

WILLOWGLEN MSC BERHAD (Company No. 462648-V)

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

For the period ended 31 December 2019

	3 months ended 31 December		12 months ended 31 December	
	Unaudited 2019 RM'000	Unaudited 2018 RM'000	Unaudited 2019 RM'000	Unaudited 2018 RM'000
Revenue	52,266	36,827	139,338	134,639
Operating expenses	(48,173)	(32,404)	(122,634)	(121,698)
Other operating income	416	273	1,534	1,493
Share of results of associate, net of tax	557	392	654	1,016
Profit before tax	5,066	5,088	18,892	15,450
Income tax expense	(1,251)	(1,346)	(3,991)	(4,361)
Profit net of tax	3,815	3,742	14,901	11,089
Other comprehensive income, net of tax:				
Fair value gain on debt instruments at fair value through other comprehensive income	68	(161)	188	(261)
Foreign currency translation differences for foreign operations	107	699	221	(161)
Total comprehensive income for the period	3,990	4,280	15,310	10,667
Profit attributable to:				
- Owners of the parent	3,770	3,723	14,869	11,108
- Non-controlling interest	45	19	32	(19)
	3,815	3,742	14,901	11,089
Total comprehensive income attributable to:				
- Owners of the parent	3,930	4,246	15,261	10,711
- Non-controlling interest	60	34	49	(44)
	3,990	4,280	15,310	10,667
Earnings per ordinary share (sen):				
- Basic	0.78	0.76	3.06	2.28
- 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 December 2019

	Unaudited 31 December 2019 RM'000	Audited 31 December 2018 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	13,575	15,077
Investment property	513	-
Investment in associates	15,748	15,034
Right-of-use assets	3,777	-
Investment securities	6,332	6,880
Other receivables	1,807	1,858
	<u>41,752</u>	<u>38,849</u>
Current assets		
Inventories	2,602	2,777
Contract assets	38,499	32,910
Trade and other receivables	32,452	36,660
Tax recoverable	106	631
Cash and bank balances	82,206	68,541
	<u>155,865</u>	<u>141,519</u>
TOTAL ASSETS	<u>197,617</u>	<u>180,368</u>
EQUITY & LIABILITIES		
Equity and reserves		
Share capital	29,240	29,240
Treasury shares, at cost	(1,747)	(1,747)
Reserves	137,139	126,744
Total equity attributable to owners of the Company	<u>164,632</u>	<u>154,237</u>
Non-controlling interest	392	343
Total equity	<u>165,024</u>	<u>154,580</u>
Non-current liabilities		
Lease liabilities	2,506	-
Provision for reinstatement cost	760	758
Deferred tax liabilities	115	115
	<u>3,381</u>	<u>873</u>
Current liabilities		
Contract liabilities	9,549	7,277
Provisions	595	540
Trade and other payables	13,440	12,864
Lease liabilities	1,363	-
Tax payable	4,265	4,234
	<u>29,212</u>	<u>24,915</u>
Total liabilities	<u>32,593</u>	<u>25,788</u>
TOTAL EQUITY AND LIABILITIES	<u>197,617</u>	<u>180,368</u>
Net assets per share (RM)	0.34	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 December 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
Total comprehensive income	-	-	-	204	188	14,869	15,261	49	15,310
Final dividend for the financial year ended 31 December 2018	-	-	-	-	-	(4,866)	(4,866)	-	(4,866)
At 31 December 2019	29,240	(1,747)	(7,585)	14,717	11	129,996	164,632	392	165,024
At 1 January 2018	29,240	(1,714)	(7,585)	14,649	84	113,752	148,426	387	148,813
Total comprehensive income	-	-	-	(136)	(261)	11,108	10,711	(44)	10,667
Repurchase of treasury shares	-	(33)	-	-	-	-	(33)	-	(33)
Final dividend for the financial year ended 31 December 2017	-	-	-	-	-	(4,867)	(4,867)	-	(4,867)
At 31 December 2018	29,240	(1,747)	(7,585)	14,513	(177)	119,993	154,237	343	154,580

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 December 2019

	Unaudited 31 December 2019 RM'000	Unaudited 31 December 2018 RM'000
Operating activities		
Profit before tax	18,892	15,450
Adjustments for non-cash items	576	1,263
Operating profit before changes in working capital	19,468	16,713
Changes in working capital:		
Net changes in inventories	157	2,503
Net changes in contract customers	(3,316)	25,791
Net changes in receivables	3,744	8,447
Net changes in payables	632	(5,775)
Cash flows from operations	20,685	47,679
Interest received	1,393	868
Income tax paid	(3,434)	(4,130)
Net cash flows from operations	18,644	44,417
Investing activities		
Purchase of property, plant and equipment	(960)	(1,790)
Purchase of investment securities	-	(1,637)
Proceeds from disposal of property, plant and equipment	-	383
Proceeds from disposal of investment securities	758	1,490
Changes in pledged deposits	(41)	(43)
Net cash flows used in investing activities	(243)	(1,597)
Financing activities		
Repurchase of treasury shares	-	(33)
Dividends paid	(4,866)	(4,867)
Net cash flows used in financing activities	(4,866)	(4,900)
Net changes in cash and cash equivalents	13,535	37,920
Cash and cash equivalents at 1 January	67,033	29,272
Effect of exchange rate changes	89	(159)
Cash and cash equivalents at 31 December	80,657	67,033
Analysis of cash and cash equivalents:		
Fixed deposits placed with licensed banks	31,787	20,643
Short term investments	11,788	5,038
Cash and bank balances	38,631	42,860
	82,206	68,541
Less: Pledged deposits	(1,549)	(1,508)
	80,657	67,033

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

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	25,501	113,837	-	-	139,338
Inter-segment	2,739	2,539	-	(5,278)	-
Total revenue	28,240	116,376	-	(5,278)	139,338
Results:					
Interest income	292	778	323	-	1,393
Depreciation	865	1,226	-	-	2,091
Income tax expense	-	3,991	-	-	3,991
Share of results of associates	-	-	-	654	654
Segment profit/(loss)	7,614	25,531	256	(15,163)	18,892

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 31 December 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 increased by 41.92% to RM52.27 million from RM36.83 million achieved in the preceding year corresponding quarter. Profit before tax reduced marginally to RM5.07 million compared to RM5.09 million recorded in the preceding year corresponding quarter. The margins for the current quarter has reduced due to the recognition of income from lower margin projects.

For the financial year ended 31 December 2019, the Group's revenue increased by 3.49% to RM139.34 million from RM134.64 million recorded in the last financial year. Profit before tax increased to RM18.89 million from RM15.45 million recorded in last financial year. The higher profit before taxation is mainly due to higher revenue, improvement in Group margins and reduction in overheads.

The Group's main markets continue to be Malaysia and Singapore where the Singapore operations contributed to 81.70% of the Group's revenue with the balance coming from Malaysia operations. Revenue of the Malaysia operations remain low 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 Group expect that the revenue of the Malaysia operations will improve in the year 2020.

B2 Material change in results against preceding quarter

	Current Quarter 31/12/2019 RM'000	Preceding Quarter 30/09/2019 RM'000
Revenue	52,266	29,109
Profit before tax	5,066	3,927

For the current quarter, the Group recorded higher revenue of RM52.27 million compared to RM29.11 million recorded in the last quarter. The profit before tax increased to RM5.07 million from RM3.93 million recorded in the preceding quarter. The increase in profit before tax is mainly due to higher revenue.

B3 Prospects for 2020

The Group expect the economic and business environment to remain uncertain and challenging in year 2020. However, the Group will continue to explore new markets and to improve the performance and growth of the Group.

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.

WILLOWGLEN MSC BERHAD (Company No. 462648-V)

B6 Variance of actual profit from financial estimate, forecast profit or shortfall of profit guarantee

Not applicable.

B7 Income tax expense

	3 months ended 31/12/2019 RM'000	12 months ended 31/12/2019 RM'000
Current Taxation	1,251	3,991
Adjustment for under/(over) provisions in previous years	-	-
Transfer to/(from) deferred taxation	-	-
	1,251	3,991

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 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

A final single-tier dividend of 1.50 sen per ordinary share is proposed for the financial year ended 31 December 2019 for shareholders' approval at the forthcoming Annual General Meeting of the Company. The entitlement and payment dates for the dividend will be decided later.

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 December		12 months ended 31 December	
	2019	2018	2019	2018
Net profit attributable to equity holders of the Company (RM'000)	3,770	3,723	14,869	11,108
Weighted average number of ordinary shares in issue during the period ('000)	486,583	486,648	486,583	486,652
Basic earnings per ordinary share (sen)	0.78	0.76	3.06	2.28
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 31/12/2019 RM'000	12 months ended 31/12/2019 RM'000
Operating profit has been arrived at after charging:-		
Depreciation of property, plant and equipment	410	2,091
Provision for and write off of inventories	18	18
Foreign exchange loss	12	79
Provision for and write off of receivables	403	514
Loss on disposal of quoted or unquoted investments or properties	-	-
Interest expense	106	106
Exceptional items	N/A	N/A
And crediting:-		
Interest income	415	1,393
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