

WILLOWGLEN MSC BERHAD (Company No. 462648-V)

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

For the period ended 31 March 2018

	3 months ended 31 March		3 months ended 31 March	
	Unaudited 2018 RM'000	Unaudited 2017 RM'000	Unaudited 2018 RM'000	Unaudited 2017 RM'000
Revenue	35,590	38,317	35,590	38,317
Operating expenses	(33,146)	(32,953)	(33,146)	(32,953)
Other operating income	334	435	334	435
Share of results of associate, net of tax	323	209	323	209
Profit before tax	3,101	6,008	3,101	6,008
Income tax expense	(905)	(1,035)	(905)	(1,035)
Profit net of tax	2,196	4,973	2,196	4,973
Other comprehensive income, net of tax:				
Fair value changes on available for sale financial assets	(81)	16	(81)	16
Foreign currency translation	(3,288)	1,537	(3,288)	1,537
Total comprehensive income for the period	(1,173)	6,526	(1,173)	6,526
Profit attributable to:				
- Owners of the parent	2,196	4,979	2,196	4,979
- Non-controlling interest	-	(6)	-	(6)
	2,196	4,973	2,196	4,973
Total comprehensive income attributable to:				
- Owners of the parent	(1,137)	6,536	(1,137)	6,536
- Non-controlling interest	(36)	(10)	(36)	(10)
	(1,173)	6,526	(1,173)	6,526
Earnings per ordinary share (sen):				
- Basic	0.90	2.05	0.90	2.05
- 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 2017 and the accompanying explanatory notes attached to the interim financial statements.

WILLOWGLEN MSC BERHAD (Company No. 462648-V)

CONDENSED STATEMENTS OF FINANCIAL POSITION

As at 31 March 2018

	Unaudited 31 March 2018 RM'000	Audited 31 December 2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	15,064	15,639
Investment in associates	14,343	14,018
Investment securities	6,712	7,007
Other receivables	1,859	1,927
	<u>37,978</u>	<u>38,591</u>
Current assets		
Inventories	2,107	5,314
Amount due from contract customers	46,772	58,089
Trade and other receivables	40,354	46,177
Tax recoverable	542	484
Cash and bank balances	35,805	30,737
	<u>125,580</u>	<u>140,801</u>
TOTAL ASSETS	<u>163,558</u>	<u>179,392</u>
EQUITY & LIABILITIES		
Equity and reserves		
Share capital	29,240	29,240
Treasury shares, at cost	(1,714)	(1,714)
Reserves	119,763	120,900
Total equity attributable to owners of the parent	<u>147,289</u>	<u>148,426</u>
Non-controlling interest	351	387
Total equity	<u>147,640</u>	<u>148,813</u>
Non-current liabilities		
Employee benefits	-	41
Provision for reinstatement cost	737	760
Deferred tax liabilities	112	115
	<u>849</u>	<u>916</u>
Current liabilities		
Amount due to contract customers	1,379	6,665
Provisions	445	442
Trade and other payables	9,459	18,694
Tax payable	3,786	3,862
	<u>15,069</u>	<u>29,663</u>
Total liabilities	<u>15,918</u>	<u>30,579</u>
TOTAL EQUITY AND LIABILITIES	<u>163,558</u>	<u>179,392</u>
Net assets per share (RM)	0.61	0.61

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

WILLOWGLEN MSC BERHAD (Company No. 462648-V)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2018

	Non-distributable			Reserves			Distributable Retained profits	Total	Non-controlling interest	Total
	Share Capital	Treasury Shares	Share premium	Merger deficit	Translation reserve	Fair Value Adjustment Reserve				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000				
At 1 January 2018	29,240	(1,714)	-	(7,585)	14,649	84	113,752	148,426	387	148,813
Total comprehensive income	-	-	-	-	(3,252)	(81)	2,196	(1,137)	(36)	(1,173)
At 31 March 2018	29,240	(1,714)	-	(7,585)	11,397	3	115,948	147,289	351	147,640
At 1 January 2017	24,800	(1,714)	4,440	(7,585)	16,735	29	99,902	136,607	(192)	136,415
Transition to no-par value regime	4,440	-	(4,440)	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	1,541	16	4,979	6,536	(10)	6,526
At 31 March 2017	29,240	(1,714)	-	(7,585)	18,276	45	104,881	143,143	(202)	142,941

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

WILLOWGLEN MSC BERHAD (Company No. 462648-V)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 March 2018

	Unaudited 31 March 2018 RM'000	Unaudited 31 March 2017 RM'000
Operating activities		
Profit before tax	3,101	6,008
Adjustments for non-cash items	120	43
Operating profit before changes in working capital	3,221	6,051
Changes in working capital:		
Net changes in inventories	3,207	(145)
Net changes in contract customers	6,032	(6,902)
Net changes in receivables	5,891	(335)
Net changes in payables	(9,297)	(6,573)
Cash flows from operations	9,054	(7,904)
Interest received	178	156
Tax paid	(1,039)	(37)
Net cash flows from operations	8,193	(7,785)
Investing activities		
Purchase of property, plant and equipment	(211)	(109)
Purchase of investment securities	-	(2,401)
Proceeds from disposal of investment securities	-	792
Changes in pledged deposits	(20)	546
Net cash flows used in investing activities	(231)	(1,172)
Financing activities		
Net cash flows used in financing activities	-	-
Net changes in cash and cash equivalents	7,962	(8,957)
Cash and cash equivalents at 1 January	29,272	39,034
Effect of exchange rate changes on cash and cash equivalents	(2,914)	1,393
Cash and cash equivalents at 31 March	34,320	31,470
Analysis of cash and cash equivalents:		
Fixed deposits placed with licensed banks	10,985	15,747
Short term investments	180	466
Cash and bank balances	24,640	16,704
	35,805	32,917
Less: Fixed deposits held as security value	(1,485)	(1,447)
	34,320	31,470

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

WILLOWGLEN MSC BERHAD (Company No. 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 2017.

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 2017 except for the adoption of the Amendments/Improvements to MFRSs that are applicable to the Group effective 1 January 2018. 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 2017 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 share buyback during the current quarter. As at the end of the current quarter, a total of 4,673,400 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

No dividend was paid during the current quarter.

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A7 Segmental reporting

The Group operates in three (3) principal geographical areas for the sales, implementation and maintenance of computer based control systems.

Current Year To Date	Malaysia	Singapore	Indonesia	Others	Adjustments & Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue:						
External customers	5,348	30,221	21	-	-	35,590
Inter-segment	503	-	-	-	(503)	-
Total revenue	5,851	30,221	21	-	(503)	35,590
Results:						
Interest income	20	91	-	67	-	178
Depreciation	329	291	1	-	-	621
Income tax expense	-	905	-	-	-	905
Share of results of Associate	-	-	-	-	323	323
Segment profit/(loss)	(3,068)	5,774	9	63	323	3,101

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 2017.

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 2017.

A12 Capital commitments

There were no material capital commitments as at 31 March 2018.

WILLOWGLEN MSC BERHAD (Company No. 462648-V)

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

B1 Review of performance

Revenue for the current quarter decreased by 7.12% to RM35.59 million from RM38.32 million recorded in the corresponding quarter of 2017. Profit before tax reduced to RM3.10 million compared to RM6.01 million achieved in the preceding year corresponding quarter. The lower profit before tax is mainly due to lower revenue of the Malaysia operations, reduced margins and higher manpower expenses.

The Singapore operations contributed to 84.91% of the Group's revenue with the balance coming from Malaysia operations. Revenue of the Malaysia operations has reduced mainly due to the delay in the award of many projects tendered. As the Indonesia operations continue to experience intense competition with low margins, the Group will reallocate the resources and concentrate in the Malaysia and Singapore markets.

B2 Material change in results against preceding quarter

	Current Quarter 31/03/2018 RM'000	Preceding Quarter 31/12/2017 RM'000
Revenue	35,590	45,121
Profit before tax	3,101	5,631

For the current quarter, the Group recorded lower revenue of RM35.59 million compared to RM45.12 million recorded in the last quarter. The profit before tax reduced to RM3.10 million from RM5.63 million recorded in the preceding quarter. The decrease in profit before tax is mainly due to lower revenue, lower margins and higher manpower expenses.

B3 Current year prospects

The business environment in the SCADA market has been very challenging and competitive. As such, the Board maintains a cautious outlook. 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.

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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.

B7 Income tax expense

	3 months ended 31/03/2018 RM'000	3 months ended 31/03/2018 RM'000
Current Taxation	905	905
Adjustment for under/(over) provisions in previous years	-	-
Transfer to/(from) deferred taxation	-	-
	905	905

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 except for the proposed bonus issue of 248,000,000 new ordinary shares in the Company on the basis of one (1) bonus share for one (1) existing ordinary share held on the entitlement date.

The proposed bonus issue has been approved by the shareholders at the Extraordinary General Meeting held on 16 May 2018. The entitlement date of the bonus issue will be decided later.

B9 Group borrowings and debt securities

There were no group borrowings and debt securities outstanding as at 31 March 2018.

B10 Changes in Material Litigation

The Group does not have any outstanding material litigation as at the date of this announcement.

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B11 Proposed Dividend

The proposed final single-tier dividend of 2 sen per ordinary share for the financial year ended 31 December 2017 has been approved by the shareholders at the Twentieth Annual General Meeting. The entitlement and payment dates for the dividend of 2 sen per ordinary share (2016: 2 sen) will be on 4 June 2018 and 20 June 2018 respectively.

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 March		3 months ended 31 March	
	2018	2017	2018	2017
Net profit attributable to equity holders of the Company (RM'000)	2,196	4,979	2,196	4,979
Weighted average number of ordinary shares in issue during the period ('000)	243,327	243,327	243,327	243,327
Basic earnings per ordinary share (sen)	0.90	2.05	0.90	2.05
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 31/03/2018 RM'000	3 months ended 31/03/2018 RM'000
Operating profit has been arrived at after charging:-		
Depreciation of property, plant and equipment	621	621
Provision for and write off of inventories	-	-
Foreign exchange loss	12	12
Provision for and write off of receivables	-	-
Loss on disposal of quoted or unquoted investments or properties	-	-
Interest expense	N/A	N/A
Exceptional items	N/A	N/A
And crediting:-		
Interest income	178	178
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