

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

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

For the period ended 30 June 2024

	3 months ended 30 June		6 months ended 30 June	
	Unaudited 2024 RM'000	Unaudited 2023 RM'000	Unaudited 2024 RM'000	Unaudited 2023 RM'000
Revenue	46,715	46,522	95,993	91,588
Cost of sales	(36,491)	(33,568)	(73,013)	(65,302)
Gross profit	10,224	12,954	22,980	26,286
Other income	421	355	542	739
Administrative expenses	(10,732)	(9,140)	(18,680)	(19,876)
Operating profit/(loss)	(87)	4,169	4,842	7,149
Finance cost	(120)	(61)	(277)	(117)
Share of results of associates, net of tax	(750)	(390)	(4,604)	(765)
Profit/(loss) before tax	(957)	3,718	(39)	6,267
Income tax expense	(774)	(909)	(1,744)	(2,267)
Profit/(loss) for the financial period	(1,731)	2,809	(1,783)	4,000
Other comprehensive income/(loss), net of tax:				
Exchange differences on translation of foreign operations	(913)	4,499	(281)	5,815
Fair value gain on debt instruments at fair value through other comprehensive income	-	38	-	119
Total comprehensive income/(loss) for the period	(2,644)	7,346	(2,064)	9,934
Profit/(loss) attributable to:				
- Owners of the Company	(1,731)	2,828	(1,783)	4,041
- Non-controlling interests	-	(19)	-	(41)
	(1,731)	2,809	(1,783)	4,000
Total comprehensive income/(loss) attributable to:				
- Owners of the Company	(2,644)	7,365	(2,064)	9,975
- Non-controlling interests	-	(19)	-	(41)
	(2,644)	7,346	(2,064)	9,934
Earnings/(loss) per ordinary share (sen):				
- Basic	(0.36)	0.60	(0.37)	0.85
- 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 2023 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 2024

	Unaudited 30 June 2024 RM'000	Audited 31 December 2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	7,325	7,732
Right-of-use assets	8,195	9,080
Intangible assets	2,300	1,367
Investment in associates	16,223	20,828
Other investments	2,430	2,430
Other receivables	2,526	1,508
	<u>38,999</u>	<u>42,945</u>
Current assets		
Inventories	8,810	6,184
Contract assets	87,420	95,945
Trade and other receivables	57,165	57,078
Prepayment	660	2,378
Tax recoverable	145	118
Cash and bank balances	56,786	58,907
	<u>210,986</u>	<u>220,610</u>
TOTAL ASSETS	249,985	263,555
EQUITY & LIABILITIES		
Equity and reserves		
Share capital	29,240	29,240
Treasury shares, at cost	(2,427)	(2,427)
Reserves	171,832	181,168
Total equity attributable to owners of the Company	198,645	207,981
Non-current liabilities		
Lease liabilities	3,601	4,405
Provision for reinstatement cost	868	870
Deferred tax liabilities	132	132
	<u>4,601</u>	<u>5,407</u>
Current liabilities		
Lease liabilities	1,554	1,600
Loans and borrowings	9,073	9,086
Contract liabilities	2,285	2,103
Provisions	945	618
Trade and other payables	28,926	32,293
Tax payable	3,956	4,467
	<u>46,739</u>	<u>50,167</u>
Total liabilities	51,340	55,574
TOTAL EQUITY AND LIABILITIES	249,985	263,555
Net assets per share (RM)	0.41	0.43
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 2023 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 2024

	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 2024	29,240	(2,427)	(7,585)	29,047	-	159,706	207,981	-	207,981
Total comprehensive income	-	-	-	(281)	-	(1,783)	(2,064)	-	(2,064)
Final dividend for the financial year ended 31 December 2023	-	-	-	-	-	(7,272)	(7,272)	-	(7,272)
At 30 June 2024	29,240	(2,427)	(7,585)	28,766	-	150,651	198,645	-	198,645
At 1 January 2023	29,240	(2,427)	(7,585)	22,514	(724)	156,666	197,684	(25)	197,659
Total comprehensive income	-	-	-	5,815	119	4,041	9,975	(41)	9,934
Changes in ownership interest in a subsidiary	-	-	-	-	-	-	-	66	66
Final dividend for the financial year ended 31 December 2022	-	-	-	-	-	(7,272)	(7,272)	-	(7,272)
At 30 June 2023	29,240	(2,427)	(7,585)	28,329	(605)	153,435	200,387	-	200,387

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2023 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 2024

	Unaudited 30 June 2024 RM'000	Unaudited 30 June 2023 RM'000
Operating activities		
Profit/(loss) before tax	(39)	6,267
Adjustments for non-cash items	6,265	2,133
Operating profit before changes in working capital	6,226	8,400
Changes in working capital:		
Net changes in inventories	(2,626)	1,258
Net changes in contract customers	8,708	(7,004)
Net changes in receivables	613	386
Net changes in payables	(3,044)	3,138
Cash flows from operations	9,877	6,178
Interest received	222	297
Interest paid	(277)	(117)
Income tax refunded	-	180
Income tax paid	(2,282)	(2,284)
Net cash flows from operations	7,540	4,254
Cash flows used in investing activities		
Purchase of property, plant and equipment	(378)	(748)
Changes in pledged deposits	(37)	(31)
Development of intangible assets	(933)	(549)
Net cash flows used in investing activities	(1,348)	(1,328)
Cash flows used in financing activities		
Repayment of lease liability	(850)	(771)
Dividends paid	(7,272)	(7,272)
Proceeds from borrowings	-	2,989
Repayment of borrowings	(2,123)	-
Net cash flows used in financing activities	(10,245)	(5,054)
Net changes in cash and cash equivalents	(4,053)	(2,128)
Cash and cash equivalents at 1 January	53,548	52,080
Effect of exchange rate changes	(215)	5,798
Cash and cash equivalents at 30 June	49,280	55,750
Analysis of cash and cash equivalents:		
Fixed deposits placed with licensed banks	9,528	2,473
Short term investments	34	33
Cash and bank balances	47,224	56,222
	56,786	58,728
Less: Bank overdraft	(4,973)	(505)
Pledged deposits	(2,533)	(2,473)
	49,280	55,750

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2023 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 2023.

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 2023 except for the adoption of the new MFRS and amendments/improvements to MFRSs that are applicable to the Group effective 1 January 2024. 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 2023 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

A final single-tier dividend of 1.50 sen per ordinary share for the financial year ended 31 December 2023 amounting to RM7,271,796 was paid on 20 May 2024.

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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
Revenue:					
External customers	32,326	63,667	-	-	95,993
Inter-segment	944	1,466	-	(2,410)	-
Total revenue	33,270	65,133	-	(2,410)	95,993
Results:					
Interest income	39	183	-	-	222
Interest expense	(167)	(110)	-	-	(277)
Depreciation	(467)	(1,124)	-	-	(1,591)
Income tax expense	-	(1,744)	-	-	(1,744)
Share of results of associates	-	-	-	(4,604)	(4,604)
Segment profit/(loss)	11,505	10,619	-	(22,163)	(39)

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 2023.

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 liabilities or contingent assets arising since the last audited financial statements for the year ended 31 December 2023.

A12 Capital commitments

There were no material capital commitments as at 30 June 2024.

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ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

B1 Review of performance

Revenue for the current quarter increased marginally to RM46.72 million from RM46.52 million recorded in the corresponding quarter of 2023. The Group incurred a loss before tax of RM957,000 compared to a profit before tax of RM3.72 million recorded in the preceding year corresponding quarter.

For the 6 months ended 30 June 2024, the Group's revenue increased by 4.81% to RM95.99 million from RM91.59 million achieved in the corresponding period of last financial year. Despite the increase in revenue, the Group incurred a loss before tax of RM39,000 compared to a profit before tax of RM6.27 million recorded in the corresponding period of last financial year. The decrease in profit before tax is mainly due to the share of losses incurred by our associate in Canada and lower Group margins.

Revenue from the Singapore operations contributed 66.32% of the Group's total revenue with the balance coming from Malaysia operations. Revenue from Malaysia operations increased by 34.38% compared to the corresponding period in 2023, while revenue from Singapore operations decreased by 5.72%. Our associate in Canada has incurred losses due to project delays, increased R&D expenses and expansion into new markets. The expansion has presented numerous challenges which has increased overhead costs significantly.

B2 Material change in results against preceding quarter

	Current Quarter 30/06/2024 RM'000	Preceding Quarter 31/03/2024 RM'000
Revenue	46,715	49,278
Profit/(loss) before tax	(957)	918

For the current quarter, the Group recorded lower revenue of RM46.72 million compared to RM49.28 million in the previous quarter. The Group incurred a loss before tax of RM957,000 compared to a profit before tax of RM918,000 in the preceding quarter. The decrease in profit before tax is mainly due to lower revenue and margins, and higher manpower expenses.

B3 Current year prospects

The Group expects the business environment to remain highly competitive and challenging in the upcoming quarters. Project site delays and escalating material and manpower cost, continue to exert pressure on the Group's operations. These factors are affecting the Group's profit margins.

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 30/06/2024 RM'000	6 months ended 30/06/2024 RM'000
Current Taxation	774	1,744
Adjustment for under/(over) provisions in previous years	-	-
Transfer to/(from) deferred taxation	-	-
	774	1,744

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

	30/06/2024 RM'000	30/06/2023 RM'000
Current		
Bank overdraft	4,973	505
Banker's acceptances	3,100	1,988
Revolving credit	1,000	1,000
Total borrowings	9,073	3,493
The currency profile of borrowings is as follows:-		
Ringgit Malaysia	9,073	3,493

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 current quarter.

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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 June		6 months ended 30 June	
	2024	2023	2024	2023
Net profit/(loss) attributable to equity holders of the Company (RM'000)	(1,731)	2,828	(1,783)	4,041
Weighted average number of ordinary shares in issue during the period ('000)	484,786	484,786	484,786	484,786
Basic earnings/(loss) per ordinary share (sen)	(0.36)	0.60	(0.37)	0.85
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 30/06/2024 RM'000	6 months ended 30/06/2024 RM'000
Operating profit has been arrived at after charging:-		
Depreciation of property, plant and equipment	398	779
Depreciation of right-of-use assets	406	812
Provision for and write off of inventories	-	-
Foreign exchange loss	(8)	15
Impairment losses on trade receivables	-	104
Loss on disposal of quoted or unquoted investments or properties	-	-
Interest expense	120	277
Exceptional items	N/A	N/A
And crediting:-		
Interest income	114	222
Government grants	307	320
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