

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

## CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

For the period ended 30 September 2023

	3 months ended 30 September		9 months ended 30 September	
	Unaudited 2023 RM'000	Unaudited 2022 RM'000	Unaudited 2023 RM'000	Unaudited 2022 RM'000
Revenue	51,276	49,953	142,864	139,421
Cost of sales	(38,784)	(37,247)	(104,086)	(103,946)
Gross profit	12,492	12,706	38,778	35,475
Other income	326	383	1,065	1,750
Administrative expenses	(8,922)	(7,692)	(28,798)	(25,592)
Net reversal of impairment losses on financial instruments	-	161	-	586
Operating profit	3,896	5,558	11,045	12,219
Finance cost	(103)	(2)	(220)	(14)
Share of results of associates, net of tax	1,063	1,422	298	1,377
Profit before tax	4,856	6,978	11,123	13,582
Income tax expense	(979)	(1,114)	(3,246)	(2,729)
<b>Profit net of tax</b>	<b>3,877</b>	<b>5,864</b>	<b>7,877</b>	<b>10,853</b>
Other comprehensive income/(loss), net of tax:				
Fair value gain/(loss) on debt instruments at fair value through other comprehensive income	(137)	(180)	(18)	(888)
Exchange differences on translation of foreign operations	(441)	2,319	5,374	4,716
<b>Total comprehensive income for the period</b>	<b>3,299</b>	<b>8,003</b>	<b>13,233</b>	<b>14,681</b>
Profit attributable to:				
- Owners of the Company	3,877	5,872	7,918	10,877
- Non-controlling interests	-	(8)	(41)	(24)
	<b>3,877</b>	<b>5,864</b>	<b>7,877</b>	<b>10,853</b>
Total comprehensive income attributable to:				
- Owners of the Company	3,299	8,000	13,274	14,705
- Non-controlling interests	-	(8)	(41)	(24)
	<b>3,299</b>	<b>7,992</b>	<b>13,233</b>	<b>14,681</b>
Earnings per ordinary share (sen):				
- Basic	0.78	1.21	1.63	2.24
- 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 2022 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 2023

	Unaudited 30 September 2023 RM'000	Audited 31 December 2022 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	8,002	8,430
Right-of-use assets	6,445	7,597
Investment in associates	21,998	21,701
Investment securities	4,005	3,839
Development cost	890	-
Other investments	2,000	2,000
Other receivables	1,472	1,396
	44,812	44,963
<b>Current assets</b>		
Inventories	3,514	3,924
Contract assets	86,682	87,667
Trade and other receivables	55,079	43,143
Tax recoverable	104	244
Cash and bank balances	57,144	54,522
	202,523	189,500
<b>TOTAL ASSETS</b>	247,335	234,463
<b>EQUITY &amp; LIABILITIES</b>		
<b>Equity and reserves</b>		
Share capital	29,240	29,240
Treasury shares, at cost	(2,427)	(2,427)
Reserves	176,873	170,871
<b>Total equity attributable to owners of the Company</b>	203,686	197,684
Non-controlling interests	-	(25)
<b>Total equity</b>	203,686	197,659
<b>Non-current liabilities</b>		
Lease liabilities	2,126	2,801
Provision for reinstatement cost	861	821
Deferred tax liabilities	131	125
	3,118	3,747
<b>Current liabilities</b>		
Lease liabilities	1,218	1,606
Contract liabilities	1,763	4,737
Provisions	766	785
Bank borrowings	9,797	-
Trade and other payables	24,133	21,732
Tax payable	2,854	4,197
	40,531	33,057
<b>Total liabilities</b>	43,649	36,804
<b>TOTAL EQUITY AND LIABILITIES</b>	247,335	234,463
Net assets per share (RM)	0.42	0.41
Number of ordinary shares in issue ('000)	484,786	484,786

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 2023

	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 2023</b>	29,240	(2,427)	(7,585)	22,514	(724)	156,666	197,684	(25)	197,659
<b>Total comprehensive income</b>	-	-	-	5,374	(18)	7,918	13,274	(41)	13,233
<b>Additional equity interest in subsidiary</b>	-	-	-	-	-	-	-	66	66
<b>Final dividend for the financial Year ended 31 December 2022</b>	-	-	-	-	-	(7,272)	(7,272)	-	(7,272)
<b>At 30 September 2023</b>	29,240	(2,427)	(7,585)	27,888	(742)	157,312	203,686	-	203,686
<b>At 1 January 2022</b>	29,240	(2,210)	(7,585)	16,142	89	148,560	184,236	28	184,264
<b>Total comprehensive income</b>	-	-	-	4,716	(888)	10,877	14,705	(24)	14,681
<b>Repurchase of treasury shares</b>	-	(217)	-	-	-	-	(217)	-	(217)
<b>Final dividend for the financial Year ended 31 December 2021</b>	-	-	-	-	-	(7,280)	(7,280)	-	(7,280)
<b>At 30 September 2022</b>	29,240	(2,427)	(7,585)	20,858	(799)	152,157	191,444	4	191,448

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 2023

	Unaudited 30 September 2023 RM'000	Unaudited 30 September 2022 RM'000
<b>Operating activities</b>		
Profit before tax	11,123	13,582
Adjustments for non-cash items	2,012	82
<b>Operating profit before changes in working capital</b>	13,135	13,664
Changes in working capital:		
Net changes in inventories	410	(515)
Net changes in contract customers	(1,989)	(18,820)
Net changes in receivables	(12,053)	(13,792)
Net changes in payables	2,422	(1,595)
<b>Cash flows from/(used in) operations</b>	1,925	(21,058)
Interest received	514	476
Interest paid	(220)	(14)
Income tax refunded	180	-
Income tax paid	(4,629)	(3,249)
<b>Net cash flows used in operations</b>	(2,230)	(23,845)
<b>Investing activities</b>		
Purchase of property, plant and equipment	(800)	(356)
Changes in pledged deposits	(43)	(21)
Purchase of development cost	(890)	-
Purchase of investments	-	(1,500)
Proceeds from disposal of investment securities	-	775
<b>Net cash flows used in investing activities</b>	(1,733)	(1,102)
<b>Financing activities</b>		
Repayment of lease liability	(1,283)	(1,254)
Dividends paid	(7,272)	(7,280)
Proceeds from borrowings	7,059	-
Repurchase of treasury shares	-	(217)
<b>Net cash flows used in financing activities</b>	(1,496)	(8,751)
<b>Net changes in cash and cash equivalents</b>	(5,459)	(33,698)
<b>Cash and cash equivalents at 1 January</b>	52,080	74,843
Effect of exchange rate changes	5,300	4,289
<b>Cash and cash equivalents at 30 September</b>	51,921	45,434
Analysis of cash and cash equivalents:		
Fixed deposits placed with licensed banks	19,741	5,681
Short term investments	33	4,218
Cash and bank balances	37,370	37,968
	57,144	47,867
Less: Bank overdraft	(2,738)	-
Pledged deposits	(2,485)	(2,433)
	51,921	45,434

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 2022.

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 2022 except for the adoption of the new MFRS and amendments/improvements to MFRSs that are applicable to the Group effective 1 January 2023. 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 2022 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 issuance, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter.

As at the end of the current quarter, a total of 11,213,600 shares were held as treasury shares.

### **A6 Dividends paid**

No dividend was paid during the current quarter.

# 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.

<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	40,802	102,062	-	-	142,864
Inter-segment	994	-	-	(994)	-
<b>Total revenue</b>	<b>41,796</b>	<b>102,062</b>	<b>-</b>	<b>(994)</b>	<b>142,864</b>
<b>Results:</b>					
Interest income	101	313	100	-	514
Interest expense	(90)	(130)	-	-	(220)
Depreciation	(744)	(1,816)	-	-	(2,560)
Income tax expense	-	(3,246)	-	-	(3,246)
Share of results of associates	-	-	-	298	298
<b>Segment profit/(loss)</b>	<b>992</b>	<b>18,092</b>	<b>94</b>	<b>(8,055)</b>	<b>11,123</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 2022.

## 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 except for the acquisition of ninety thousand (90,000) ordinary shares of RM1.00 each representing 30% of the issued and paid-up share capital of Sentinel Systems Sdn Bhd for a cash consideration of RM1.00 on 13 June 2023. As a result of the acquisition, the Group's equity interest in Sentinel Systems Sdn Bhd has increased to 100% from 70%.

## 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 2022.

## A12 Capital commitments

There were no material capital commitments as at 30 September 2023.

# 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 2.66% to RM51.28 million from RM49.95 million recorded in the preceding year corresponding quarter. Profit before tax has reduced to RM4.86 million from RM6.98 million recorded in the corresponding quarter of 2022.

For the 9 months ended 30 September 2023, the Group's revenue has increased marginally to RM142.86 million from RM139.42 million recorded in the corresponding period of last financial year. Profit before tax reduced to RM11.12 million from RM13.58 million recorded in the corresponding period of last financial year. The lower profit before tax is mainly due to higher R&D expenses and lower contribution from our associate in Canada. The Group has increased the R&D expenditure to develop new innovative products to maintain a leading edge in the industry.

Revenue contributed by the Malaysia and Singapore operations has increased by 5.06% and 1.47% respectively compared to the corresponding period of 2022. The Singapore operations contributed 71.44% to the Group's revenue with the balance coming from Malaysia operations. Contribution from our associate in Canada has reduced mainly due to increase in manpower and material cost.

### B2 Material change in results against preceding quarter

	Current Quarter 30/09/2023 RM'000	Preceding Quarter 30/06/2023 RM'000
Revenue	51,276	46,522
Profit before tax	4,856	3,718

For the current quarter, the Group recorded higher revenue of RM51.28 million compared to RM46.52 million recorded in the previous quarter. The profit before tax increased to RM4.86 million from RM3.72 million recorded in the preceding quarter. The increase in profit before tax is mainly due to higher contribution from our associate in Canada.

### B3 Current year prospects

The Group expect the business environment to remain uncertain and challenging.

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.

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## B7 Income tax expense

	3 months ended 30/09/2023 RM'000	9 months ended 30/09/2023 RM'000
Current Taxation	978	3,017
Adjustment for under/(over) provisions in previous years	1	229
Transfer to/(from) deferred taxation	-	-
	979	3,246

## 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

	30/09/2023 RM'000	31/12/2022 RM'000
<b>Unsecured</b>		
<b>Current</b>		
Bank overdraft	2,738	-
Banker's acceptances	6,048	-
Revolving credit	1,011	-
<b>Total borrowings</b>	9,797	-
The currency profile of borrowings is as follows:-		
Ringgit Malaysia	9,797	-

## 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.



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## 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		9 months ended 30 September	
	2023	2022	2023	2022
Net profit attributable to equity holders of the Company (RM'000)	3,877	5,872	7,918	10,877
Weighted average number of ordinary shares in issue during the period ('000)	484,786	484,883	484,786	485,165
Basic earnings per ordinary share (sen)	0.78	1.21	1.63	2.24
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 30/09/2023 RM'000	9 months ended 30/09/2023 RM'000
Operating profit has been arrived at after charging:-		
Depreciation of property, plant and equipment	444	1,318
Depreciation of right-of-use assets	421	1,242
Provision for and write off of inventories	-	-
Foreign exchange loss	10	35
Impairment losses on trade receivables	-	41
Loss on disposal of quoted or unquoted investments or properties	-	-
Interest expense	103	220
Exceptional items	N/A	N/A
And crediting:-		
Interest income	217	514
Government grants	14	258
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