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.

WILLOWGLEN MSC BERHAD (Company No. 462648-V)

B13 Operating profit

	3 months ended 31/03/2019 RM'000	3 months ended 31/03/2019 RM'000
Operating profit has been arrived at after charging:-		
Depreciation of property, plant and equipment	568	568
Provision for and write off of inventories	-	-
Foreign exchange loss	21	21
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	294	294
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