

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

## CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

For the period ended 31 December 2023

	3 months ended 31 December		12 months ended 31 December	
	Unaudited 2023 RM'000	Unaudited 2022 RM'000	Unaudited 2023 RM'000	Audited 2022 RM'000
Revenue	66,409	53,104	209,273	192,525
Cost of sales	(53,503)	(36,211)	(157,589)	(140,157)
Gross profit	12,906	16,893	51,684	52,368
Other income	1,692	612	2,757	2,362
Administrative expenses	(7,663)	(11,438)	(36,461)	(37,030)
Net reversal of impairment losses on financial instruments	100	112	100	698
Operating profit	7,035	6,179	18,080	18,398
Finance cost	(317)	(21)	(537)	(35)
Share of results of associates, net of tax	(2,219)	(298)	(1,921)	1,079
Profit before tax	4,499	5,860	15,622	19,442
Income tax expense	(1,547)	(1,380)	(4,793)	(4,109)
<b>Profit for the financial period</b>	<b>2,952</b>	<b>4,480</b>	<b>10,829</b>	<b>15,333</b>
Other comprehensive income/(loss), net of tax:				
Fair value gain/(loss) on debt instruments at fair value through other comprehensive income	(208)	75	(226)	(813)
Exchange differences on translation of foreign operations	1,558	1,656	6,932	6,372
<b>Total comprehensive income for the period</b>	<b>4,302</b>	<b>6,211</b>	<b>17,535</b>	<b>20,892</b>
Profit attributable to:				
- Owners of the Company	2,945	4,509	10,863	15,386
- Non-controlling interests	7	(29)	(34)	(53)
	<b>2,952</b>	<b>4,480</b>	<b>10,829</b>	<b>15,333</b>
Total comprehensive income attributable to:				
- Owners of the Company	4,295	6,240	17,569	20,945
- Non-controlling interests	7	(29)	(34)	(53)
	<b>4,302</b>	<b>6,211</b>	<b>17,535</b>	<b>20,892</b>
Earnings per ordinary share (sen):				
- Basic	0.60	0.93	2.23	3.17
- 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 31 December 2023

	Unaudited 31 December 2023 RM'000	Audited 31 December 2022 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	7,732	8,430
Right-of-use assets	9,080	7,597
Investment in associates	20,827	21,701
Investment securities	-	3,839
Development cost	1,367	-
Other investments	2,430	2,000
Other receivables	1,509	1,396
	<u>42,945</u>	<u>44,963</u>
<b>Current assets</b>		
Inventories	6,184	3,924
Contract assets	95,945	87,667
Trade and other receivables	59,456	43,143
Tax recoverable	118	244
Cash and bank balances	58,907	54,522
	<u>220,610</u>	<u>189,500</u>
<b>TOTAL ASSETS</b>	<u>263,555</u>	<u>234,463</u>
<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	181,168	170,871
<b>Total equity attributable to owners of the Company</b>	<u>207,981</u>	<u>197,684</u>
Non-controlling interests	-	(25)
<b>Total equity</b>	<u>207,981</u>	<u>197,659</u>
<b>Non-current liabilities</b>		
Lease liabilities	4,405	2,801
Provision for reinstatement cost	871	821
Deferred tax liabilities	132	125
	<u>5,408</u>	<u>3,747</u>
<b>Current liabilities</b>		
Lease liabilities	1,600	1,606
Contract liabilities	2,103	4,737
Provisions	618	785
Bank borrowings	9,086	-
Trade and other payables	32,292	21,732
Tax payable	4,467	4,197
	<u>50,166</u>	<u>33,057</u>
<b>Total liabilities</b>	<u>55,574</u>	<u>36,804</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>263,555</u>	<u>234,463</u>
Net assets per share (RM)	0.43	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 31 December 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>	-	-	-	6,932	(226)	10,863	17,569	(34)	17,535
<b>Additional equity interest in subsidiary</b>	-	-	-	-	-	-	-	59	59
<b>Final dividend for the financial Year ended 31 December 2022</b>	-	-	-	-	-	(7,272)	(7,272)	-	(7,272)
<b>At 31 December 2023</b>	29,240	(2,427)	(7,585)	29,446	(950)	160,687	207,981	-	207,981
<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>	-	-	-	6,372	(813)	15,386	20,945	(53)	20,892
<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 31 December 2022</b>	29,240	(2,427)	(7,585)	22,514	(724)	156,666	197,684	(25)	197,659

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 31 December 2023

	Unaudited 31 December 2023 RM'000	Audited 31 December 2022 RM'000
<b>Operating activities</b>		
Profit before tax	15,622	19,442
Adjustments for non-cash items	4,680	1,843
<b>Operating profit before changes in working capital</b>	20,302	21,285
Changes in working capital:		
Net changes in inventories	(2,246)	(1,667)
Net changes in contract customers	(10,912)	(23,485)
Net changes in receivables	(16,277)	(10,238)
Net changes in payables	10,393	314
<b>Cash flows from/(used in) operations</b>	1,260	(13,791)
Interest received	701	610
Interest paid	(537)	(35)
Income tax refunded	-	7
Income tax paid	(4,397)	(4,474)
<b>Net cash flows used in operations</b>	(2,973)	(17,683)
<b>Cash flows from/(used in) investing activities</b>		
Investment in associate	(1,047)	(160)
Investment in other investment	-	(2,000)
Purchase of property, plant and equipment	(955)	(996)
Proceeds from disposal of investment securities	3,945	799
Changes in pledged deposits	(54)	(30)
Purchase of development cost	(1,367)	-
<b>Net cash flows from/(used in) investing activities</b>	522	(2,387)
<b>Financing activities</b>		
Repayment of lease liability	(1,762)	(1,587)
Repurchase of treasury shares	-	(217)
Dividends paid	(7,272)	(7,280)
Proceeds from borrowings	6,223	-
<b>Net cash flows used in financing activities</b>	(2,811)	(9,084)
<b>Net changes in cash and cash equivalents</b>	(5,262)	(29,154)
<b>Cash and cash equivalents at 1 January</b>	52,080	74,843
Effect of exchange rate changes	6,730	6,391
<b>Cash and cash equivalents at 31 December</b>	53,548	52,080
Analysis of cash and cash equivalents:		
Fixed deposits placed with licensed banks	7,776	9,051
Short term investments	34	3,123
Cash and bank balances	51,097	42,348
	58,907	54,522
Less: Bank overdraft	(2,863)	-
Pledged deposits	(2,496)	(2,442)
	53,548	52,080

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.

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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 RM'000	Singapore RM'000	Others RM'000	Adjustments & Eliminations RM'000	Consolidated RM'000
<b>Revenue:</b>					
External customers	63,293	145,980	-	-	209,273
Inter-segment	1,595	1,527	-	(3,122)	-
Total revenue	64,888	147,507	-	(3,122)	209,273
<b>Results:</b>					
Interest income	117	432	144	-	693
Interest expense	(275)	(257)	(5)	-	(537)
Depreciation	(1,056)	(2,355)	-	-	(3,411)
Income tax expense	-	(4,793)	-	-	(4,793)
Share of results of associates	-	-	-	(1,921)	(1,921)
Segment profit/(loss)	(1,055)	25,977	(633)	(8,667)	15,622

## 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 90,000 ordinary shares 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 31 December 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 25.05% to RM66.41 million from RM53.10 million recorded in the preceding year corresponding quarter. Profit before tax has reduced to RM4.07 million from RM5.86 million achieved in the corresponding quarter of last financial year.

For the 12 months ended 31 December 2023, the Group's revenue has increased by 8.70% to RM209.27 million from RM192.53 million recorded in 2022. Profit before tax reduced to RM15.62 million from RM19.44 million recorded in the last financial year. The lower profit before tax is due to lower margins, share of losses incurred by our associate in Canada and higher R&D expenses. The Group has increased the R&D expenditure to develop new innovative products to enter new markets.

The Malaysia and Singapore operations contributed 30.24% and 69.76% of the Group's revenue respectively. Revenue contributed by the Malaysia and Singapore operations has increased by 18.65% and 4.89% respectively compared to last financial year. Our associate in Canada has incurred losses due to its expansion into new markets where its overheads has increased substantially and increase in R&D expenses.

### B2 Material change in results against preceding quarter

	Current Quarter 31/12/2023 RM'000	Preceding Quarter 30/09/2023 RM'000
Revenue	66,409	51,276
Profit before tax	4,499	4,856

For the current quarter, the Group recorded higher revenue of RM66.41 million compared to RM51.28 million recorded in the previous quarter. The profit before tax reduced to RM4.50 million from RM4.86 million recorded in the preceding quarter. The decrease in profit before tax is mainly due to share of losses incurred by our associate in Canada.

### B3 Prospects for 2024

The Group expects the economic and business environment to remain challenging. Project site delays and increase in material and manpower cost continue to be the main challenges of the Group.

With the current projects in hand and upcoming prospects, the financial performance of the Group is expected to continue being 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 31/12/2023 RM'000	12 months ended 31/12/2023 RM'000
Current Taxation	1,577	4,594
Adjustment for under/(over) provisions in previous years	(30)	199
Transfer to/(from) deferred taxation	-	-
	1,547	4,793

## 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

	31/12/2023 RM'000	31/12/2022 RM'000
<b>Unsecured</b>		
<b>Current</b>		
Bank overdraft	2,863	-
Banker's acceptances	5,219	-
Revolving credit	1,004	-
<b>Total borrowings</b>	9,086	-
The currency profile of borrowings is as follows:-		
Ringgit Malaysia	9,086	-

## 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 has been proposed for the financial year ended 31 December 2023. The entitlement and payment dates for the dividend will be on 30 April 2024 and 20 May 2024 respectively.



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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 31 December		12 months ended 31 December	
	2023	2022	2023	2022
Net profit attributable to equity holders of the Company (RM'000)	2,945	4,509	10,863	15,386
Weighted average number of ordinary shares in issue during the period ('000)	484,786	484,786	484,786	485,070
Basic earnings per ordinary share (sen)	0.60	0.93	2.23	3.17
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 31/12/2023 RM'000	12 months ended 31/12/2023 RM'000
Operating profit has been arrived at after charging:-		
Depreciation of property, plant and equipment	494	1,812
Depreciation of right-of-use assets	357	1,599
Provision for and write off of inventories	-	-
Foreign exchange loss	16	51
Impairment losses on trade receivables	-	41
Loss on disposal of quoted or unquoted investments or properties	-	-
Interest expense	317	537
Exceptional items	N/A	N/A
And crediting:-		
Interest income	187	701
Government grants	20	278
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