

WILLOWGLEN MSC BERHAD (Registration No. 199801006521 (462648-V))

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

For the period ended 30 June 2020

	3 months ended 30 June		6 months ended 30 June	
	Unaudited 2020 RM'000	Unaudited 2019 RM'000	Unaudited 2020 RM'000	Unaudited 2019 RM'000
Revenue	34,151	28,802	61,961	57,963
Operating expenses	(33,702)	(25,238)	(58,902)	(49,466)
Other income	3,175	334	3,652	762
Share of results of associates, net of tax	90	385	63	640
Profit before tax	3,714	4,283	6,774	9,899
Income tax expense	(951)	(1,001)	(1,888)	(2,045)
Profit net of tax	2,763	3,282	4,886	7,854
Other comprehensive income, net of tax:				
Fair value gain on debt instruments at fair value through other comprehensive income	449	32	(54)	155
Foreign currency translation differences for foreign operations	2,004	1,742	1,235	913
Total comprehensive income for the period	5,216	5,056	6,067	8,922
Profit attributable to:				
- Owners of the Company	2,767	3,288	4,895	7,864
- Non-controlling interests	(4)	(6)	(9)	(10)
	2,763	3,282	4,886	7,854
Total comprehensive income attributable to:				
- Owners of the Company	5,148	5,063	6,067	8,930
- Non-controlling interests	68	(7)	-	(8)
	5,216	5,056	6,067	8,922
Earnings per ordinary share (sen):				
- Basic	0.56	0.68	1.00	1.62
- 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 2019 and the accompanying explanatory notes attached to the interim financial statements.

WILLOWGLEN MSC BERHAD (Registration No. 199801006521 (462648-V))

CONDENSED STATEMENTS OF FINANCIAL POSITION

As at 30 June 2020

	Unaudited 30 June 2020 RM'000	Audited 31 December 2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	10,797	11,253
Right-of-use assets	5,882	6,612
Investment in associates	15,811	15,748
Investment securities	4,823	6,332
Other receivables	1,813	1,807
	<u>39,126</u>	<u>41,752</u>
Current assets		
Inventories	2,500	2,602
Contract assets	31,080	38,498
Trade and other receivables	26,904	32,452
Tax recoverable	155	106
Cash and bank balances	87,965	82,206
	<u>148,604</u>	<u>155,864</u>
TOTAL ASSETS	187,730	197,616
EQUITY & LIABILITIES		
Equity and reserves		
Share capital	29,240	29,240
Treasury shares, at cost	(2,047)	(1,747)
Reserves	135,919	137,139
Total equity attributable to owners of the Company	163,112	164,632
Non-controlling interests	391	391
Total equity	163,503	165,023
Non-current liabilities		
Lease liabilities	2,524	2,506
Provision for reinstatement cost	768	760
Deferred tax liabilities	117	115
	<u>3,409</u>	<u>3,381</u>
Current liabilities		
Lease liabilities	676	1,363
Contract liabilities	598	9,549
Provisions	585	595
Trade and other payables	13,537	13,440
Tax payable	5,422	4,265
	<u>20,818</u>	<u>29,212</u>
Total liabilities	24,227	32,593
TOTAL EQUITY AND LIABILITIES	187,730	197,616
Net assets per share (RM)	0.34	0.34
Number of ordinary shares in issue ('000)	485,786	486,583

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

WILLOWGLEN MSC BERHAD (Registration No. 199801006521 (462648-V))

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2020

	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 2020	29,240	(1,747)	(7,585)	14,716	11	129,997	164,632	391	165,023
Total comprehensive income	-	-	-	1,226	(54)	4,895	6,067	-	6,067
Repurchase of treasury shares	-	(300)	-	-	-	-	(300)	-	(300)
Final dividend for the financial year ended 31 December 2019	-	-	-	-	-	(7,287)	(7,287)	-	(7,287)
At 30 June 2020	29,240	(2,047)	(7,585)	15,942	(43)	127,605	163,112	391	163,503
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	-	-	-	911	155	7,864	8,930	(8)	8,922
Final dividend for the financial year ended 31 December 2018	-	-	-	-	-	(4,866)	(4,866)	-	(4,866)
At 30 June 2019	29,240	(1,747)	(7,585)	15,424	(22)	122,769	158,079	335	158,414

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

WILLOWGLEN MSC BERHAD (Registration No. 199801006521 (462648-V))**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the period ended 30 June 2020

	Unaudited 30 June 2020 RM'000	Unaudited 30 June 2019 RM'000
Operating activities		
Profit before tax	6,774	9,899
Adjustments for non-cash items	352	(14)
Operating profit before changes in working capital	7,126	9,885
Changes in working capital:		
Net changes in inventories	277	(105)
Net changes in contract customers	(4,848)	10,057
Net changes in receivables	9,800	1,274
Net changes in payables	483	(5,170)
Cash flows from operations	12,838	15,941
Interest received	627	627
Interest paid	(46)	-
Income tax paid	(223)	(1,974)
Net cash flows from operations	13,196	14,594
Investing activities		
Purchase of property, plant and equipment	(767)	(673)
Changes in pledged deposits	(85)	(28)
Changes in time deposits	9,124	-
Net cash flows from investing activities	8,272	(701)
Financing activities		
Repurchase of treasury shares	(300)	-
Dividends paid	(7,287)	(4,866)
Net cash flows used in financing activities	(7,587)	(4,866)
Net changes in cash and cash equivalents	13,881	9,027
Cash and cash equivalents at 1 January	71,218	67,033
Effect of exchange rate changes	958	759
Cash and cash equivalents at 30 June	86,057	76,819
Analysis of cash and cash equivalents:		
Fixed deposits placed with licensed banks	17,404	44,160
Time deposits	988	-
Short term investments	5,287	4,388
Cash and bank balances	64,286	29,807
	87,965	78,355
Less: Pledged deposits	(1,593)	(1,536)
Time deposits	(315)	-
	86,057	76,819

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

WILLOWGLEN MSC BERHAD (Registration No. 199801006521 (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 2019.

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 2019 except for the adoption of the Amendments/Improvements to MFRSs that are applicable to the Group effective 1 January 2020. 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 2019 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

During the current quarter, 106,500 shares were repurchased. The share buy-back transactions were financed by internally generated funds.

As at the end of the current quarter, a total of 10,214,300 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

The final single tier dividend of 1.5 sen per ordinary share for the financial year ended 31 December 2019 amounting to RM7,286,786 was paid on 25 June 2020.

WILLOWGLEN MSC BERHAD (Registration No. 199801006521 (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	11,011	50,950	-	-	61,961
Inter-segment	714	45	-	(759)	-
Total revenue	11,725	50,995	-	(759)	61,961
Results:					
Interest income	180	336	111	-	627
Interest expense	(4)	(42)	-	-	(46)
Depreciation	(380)	(662)	-	-	(1,042)
Income tax expense	-	(1,888)	-	-	(1,888)
Share of results of associates	-	-	-	63	63
Segment profit/(loss)	2,706	11,573	82	(7,587)	6,774

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 2019.

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 2019.

A12 Capital commitments

There were no material capital commitments as at 30 June 2020.

WILLOWGLEN MSC BERHAD (Registration No. 199801006521 (462648-V))

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

B1 Review of performance

Revenue for the current quarter increased by 18.57% to RM34.15 million from RM28.80 million recorded in the preceding year corresponding quarter. Profit before tax reduced to RM3.71 million compared to RM4.28 million recorded in the corresponding quarter of 2019.

For the 6 months ended 30 June 2020, the Group's revenue increased by 6.90% to RM61.96 million from RM57.96 million recorded in the preceding year corresponding period. Profit before tax reduced to RM6.77 million from RM9.90 million recorded in the corresponding period of 2019. The lower profit before taxation is mainly due to lower Group margins, higher overheads and lower contribution from associate in Canada.

Revenue contributed by the Malaysia and Singapore operations has increased by 9.57% and 6.34% respectively compared to the corresponding period of last financial year. The Singapore operations contributed to 82.23% of the Group's revenue with the balance coming from Malaysia operations.

B2 Material change in results against preceding quarter

	Current Quarter 30/06/2020 RM'000	Preceding Quarter 31/03/2020 RM'000
Revenue	34,151	27,810
Profit before tax	3,714	3,060

For the current quarter, the Group recorded higher revenue of RM34.15 million compared to RM27.81 million recorded in the last quarter. The profit before tax increased to RM3.71 million from RM3.06 million recorded in the preceding quarter. The increase in profit before tax is mainly due to lower overheads compared to last quarter.

B3 Current year prospects

In view of the global Covid-19 pandemic, the Group expect the business environment to remain volatile and challenging. Since the beginning of July 2020 most of the projects on hand are moving at a faster pace to catch up the time lost during movement control.

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 (Registration No. 199801006521 (462648-V))

B7 Income tax expense

	3 months ended 30/06/2020 RM'000	6 months ended 30/06/2020 RM'000
Current Taxation	951	1,888
Adjustment for under/(over) provisions in previous years	-	-
Transfer to/(from) deferred taxation	-	-
	951	1,888

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 2020.

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	
	2020	2019	2020	2019
Net profit attributable to equity holders of the Company (RM'000)	2,767	3,288	4,895	7,864
Weighted average number of ordinary shares in issue during the period ('000)	485,791	486,583	486,139	486,583
Basic earnings per ordinary share (sen)	0.56	0.68	1.00	1.62
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 (Registration No. 199801006521 (462648-V))

B13 Operating profit

	3 months ended 30/06/2020 RM'000	6 months ended 30/06/2020 RM'000
Operating profit has been arrived at after charging:-		
Depreciation of property, plant and equipment	532	1,042
Provision for and write off of inventories	-	-
Foreign exchange loss	137	184
Provision for and write off of receivables	-	-
Loss on disposal of quoted or unquoted investments or properties	-	-
Interest expense	22	46
Exceptional items	N/A	N/A
And crediting:-		
Interest income	290	627
Government grants	2,885	3,025
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