

WILLOWGLEN MSC BERHAD (Registration No. 199801006521 (462648-V))**CONDENSED STATEMENTS OF COMPREHENSIVE INCOME**

For the period ended 30 September 2022

	3 months ended 30 September		9 months ended 30 September	
	Unaudited 2022 RM'000	Unaudited 2021 RM'000	Unaudited 2022 RM'000	Unaudited 2021 RM'000
Revenue	49,953	38,987	139,421	116,901
Operating expenses	(44,941)	(35,335)	(129,552)	(107,342)
Other income	544	322	2,336	989
Share of results of associates, net of tax	1,422	231	1,377	202
Profit before tax	6,978	4,205	13,582	10,750
Income tax expense	(1,114)	(868)	(2,729)	(2,631)
Profit net of tax	5,864	3,337	10,853	8,119
Other comprehensive income, net of tax:				
Fair value gain on debt instruments at fair value through other comprehensive income	(180)	(118)	(888)	(96)
Foreign currency translation differences for foreign operations	2,319	(269)	4,716	1,357
Total comprehensive income for the period	8,003	2,950	14,681	9,380
Profit attributable to:				
- Owners of the Company	5,872	3,359	10,877	8,119
- Non-controlling interests	(8)	(22)	(24)	-
	5,864	3,337	10,853	8,119
Total comprehensive income attributable to:				
- Owners of the Company	8,000	2,958	14,705	9,367
- Non-controlling interests	(8)	(8)	(24)	13
	7,992	2,950	14,681	9,380
Earnings per ordinary share (sen):				
- Basic	1.21	0.69	2.24	1.67
- 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 2021 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 September 2022

	Unaudited 30 September 2022 RM'000	Audited 31 December 2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	8,454	9,332
Right-of-use assets	3,210	4,414
Investment in associates	21,999	20,462
Investment securities	3,697	5,142
Other investments	1,500	-
Other receivables	1,455	1,410
	<u>40,315</u>	<u>40,760</u>
Current assets		
Inventories	2,843	2,328
Contract assets	79,450	61,201
Trade and other receivables	46,200	31,868
Tax recoverable	229	196
Cash and bank balances	47,867	77,255
	<u>176,589</u>	<u>172,848</u>
TOTAL ASSETS	216,904	213,608
EQUITY & LIABILITIES		
Equity and reserves		
Share capital	29,240	29,240
Treasury shares, at cost	(2,427)	(2,210)
Reserves	164,631	157,206
Total equity attributable to owners of the Company	191,444	184,236
Non-controlling interests	4	28
Total equity	191,448	184,264
Non-current liabilities		
Lease liabilities	-	71
Provision for reinstatement cost	-	771
Deferred tax liabilities	123	117
	<u>123</u>	<u>959</u>
Current liabilities		
Lease liabilities	-	1,169
Contract liabilities	1,184	1,756
Provisions	1,505	967
Trade and other payables	19,007	20,370
Tax payable	3,637	4,123
	<u>25,333</u>	<u>28,385</u>
Total liabilities	25,456	29,344
TOTAL EQUITY AND LIABILITIES	216,904	213,608
Net assets per share (RM)	0.39	0.38
Number of ordinary shares in issue ('000)	484,786	485,386

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 September 2022

	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 2022	29,240	(2,210)	(7,585)	16,142	89	148,560	184,236	28	184,264
Total comprehensive income	-	-	-	4,716	(888)	10,877	14,705	(24)	14,681
Repurchase of treasury shares	-	(217)	-	-	-	-	(217)	-	(217)
Final dividend for the financial year ended 31 December 2021	-	-	-	-	-	(7,280)	(7,280)	-	(7,280)
At 30 September 2022	29,240	(2,427)	(7,585)	20,858	(799)	152,157	191,444	4	191,448
At 1 January 2021	29,240	(2,154)	(7,585)	14,555	262	140,583	174,901	670	175,571
Total comprehensive income	-	-	-	1,344	(96)	8,119	9,367	13	9,380
Final dividend for the financial year ended 31 December 2020	-	-	-	-	-	(7,283)	(7,283)	-	(7,283)
At 30 September 2021	29,240	(2,154)	(7,585)	15,899	166	141,419	176,985	683	177,668

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 September 2022

	Unaudited 30 September 2022 RM'000	Unaudited 30 September 2021 RM'000
Operating activities		
Profit before tax	13,582	10,750
Adjustments for non-cash items	82	2,033
Operating profit before changes in working capital	13,664	12,783
Changes in working capital:		
Net changes in inventories	(515)	869
Net changes in contract customers	(18,820)	(9,369)
Net changes in receivables	(13,792)	(994)
Net changes in payables	(1,595)	(1,292)
Cash flows from/(used in) operations	(21,058)	1,997
Interest received	476	439
Interest paid	(14)	(37)
Income tax paid	(3,249)	(4,329)
Net cash flows from/(used in) operations	(23,845)	(1,930)
Investing activities		
Purchase of property, plant and equipment	(356)	(695)
Proceeds from disposal of investment securities	775	2,313
Purchase of investments	(1,500)	-
Changes in pledged deposits	(21)	(19)
Purchase of investment securities	-	(2,482)
Changes in time deposits	-	(1,247)
Net cash flows from/(used in) investing activities	(1,102)	(2,130)
Financing activities		
Repayment of lease liability	(1,254)	(1,103)
Repurchase of treasury shares	(217)	-
Dividends paid	(7,280)	(7,283)
Net cash flows used in financing activities	(8,751)	(8,386)
Net changes in cash and cash equivalents	(33,698)	(12,446)
Cash and cash equivalents at 1 January	74,843	72,286
Effect of exchange rate changes	4,289	1,255
Cash and cash equivalents at 30 September	45,434	61,095
Analysis of cash and cash equivalents:		
Fixed deposits placed with licensed banks	5,681	2,398
Time deposits	-	2,452
Short term investments	4,218	154
Cash and bank balances	37,968	60,941
	47,867	65,945
Less: Pledged deposits	(2,433)	(2,398)
Time deposits	-	(2,452)
	45,434	61,095

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

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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 2021.

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 2021 except for the adoption of the Amendments/Improvements to MFRSs that are applicable to the Group effective 1 January 2022. 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 2021 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, 200,000 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 11,213,600 shares were held as treasury shares.

Apart from the above, there were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period to date.

A6 Dividends paid

No dividend was paid during the current quarter.

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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	38,838	100,583	-	-	139,421
Inter-segment	2,138	436	-	(2,574)	-
Total revenue	40,976	101,019	-	(2,574)	139,421
Results:					
Interest income	240	101	135	-	476
Interest expense	(2)	(12)	-	-	(14)
Depreciation	(774)	(1,927)	-	-	(2,701)
Income tax expense	-	(2,729)	-	-	(2,729)
Share of results of associates	-	-	-	1,377	1,377
Segment profit/(loss)	(4,466)	16,536	135	1,377	13,582

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 2021.

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 financial period to date.

A11 Changes in contingent liabilities or contingent assets

There were no contingent liabilities or contingent assets arising since the last audited financial statements for the year ended 31 December 2021.

A12 Capital commitments

There were no material capital commitments as at 30 September 2022.

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ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

B1 Review of performance

Revenue for the current quarter increased by 28.13% to RM49.95 million from RM38.99 million achieved in the preceding year corresponding quarter. Profit before tax increased to RM6.98 million from RM4.21 million recorded in the corresponding quarter of last financial year.

For the 9 months ended 30 September 2022, the Group's revenue increased by 19.26% to RM139.42 million from RM116.90 million recorded in the corresponding period of 2021. Profit before tax increased to RM13.58 million from RM10.75 million recorded in the corresponding period of 2021. The higher profit before tax is mainly due to higher turnover and higher contribution from our associate in Canada.

Revenue contributed by the Malaysia and Singapore operations has increased by 7.43% and 24.56% respectively compared to the corresponding period of last financial year. The Singapore operations contributed 72.14% of the Group's revenue with the balance coming from Malaysia operations. The financial performance of our associate in Canada has improved and has contributed RM1.38 million to the bottom line of the Group for the financial period to date.

B2 Material change in results against preceding quarter

	Current Quarter 30/09/2022 RM'000	Preceding Quarter 30/06/2022 RM'000
Revenue	49,953	47,956
Profit before tax	6,978	3,189

For the current quarter, the Group recorded higher revenue of RM49.95 million compared to RM47.96 million recorded in the preceding quarter. The profit before tax increased to RM6.98 million from RM3.19 million recorded in the preceding quarter. The increase in profit before tax is mainly due to higher contribution from our associate in Canada and higher revenue.

B3 Current year prospects

The Group expect the business environment to remain challenging and competitive. Increase in material and manpower cost, lack of certainty in material supply and project site delays continue to be the key challenges of the Group. However, with the current projects at hand, the financial results 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.

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

Not applicable.

B7 Income tax expense

	3 months ended 30/09/2022 RM'000	9 months ended 30/09/2022 RM'000
Current Taxation	1,114	2,729
Adjustment for under/(over) provisions in previous years	-	-
Transfer to/(from) deferred taxation	-	-
	1,114	2,729

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 2022.

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 financial 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 September 2022		9 months ended 30 September 2022	
Net profit attributable to equity holders of the Company (RM'000)	5,872	3,359	10,877	8,119
Weighted average number of ordinary shares in issue during the period ('000)	484,883	485,536	485,165	485,536
Basic earnings per ordinary share (sen)	1.21	0.69	2.24	1.67
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.

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B13 Operating profit

	3 months ended 30/09/2022 RM'000	9 months ended 30/09/2022 RM'000
Operating profit has been arrived at after charging:-		
Depreciation of property, plant and equipment	539	1,610
Depreciation of right-of-use assets	370	1,091
Provision for and write off of inventories	-	-
Foreign exchange loss	126	333
Impairment losses on trade receivables	-	-
Loss on disposal of quoted or unquoted investments or properties	-	-
Interest expense	2	14
Exceptional items	N/A	N/A
And crediting:-		
Interest income	130	476
Government grants	254	1,275
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