

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

## CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

For the period ended 30 June 2019

	3 months ended 30 June		6 months ended 30 June	
	Unaudited 2019 RM'000	Unaudited 2018 RM'000	Unaudited 2019 RM'000	Unaudited 2018 RM'000
Revenue	28,802	31,136	57,963	66,726
Operating expenses	(25,238)	(28,329)	(49,466)	(61,475)
Other operating income	334	384	762	718
Share of results of associate, net of tax	385	363	640	686
Profit before tax	4,283	3,554	9,899	6,655
Income tax expense	(1,001)	(884)	(2,045)	(1,789)
<b>Profit net of tax</b>	<b>3,282</b>	<b>2,670</b>	<b>7,854</b>	<b>4,866</b>
Other comprehensive income, net of tax:				
Fair value gain on debt instruments at fair value through other comprehensive income	32	(78)	155	(159)
Foreign currency translation differences for foreign operations	1,742	349	913	(2,939)
<b>Total comprehensive income for the period</b>	<b>5,056</b>	<b>2,941</b>	<b>8,922</b>	<b>1,768</b>
Profit attributable to:				
- Owners of the parent	3,288	2,712	7,864	4,908
- Non-controlling interest	(6)	(42)	(10)	(42)
	<b>3,282</b>	<b>2,670</b>	<b>7,854</b>	<b>4,866</b>
Total comprehensive income attributable to:				
- Owners of the parent	5,063	2,981	8,930	1,844
- Non-controlling interest	(7)	(40)	(8)	(76)
	<b>5,056</b>	<b>2,941</b>	<b>8,922</b>	<b>1,768</b>
Earnings per ordinary share (sen):				
- Basic	0.68	0.55	1.62	1.00
- 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 30 June 2019

	Unaudited 30 June 2019 RM'000	Audited 31 December 2018 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	14,689	15,077
Investment in associates	15,739	15,034
Right-of-use assets	3,998	-
Investment securities	7,100	6,880
Other receivables	1,788	1,858
	<u>43,314</u>	<u>38,849</u>
<b>Current assets</b>		
Inventories	2,882	2,777
Contract assets	17,232	32,910
Trade and other receivables	35,344	36,660
Tax recoverable	710	631
Cash and bank balances	78,355	68,541
	<u>134,523</u>	<u>141,519</u>
<b>TOTAL ASSETS</b>	<b>177,837</b>	<b>180,368</b>
<b>EQUITY &amp; LIABILITIES</b>		
<b>Equity and reserves</b>		
Share capital	29,240	29,240
Treasury shares, at cost	(1,747)	(1,747)
Reserves	130,586	126,744
<b>Total equity attributable to owners of the Company</b>	<b>158,079</b>	<b>154,237</b>
Non-controlling interest	335	343
<b>Total equity</b>	<b>158,414</b>	<b>154,580</b>
<b>Non-current liabilities</b>		
Lease liabilities	3,026	-
Provision for reinstatement cost	765	758
Deferred tax liabilities	116	115
	<u>3,907</u>	<u>873</u>
<b>Current liabilities</b>		
Contract liabilities	1,655	7,277
Provisions	400	540
Trade and other payables	7,827	12,864
Lease liabilities	1,250	-
Tax payable	4,384	4,234
	<u>15,516</u>	<u>24,915</u>
<b>Total liabilities</b>	<b>19,423</b>	<b>25,788</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>177,837</b>	<b>180,368</b>
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 30 June 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
<b>At 1 January 2019</b>	29,240	(1,747)	(7,585)	14,513	(177)	119,993	154,237	343	154,580
<b>Adoption of MFRS16</b>	-	-	-	-	-	(222)	(222)	-	(222)
<b>Restated balances as at 1 January 2019</b>	29,240	(1,747)	(7,585)	14,513	(177)	119,771	154,015	343	154,358
<b>Total comprehensive income</b>	-	-	-	911	155	7,864	8,930	(8)	8,922
<b>Final dividend for the financial year ended 31 December 2018</b>	-	-	-	-	-	(4,866)	(4,866)	-	(4,866)
<b>At 30 June 2019</b>	29,240	(1,747)	(7,585)	15,424	(22)	122,769	158,079	335	158,414
<b>At 1 January 2018</b>	29,240	(1,714)	(7,585)	14,649	84	113,752	148,426	387	148,813
<b>Total comprehensive income</b>	-	-	-	(2,905)	(159)	4,908	1,844	(76)	1,768
<b>Final dividend for the financial year ended 31 December 2017</b>	-	-	-	-	-	(4,867)	(4,867)	-	(4,867)
<b>At 30 June 2018</b>	29,240	(1,714)	(7,585)	11,744	(75)	113,793	145,403	311	145,714

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 30 June 2019

	Unaudited 30 June 2019 RM'000	Unaudited 30 June 2018 RM'000
<b>Operating activities</b>		
Profit before tax	9,899	6,655
Adjustments for non-cash items	(14)	164
<b>Operating profit before changes in working capital</b>	9,885	6,819
Changes in working capital:		
Net changes in inventories	(105)	2,797
Net changes in contract customers	10,057	15,278
Net changes in receivables	1,274	7,947
Net changes in payables	(5,170)	(8,690)
<b>Cash flows from operations</b>	15,941	24,151
Interest received	627	400
Income tax paid	(1,974)	(2,208)
<b>Net cash flows from operations</b>	14,594	22,343
<b>Investing activities</b>		
Purchase of property, plant and equipment	(673)	(655)
Purchase of investment securities	-	(1,637)
Proceeds from disposal of property, plant and equipment	-	98
Proceeds from disposal of investment securities	-	1,490
Changes in pledged deposits	(28)	(31)
<b>Net cash flows used in investing activities</b>	(701)	(735)
<b>Financing activities</b>		
Dividends paid	(4,866)	(4,867)
<b>Net cash flows used in financing activities</b>	(4,866)	(4,867)
<b>Net changes in cash and cash equivalents</b>	9,027	16,741
<b>Cash and cash equivalents at 1 January</b>	67,033	29,272
Effect of exchange rate changes	759	(2,792)
<b>Cash and cash equivalents at 30 June</b>	76,819	43,221
Analysis of cash and cash equivalents:		
Fixed deposits placed with licensed banks	44,160	20,223
Short term investments	4,388	1,914
Cash and bank balances	29,807	22,580
	78,355	44,717
Less: Pledged deposits	(1,536)	(1,496)
	76,819	43,221

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 financial year to date.

### A6 Dividends paid

The final single tier dividend of 1 sen per ordinary share for the financial year ended 31 December 2018 amounting to RM4,865,832 was paid on 17 June 2019.

# 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.

<b>Current Year To Date</b>	<b>Malaysia</b>	<b>Singapore</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>Revenue:</b>					
External customers	10,049	47,914	-	-	57,963
Inter-segment	1,639	-	-	(1,639)	-
<b>Total revenue</b>	<b>11,688</b>	<b>47,914</b>	<b>-</b>	<b>(1,639)</b>	<b>57,963</b>
<b>Results:</b>					
Interest income	106	392	129	-	627
Depreciation	466	676	-	-	1,142
Income tax expense	-	2,045	-	-	2,045
Share of results of associates	-	-	-	640	640
<b>Segment profit/(loss)</b>	<b>3,342</b>	<b>13,382</b>	<b>117</b>	<b>(6,942)</b>	<b>9,899</b>

## 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 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 2018.

## A12 Capital commitments

There were no material capital commitments as at 30 June 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 7.50% to RM28.80 million from RM31.14 million achieved in the corresponding quarter of 2018. Profit before tax increased to RM4.28 million compared to RM3.55 million recorded in the preceding year corresponding quarter.

For the 6 months ended 30 June 2019, the Group's revenue reduced by 13.13% to RM57.96 million from RM66.73 million recorded in the corresponding period of last financial year. Profit before tax increased to RM9.90 million from RM6.66 million recorded in the corresponding period of 2018. The higher profit before taxation is mainly due to improvement in Group margins.

The Group's main markets continue to be Malaysia and Singapore. Revenue of the Malaysia operations has reduced as many of the projects on hand are at the early stage of implementation or completion stage where income recognition from projects is low. The Malaysia operations contributed to 17.34% of the Group's revenue with the balance coming from Singapore operations. In Canada, our associate company has contributed RM640,000 to the bottom line of the Group.

### B2 Material change in results against preceding quarter

	Current Quarter 30/06/2019 RM'000	Preceding Quarter 31/03/2019 RM'000
Revenue	28,802	29,161
Profit before tax	4,283	5,616

For the current quarter, the Group recorded lower revenue of RM28.80 million compared to RM29.16 million recorded in the last quarter. The profit before tax reduced to RM4.28 million from RM5.62 million recorded in the preceding quarter. The decrease in profit before tax is mainly due to lower margins and higher overheads.

### B3 Current year prospects

The Group expect the business environment to remain uncertain and challenging in the second half of the financial year. 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 30/06/2019 RM'000	6 months ended 30/06/2019 RM'000
Current Taxation	1,001	2,045
Adjustment for under/(over) provisions in previous years	-	-
Transfer to/(from) deferred taxation	-	-
	1,001	2,045

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 June 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

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 June		6 months ended 30 June	
	2019	2018	2019	2018
Net profit attributable to equity holders of the Company (RM'000)	3,288	2,712	7,864	4,908
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)	0.68	0.55	1.62	1.00
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.



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

## B13 Operating profit

	3 months ended 30/06/2019 RM'000	6 months ended 30/06/2019 RM'000
Operating profit has been arrived at after charging:-		
Depreciation of property, plant and equipment	574	1,142
Provision for and write off of inventories	-	-
Foreign exchange loss	(7)	14
Provision for and write off of receivables	111	111
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	333	627
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