



WILLOWGLEN

ANNUAL REPORT 2015

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WILLOWGLEN

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighteenth Annual General Meeting of the Company will be held at the Grand Lotus, Level 2, Swiss-Garden Residences, 117 Jalan Pudu, 55100 Kuala Lumpur, Malaysia on Wednesday, 27 April 2016 at 10.00 a.m. for the following purposes:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Reports of the Directors and Auditors thereon. (Please refer Explanatory Note i)
2. To approve the declaration of a final dividend of 20% tax-exempt for the financial year ended 31 December 2015. (Resolution 1)
3. To re-elect the following Directors who retire pursuant to Article 93 of the Company's Articles of Association and being eligible, have offered themselves for re-election:-
 - (a) Alfian Bin Tan Sri Mohamed Basir (Resolution 2)
 - (b) Au Chun Choong (Resolution 3)
4. To approve the payment of Directors' fees of RM90,000.00 for the financial year ended 31 December 2015. (Resolution 4)
5. To re-appoint Messrs. Baker Tilly Monteiro Heng as the Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. (Resolution 5)

As Special Business

To consider and, if thought fit, with or without modifications, to pass the following resolutions as Ordinary and Special Resolutions:-

6. Ordinary Resolution
Retention Of Mr. Wang Shi Tsang, Encik Alfian Bin Tan Sri Mohamed Basir And Encik Mohd Isa Bin Ismail As Independent Non-Executive Directors

"THAT Wang Shi Tsang who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years be and is hereby retained as an Independent Non-Executive Director of the Company pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012." (Resolution 6)



Notice of Annual General Meeting ... continued

“THAT Alfian Bin Tan Sri Mohamed Basir who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years be and is hereby retained as an Independent Non-Executive Director of the Company pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012.”
(Resolution 7)

“THAT Mohd Isa Bin Ismail who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years be and is hereby retained as an Independent Non-Executive Director of the Company pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012.”
(Resolution 8)

7. Ordinary Resolution
Authority To Issue Shares Pursuant To Section 132D Of The Companies Act, 1965

“THAT, subject always to the Companies Act, 1965 (“**the Act**”), the Articles of Association of the Company and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares issued pursuant to this Resolution does not exceed ten percent (10%) of the total issued and paid-up share capital of the Company for the time being; AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; AND THAT such authority shall commence immediately upon the passing of this Resolution and continue in force until the conclusion of the next Annual General Meeting of the Company.”
(Resolution 9)

8. Ordinary Resolution
Proposed Renewal Of Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature

“THAT, subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries to enter into the categories of Recurrent Transactions of a revenue or trading nature which are necessary for their day-to-day operations and with those Related Parties as specified in Section 2.1.3 of the Circular dated 5 April 2016 subject further to the following:-

- (a) the transactions are in the ordinary course of business and are on terms not more favourable than those generally available to the public; and
- (b) disclosure is made in the Annual Report of a breakdown of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year, amongst others, based on the following information:-
 - (i) the type of Recurrent Transactions made; and
 - (ii) the names of the Related Parties involved in each type of Recurrent Transactions made and their relationships with the Company;



Notice of Annual General Meeting continued ...

AND THAT such authority shall commence upon passing of this resolution and shall continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting of the Company following the forthcoming Annual General Meeting at which time it will lapse, unless by a resolution passed at a general meeting, the authority is renewed; or
- (b) the expiration of the period within which the next Annual General Meeting of the Company is required to be held pursuant to Section 143 (1) of the Companies Act, 1965 but shall not extend to such extension as may be allowed pursuant to Section 143 (2) of the Companies Act, 1965; or
- (c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier.

AND FURTHER THAT the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things including executing such documents as may be required to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.” (Resolution 10)

9. Ordinary Resolution

Proposed Renewal Of Authorisation To Enable Willowglen MSC Berhad To Purchase Its Own Shares Up To 10% Of The Issued And Paid-Up Ordinary Share Capital Of The Company Pursuant To Section 67A Of The Companies Act, 1965

“THAT, subject always to the Companies Act, 1965 (“**the Act**”), the provisions of the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares of RM0.10 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

- (a) the aggregate number of shares purchased does not exceed ten percent (10%) of the total issued and paid-up share capital of the Company as quoted on Bursa Securities as at the point of purchase;
- (b) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits and share premium account of the Company based on the latest audited financial statement and/or the latest management accounts of the Company (where applicable) available at the time of the purchase(s); and
- (c) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividend.



Notice of Annual General Meeting ... continued

AND THAT such authority shall commence upon passing of this resolution, subject to renewal thereat, and shall continue to be in force until:-

- (a) at the conclusion of the next Annual General Meeting of the Company following the forthcoming Annual General Meeting at which such resolution was passed at which time it will lapse, unless by ordinary resolution passed at a general meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next Annual General Meeting after the date is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders in general meeting;

whichever occurs first.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary and/or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into of all agreements, arrangements and guarantees with any party or parties) to implement, finalise and give full effect to the Proposed Renewal of Share Buy-Back with full power to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with full power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the shares bought-back) in accordance with the Act, the provisions of the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Securities, and all other relevant governmental and/or regulatory authorities.”

(Resolution 11)



Notice of Annual General Meeting continued ...

10. Special Resolution Proposed Amendments to the Articles of Association of the Company

“THAT Articles of Association of the Company be amended by the relevant alterations, modifications, additions/ and or deletions as set out below (“**Proposed Amendments**”):-

Article No.	Existing Article	Proposed Amendment
127	A copy of every balance sheet and profit and loss account which is to be laid before the Company in general meeting (including every document required by law to be annexed thereto) together with a copy of the Auditors' report relating thereto and the Directors' report shall be in printed form or in CD-ROM form or in such other form of electronic media or any combination thereof and shall not more than six months after the close of the financial year and not less than fourteen days before the date of the meeting be sent to every Member of, and every holder of debenture of the Company and to every other person who is entitled to receive notices from the Company under the provisions of the Act or of these Articles. Provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application to the Office.	A copy of every balance sheet and profit and loss account which is to be laid before the Company in general meeting (including every document required by law to be annexed thereto) together with a copy of the Auditors' report relating thereto and the Directors' report shall be in printed form or in CD-ROM form electronic format or in such other form of electronic media or any combination thereof and shall not more than six months after the close of the financial year and not less than fourteen days permitted under the Listing Requirements or any combination thereof shall, not less than twenty one (21) days (or such other shorter period as may be agreed by all members entitled to attend and vote at the meeting) before the date of the meeting be sent to every Member of, and every holder of debentures of the Company and to every other person who is entitled to receive notices notice of general meetings from the Company under the provisions of the Act or of these Articles, provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application to at the Office.
127A	The interval between the close of a financial year end of the Company and the issue of the annual audited accounts, the directors' and auditors' reports shall not exceed four months.	Deleted



Notice of Annual General Meeting ... continued

AND THAT authority be and is hereby given to the Directors of the Company to do all such acts, deeds and things and execute, sign and deliver all documents for and on behalf of the Company as they may consider necessary or expedient to give effect to and implement the Proposed Amendments with full power to assent to any conditions, modifications, variations and alteration as may be imposed or permitted by the relevant authorities.”
(Resolution 12)

11. To transact any other ordinary business of which due notice shall have been given.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT a final dividend of 20% tax-exempt for the financial year ended 31 December 2015, if approved by shareholders, will be payable on 26 May 2016 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 16 May 2016. A Depositor shall qualify for entitlement only in respect of:

- (a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 16 May 2016 in respect of ordinary transfers; and
- (b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

Chua Siew Chuan (MAICSA 0777689)
Tan Ley Theng (MAICSA 7030358)
Company Secretaries

Kuala Lumpur
5 April 2016

Notes:

- 1. In respect of deposited securities, only a depositor whose name appears on the Record of Depositors as at 20 April 2016 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting or appoint proxy(ies) to attend and/or vote in his/her stead.
- 2. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. When a member appoints more than one (1) proxy, the appointments shall be invalid unless the proportion of the shareholdings to be represented by each proxy is specified. A proxy need not be a member of the Company and the provision of Section 149 (1)(a),(b),(c) and (d) of the Companies Act, 1965, shall not apply to the Company.
- 3. Where a Member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
- 4. The instrument appointing a proxy(ies) must be deposited at the Company's Share Registrar's Office at Symphony Share Registrars Sdn. Bhd., Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof.



Notice of Annual General Meeting continued ...

5. The instrument appointing a proxy or proxies shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if such appointer is a corporation, under its Common Seal or the hand of its attorney duly authorised.

6. Explanatory Notes:-

- i. Item 1 of the Agenda

This Agenda item is meant for discussion only, as the provision of Section 169 (1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

- ii. Ordinary Resolution 6

Retention of Mr. Wang Shi Tsang as Independent Non-Executive Director

Mr. Wang Shi Tsang was appointed as an Independent Non-Executive Director of the Company on 27 June 2002 and has reached a cumulative nine (9) years term limit. In accordance with the Malaysian Code on Corporate Governance 2012, the Board of Directors of the Company, after having assessed the independence of Mr. Wang Shi Tsang and after having been recommended and assessed by the Nomination Committee, regards him to be independent based amongst others, the following justifications and recommends that Mr. Wang Shi Tsang be retained as an Independent Director of the Company :

- the aforementioned Independent Non-Executive Director fulfilled the definition of an Independent Director as set out under Paragraph 1.01 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements.
- the aforementioned Independent Non-Executive Director was able to exercise independent judgement and act in the best interests of the Company.
- there was no potential conflict of interest that the aforementioned Independent Non-Executive Director could have with the Company as he had not entered into any contract or transaction with the Company and/or its subsidiaries within the scope and meaning as set forth under Paragraph 5 of Practice Note 13 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements.
- the aforementioned Independent Non-Executive Director had not developed, established or maintained any significant personal or social relationship, whether direct or indirect, with the Executive Chairman and Executive Directors, major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level, consistent and expected of him to carry out his duties as an Independent Non-Executive Director.
- the aforementioned Independent Non-Executive Director does not derive any remuneration and benefits apart from Directors' fees and meeting expenses.

- iii. Ordinary Resolution 7

Retention of Encik Alfian Bin Tan Sri Mohamed Basir as Independent Non-Executive Director

Encik Alfian Bin Tan Sri Mohamed Basir was appointed as an Independent Non-Executive Director of the Company on 9 October 2003 and has reached a cumulative nine (9) years term limit. In accordance with the Malaysian Code on Corporate Governance 2012, the Board of Directors of the Company, after having assessed the independence of Encik Alfian Bin Tan Sri Mohamed Basir and after having been recommended and assessed by the Nomination Committee, regards him to be independent based amongst others, the following justifications and recommends that Encik Alfian Bin Tan Sri Mohamed Basir be retained as an Independent Director of the Company :



Notice of Annual General Meeting ... continued

- the aforementioned Independent Non-Executive Director fulfilled the definition of an Independent Director as set out under Paragraph 1.01 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements.
- the aforementioned Independent Non-Executive Director was able to exercise independent judgement and act in the best interests of the Company.
- there was no potential conflict of interest that the aforementioned Independent Non-Executive Director could have with the Company as he had not entered into any contract or transaction with the Company and/or its subsidiaries within the scope and meaning as set forth under Paragraph 5 of Practice Note 13 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements.
- the aforementioned Independent Non-Executive Director had not developed, established or maintained any significant personal or social relationship, whether direct or indirect, with the Executive Chairman and Executive Directors, major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level, consistent and expected of him to carry out his duties as an Independent Non-Executive Director.
- the aforementioned Independent Non-Executive Director does not derive any remuneration and benefits apart from Directors' fees and meeting expenses.

iv. Ordinary Resolution 8

Retention of Encik Mohd Isa Bin Ismail as Independent Non-Executive Director

Encik Mohd Isa Bin Ismail was appointed as an Independent Non-Executive Director of the Company on 29 December 2006 and has reached a cumulative nine (9) years term limit. In accordance with the Malaysian Code on Corporate Governance 2012, the Board of Directors of the Company, after having assessed the independence of Encik Mohd Isa Bin Ismail and after having been recommended and assessed by the Nomination Committee, regards him to be independent based amongst others, the following justifications and recommends that Encik Mohd Isa Bin Ismail be retained as an Independent Director of the Company :

- the aforementioned Independent Non-Executive Director fulfilled the definition of an Independent Director as set out under Paragraph 1.01 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements.
- the aforementioned Independent Non-Executive Director was able to exercise independent judgement and act in the best interests of the Company.
- there was no potential conflict of interest that the aforementioned Independent Non-Executive Director could have with the Company as he had not entered into any contract or transaction with the Company and/or its subsidiaries within the scope and meaning as set forth under Paragraph 5 of Practice Note 13 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements.
- the aforementioned Independent Non-Executive Director had not developed, established or maintained any significant personal or social relationship, whether direct or indirect, with the Executive Chairman and Executive Directors, major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level, consistent and expected of him to carry out his duties as an Independent Non-Executive Director.
- the aforementioned Independent Non-Executive Director does not derive any remuneration and benefits apart from Directors' fees and meeting expenses.



Notice of Annual General Meeting continued ...

v. Ordinary Resolution 9

Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution, if passed, will give a renewal mandate to the Directors of the Company the authority to allot and issue new ordinary shares in the Company up to an amount not exceeding 10% of the issued share capital of the Company for such purposes as the Directors may in their discretion deem expedient in the best interest of the Company, subject to compliance with the relevant regulatory requirements. This renewed mandate, unless earlier revoked or varied by the shareholders of the Company at a general meeting, will expire at the next Annual General Meeting of the Company.

The authority to issue shares pursuant to Section 132D of the Companies Act, 1965 will provide flexibility and expediency to the Company for any possible fund raising activities involving the issuance or placement of shares to facilitate business expansion or strategic merger and acquisition opportunities involving equity deals or part equity or to fund future investment project(s) or for working capital requirements which the Directors of the Company consider to be in the best interest of the Company. The approval is sought to avoid any delay and cost in convening a general meeting to approve such issuance of shares.

The Company had been granted a mandate by its shareholders at the Seventeenth Annual General Meeting of the Company held on 29 April 2015 ("Previous Mandate"). As at the date of this Notice, no new shares were issued pursuant to the Previous Mandate.

vi. Ordinary Resolution 10

Proposed Resolution for Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue Or Trading Nature

The proposed Ordinary Resolution, if passed, will provide a renewed mandate for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with Related Parties in the ordinary course of business based on commercial terms which are not more favourable to the Related Parties than those generally available to the public and which are necessary for the Group's day-to-day operations. This mandate shall lapse at the conclusion of the next Annual General Meeting unless authority for the renewal is obtained from the shareholders of the Company at a general meeting.

vii. Ordinary Resolution 11

Proposed Renewal of Authorisation to Enable Willowglen MSC Berhad to Purchase Its Own Shares Up To 10% of The Issue And Paid-Up Ordinary Share Capital of The Company Pursuant to Section 67A of The Companies Act, 1965

The proposed Ordinary Resolution, if passed, will provide a renewed mandate for the Company to purchase its own shares up to 10% of the issued and paid-up ordinary share capital of the Company and shall lapse at the conclusion of the next Annual General Meeting unless authority for the renewal is obtained from the shareholders of the Company at a general meeting.

viii. Special Resolution (Resolution 12)

Proposed Amendments to the Articles of Association of the Company

The Proposed Amendments are to align the Company's Articles of Association with the amendments made to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, as well as to enhance administrative efficiency.



STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Directors who are standing for re-election at the Eighteenth Annual General Meeting of the Company

- (a) Alfian Bin Tan Sri Mohamed Basir
- (b) Au Chun Choong

2. Details of the attendance of Directors at Board Meetings

There are six (6) Board of Directors' Meetings held during the financial year ended 31 December 2015.

Board of Directors	No. of Meetings Attended
Alfian Bin Tan Sri Mohamed Basir	6/6
Wong Ah Chiew	6/6
Simon Wong Chu Keong	6/6
Wang Shi Tsang	5/6
Mohd Isa Bin Ismail	4/6
Au Chun Choong	6/6

3. Place, Date and Time of the Eighteenth Annual General Meeting

The Eighteenth Annual General Meeting of the Company will be held at the Grand Lotus, Level 2, Swiss-Garden Residences, 117 Jalan Pudu, 55100 Kuala Lumpur on Wednesday, 27 April 2016 at 10.00 a.m.

4. Details of Directors who are standing for re-election

Further details of Directors who are standing for re-election are set out in the Profile of Directors of the Annual Report.



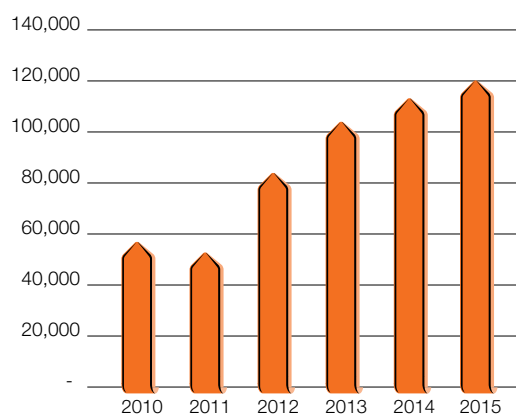
FINANCIAL HIGHLIGHTS

GROUP FINANCIAL SUMMARY	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000
Revenue	54,470	52,160	83,427	102,611	109,754	119,268
Profit Before Tax	11,564	10,180	18,194	23,112	20,597	21,069
Profit Attributable To Owners Of The Company	9,322	8,507	15,376	19,359	17,414	18,090
Total Assets	68,371	68,214	84,251	104,539	119,033	139,394
Total Liabilities	7,022	5,956	11,919	18,372	18,696	17,669
Total Equity Attributable To Owners Of The Company	61,037	62,069	72,301	85,867	99,635	121,587
Basic Earnings Per Ordinary Share (sen)	3.77	3.49	6.32	7.95	7.15	7.43
Dividends Per Share (including special dividend) (sen)	3.00	3.00	2.50	3.00	2.00	2.00
Net Assets Per Share (sen)	24.86	25.58	29.70	35.30	40.90	50.00

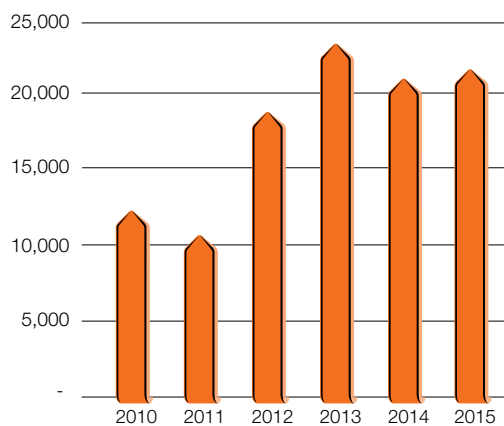


Financial Highlights

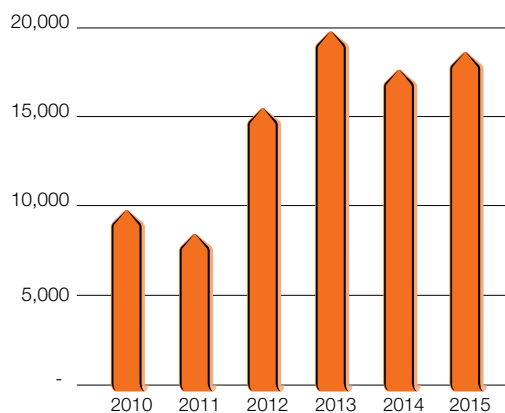
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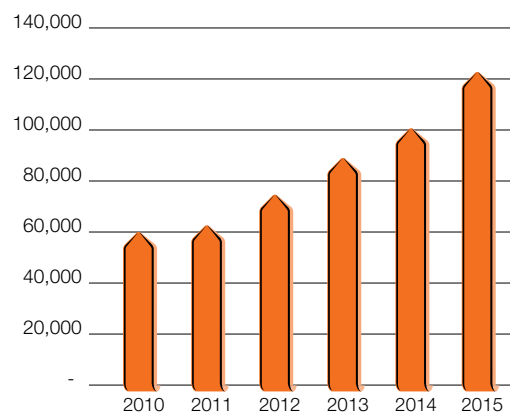
Revenue (RM'000)



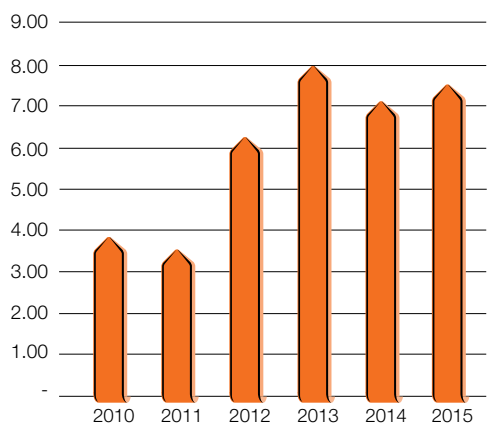
Profit Before Tax (RM'000)



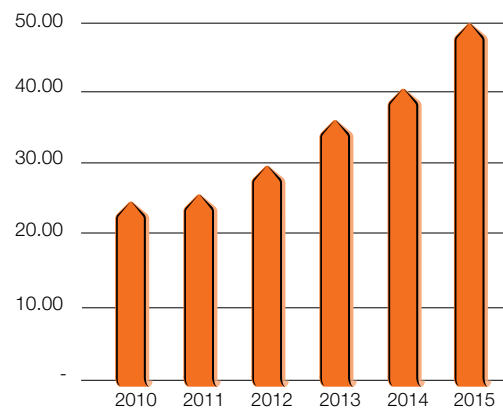
**Profit Attributable To
Owners Of The Company (RM'000)**



**Total Equity Attributable To
Owners Of The Company (RM'000)**



Basic Earnings Per Ordinary Share (sen)



Net Assets Per Share (sen)



CORPORATE INFORMATION

BOARD OF DIRECTORS

Alfian Bin Tan Sri Mohamed Basir (Chairman and Independent Non-Executive Director)

Wong Ah Chiew (Group Managing Director)

Simon Wong Chu Keong (Executive Director)

Wang Shi Tsang (Senior Independent Non-Executive Director)

Mohd Isa Bin Ismail (Independent Non-Executive Director)

Au Chun Choong (Independent Non-Executive Director)

AUDIT COMMITTEE

Wang Shi Tsang (Chairman)
Alfian Bin Tan Sri Mohamed Basir
Mohd Isa Bin Ismail

NOMINATION & REMUNERATION COMMITTEE

Alfian Bin Tan Sri Mohamed Basir (Chairman)
Wang Shi Tsang
Mohd Isa Bin Ismail

SECRETARIES

Chua Siew Chuan
Tan Ley Theng

AUDITORS

Baker Tilly Monteiro Heng
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur

STOCK EXCHANGE LISTING

Main Market of
Bursa Malaysia Securities Berhad

REGISTERED OFFICE

No. 17 Jalan 2/149B
Taman Sri Endah, Bandar Baru Sri Petaling
57000 Kuala Lumpur
Tel: 03-90571228 Fax: 03-90571218

HEAD OFFICE

No. 17 Jalan 2/149B
Taman Sri Endah, Bandar Baru Sri Petaling
57000 Kuala Lumpur
Tel: 03-90571228 Fax: 03-90571218
Email: corpinfo@willowglen.com.my
Website: www.willowglen.com.my

SHARE REGISTRARS

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-78418000 Fax: 03-78418151

PRINCIPAL BANKERS

CIMB Bank Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Berhad



PROFILE OF DIRECTORS

ENCIK ALFIAN BIN TAN SRI MOHAMED BASIR, aged 42, a Malaysian, is the **CHAIRMAN AND INDEPENDENT NON-EXECUTIVE DIRECTOR** of the Company. He was appointed to the Board of Directors on 9 October 2003.

He is a member of the Audit Committee and Nomination & Remuneration Committee of the Company.

Encik Alfian is a Chartered Accountant and a Member of Malaysian Institute of Accountants. He graduated from the University of Malaya with a Bachelor of Accounting (Hons) Degree.

Encik Alfian's career began at Ernst & Young, Kuala Lumpur, a global accounting firm. Specialising in the financial sector, he gained a wealth of experience managing large financial audits and special due diligence assignments, in conjunction with the consolidation of the local banking sector, at various local financial institutions such as the former Bank Bumiputra Malaysia Berhad and the Utama Banking Group. His experience also extends internationally, including assignments at the Central Bank of Mongolia and other commercial banks in Mongolia.

Due to his keen interest in the ICT sector, he left Ernst & Young in 2001 to set up an ICT and management consulting firm, TradeRoof Sdn Bhd. Since then, he had ventured further into the ICT and telecommunications industry, being involved in a number of technology-based companies. He is currently the Chief Executive Officer of Blue Horus Solutions Group, a regional Mobile Telecommunications-based solutions provider with operations in Malaysia and Cambodia. He is also a Director of Alanya Marine Ventures Sdn Bhd, a company involved in the oil and gas industry. In addition, he also currently sits on the Board of various other private limited companies.

Encik Alfian was appointed as a Non-Independent and Non-Executive Director of WTK Holdings Berhad, an investment holding company on 27 February 2015.

Encik Alfian does not have any family relationship with any Director and/or major shareholder of the Company. He also does not have any conflict of interest with the Company.

Encik Alfian has no conviction for any offences within the past ten years other than traffic offences, if any.

He attended all six (6) Board Meetings held in the financial year ended 31 December 2015.



Profile of Directors continued ...

MR. WONG AH CHIEW, aged 68, a Malaysian, is the **GROUP MANAGING DIRECTOR** of the Company. He joined the Board of Directors on 20 May 1998 as First Director of the Company and resigned on 30 July 1998. On 19 June 2000, he was re-appointed to the Board of Directors and subsequently appointed as Group Managing Director on 1 August 2013.

He is a member of the Corporate Announcement & Compliance Committee of the Company.

Mr. Wong holds a Bachelor of Science Degree in Electrical and Electronic Engineering from the University of Strathclyde, Scotland. He started his career in 1973 as Assistant District Engineer with Perak River Hydro Electric Power Co. Ltd, where he worked until 1982.

In 1982, Mr. Wong left the public service to join Dindings Consolidated Sdn Bhd as a Director where he managed the development of the housing and commercial property projects undertaken by the group.

Some of these projects included Taman Dindings, Ayer Tawar; Taman Desa Aman, Teluk Intan; Taman Sri Setapak, Kuala Lumpur; Taman Damai Jaya, Johor and Taman Sri Endah, Kuala Lumpur. Mr. Wong has more than 30 years of experience in property development.

He was the Managing Director of MCB Holdings Berhad, formerly a company listed on Bursa Malaysia Securities Berhad, from 1 August 1992 to 28 November 1997. On 12 December 1997, he was appointed as Director of PJ Development Holdings Berhad and subsequently appointed as Managing Director on 1 January 2006 before his retirement on 31 July 2013.

Mr. Wong is the father of Mr. Simon Wong Chu Keong, the Executive Director of the Company.

He does not have any conflict of interest other than those disclosed under Notes to the Financial Statements of this Annual Report.

Mr. Wong has no conviction for any offences within the past ten years other than traffic offences, if any.

He attended all six (6) Board Meetings held in the financial year ended 31 December 2015.



Profile of Directors ... continued

MR. SIMON WONG CHU KEONG, aged 40, a Malaysian, is the **EXECUTIVE DIRECTOR** of the Company. He was appointed to the Board of Directors on 1 August 2013.

He is a member of the Corporate Announcement & Compliance Committee of the Company.

Mr. Simon Wong holds a Bachelor of Commerce Degree from Murdoch University, Western Australia and a Post Graduate Diploma from the School of Information Systems at Curtin University, Western Australia.

He was a software engineer of the Company from 1998 to 1999.

Following his interest in the field of Information Technology (IT), Mr. Simon Wong then founded and held a director position in a privately owned company providing IT systems and related services.

From 2005 to 2013, he served in the property development and construction divisions within a public listed group and was also a director of several subsidiary companies within the group.

Mr. Simon Wong is the son of Mr. Wong Ah Chiew, the Group Managing Director of the Company.

He does not have any conflict of interest other than those disclosed under Notes to the Financial Statements of this Annual Report.

Mr. Simon Wong has no conviction for any offences within the past ten years other than traffic offences, if any.

He attended all six (6) Board Meetings held in the financial year ended 31 December 2015.



Profile of Directors continued ...

MR. WANG SHI TSANG, aged 62, a Malaysian, is the **SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR** of the Company. He was appointed to the Board of Directors on 27 June 2002.

He is a member of the Audit Committee, Corporate Announcement & Compliance Committee, Nomination & Remuneration Committee and Risk Management Committee of the Company.

Mr. Wang holds a Master of Science Degree in Taxation from U.S.A. He is a Fellow of the Chartered Tax Institute of Malaysia, an Associate Member of the Malaysian Institute of Chartered Secretaries & Administrators and a Certified Financial Planner. He is also a tax agent both under the Income Tax Act, 1967 (as amended) and the Goods and Services Tax Act 2014 (as amended), as approved by the Minister of Finance.

Mr. Wang had served the Inland Revenue Department (now known as the Inland Revenue Board) from 1977 to 1991. He held the post of Assistant Director prior to joining the corporate sector. From 1 September 1991 to 28 August 2012 he worked in the Corporate Affairs Department of a large listed company dealing with both corporate and tax matters. Since 29 August 2012 he has been acting as Senior Manager-Tax in the same company's Finance Department and is responsible for problem-solving and trouble-shooting in income tax matters and managing the company's Goods and Services Tax.

Mr. Wang does not have any family relationship with any Director and/or major shareholder of the Company. He also does not have any conflict of interest with the Company.

Mr. Wang has no conviction for any offences within the past ten years other than traffic offences, if any.

He attended five (5) out of six (6) Board Meetings held in the financial year ended 31 December 2015.



Profile of Directors ... continued

ENCIK MOHD ISA BIN ISMAIL, aged 52, a Malaysian, is an **INDEPENDENT NON-EXECUTIVE DIRECTOR** of the Company. He was appointed to the Board of Directors on 29 December 2006.

He is a member of the Audit Committee and Nomination & Remuneration Committee of the Company.

Encik Mohd Isa holds a Diploma in Accountancy from the University Technology MARA (1984).

He was a Financial Analyst and Cost Analyst of Motorola Semiconductor Sdn Bhd for eight (8) years until 1993 and a Dealer's Representative in K & N Kenanga Bhd (now known as Kenanga Investment Bank Berhad) for one (1) year. In 1995, he was appointed as a Director of Greatwall Plastic Industries Bhd and he resigned in 1997.

Currently, he is an Independent Non-Executive Director of Len Cheong Holdings Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad. He is also a Director of Nautical Equities Sdn Bhd and Shoraka Capital Sdn Bhd, which are involved in provision of consultancy services.

Encik Mohd Isa does not have any family relationship with any Director and/or major shareholder of the Company. He also does not have any conflict of interest with the Company.

Encik Mohd Isa has no conviction for any offences within the past ten years other than traffic offences, if any.

He attended four (4) out of six (6) Board Meetings held in the financial year ended 31 December 2015.



Profile of Directors continued ...

MR. AU CHUN CHOONG, aged 64, a Malaysian, is an **INDEPENDENT NON-EXECUTIVE DIRECTOR** of the Company. He was appointed to the Board of Directors on 1 August 2013.

He is a Fellow of the Association of Chartered Certified Accountants, an Associate Member of the Institute of Chartered Secretaries and Administrators, London, United Kingdom and a member of the Malaysian Institute of Accountants.

He has vast experience in tax and finance in public accounting firms.

He was attached to the Inland Revenue Department in Perak for several years. He left public service in 1980 and joined several public accounting firms as tax manager and financial consultant.

Mr. Au is a Non-Executive Director of Luxchem Corporation Berhad, an investment holding company with its subsidiaries involved in distribution of industrial chemicals and materials. He was also the Independent Non-Executive Director of PJ Development Holdings Berhad from 30 December 1989 to 31 July 2013.

Mr. Au does not have any family relationship with any Director and/or major shareholder of the Company. He also does not have any conflict of interest with the Company.

Mr. Au has no conviction for any offences within the past ten years other than traffic offences, if any.

He attended all six (6) Board Meetings held in the financial year ended 31 December 2015.



AUDIT **COMMITTEE REPORT**

Chairman	:	WANG SHI TSANG (Senior Independent Non-Executive Director)
Members	:	ALFIAN BIN TAN SRI MOHAMED BASIR (Independent Non-Executive Director)
		MOHD ISA BIN ISMAIL (Independent Non-Executive Director)

SUMMARY OF TERMS OF REFERENCE

1.0 Objectives

Audit Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities in compliance with the relevant rules and regulations governing listed companies relating to risk management and accounting and reporting practices.

2.0 Size and Composition

Comprise exclusively at least three (3) Non-Executive Directors, the majority of which must be Independent Non-Executive Directors, with at least one (1) of the Independent Non-Executive Directors of the Audit Committee is a member of the Malaysian Institute of Accountants or fulfils such requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

3.0 Chairman of the Audit Committee

An Independent Non-Executive Director shall be elected as Chairman from among its members.

In the event the elected Chairman is not able to attend a meeting, a member of the Audit Committee shall be nominated as Chairman for the meeting. The nominated Chairman shall be an Independent Non-Executive Director.

4.0 Meetings of the Audit Committee

Meet not less than four (4) times in a financial year with a minimum quorum of two (2) members and the majority of members present must be Independent Non-Executive Directors.

5.0 Duties and Rights

5.1 The duties of the Audit Committee shall include the following:-

5.1.1 To review the following and report the same to the Board of Directors;

- with the external auditors, the audit plan;
- with the external auditors, their evaluation of the internal controls and management information systems;
- with the external auditors, their audit report;
- the adequacy of existing external audit arrangements, with particular emphasis on the scope and quality of the audit;



Audit Committee Report continued ...

- the quarterly and annual financial statements of the Group, focusing particularly on:
 - any changes in accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements;
 - any management letter sent by the external auditors to the Company and the management's response to such letter;
 - the assistance given by the Company's officers to the external auditors;
 - all areas of significant financial risks and the arrangements in place to manage those risks;
- 5.1.2 To consider the appointment/re-appointment of the external auditors, the audit fee and any questions of resignation or dismissal, including a formal evaluation of the external auditors at least once a year;
- 5.1.3 To recommend the nomination of a person or persons as external auditors;
- 5.1.4 To discuss with the external auditors before the audit commences, their audit plan including the nature and scope of audit, and ensure co-ordination where more than one (1) audit firm is involved;
- 5.1.5 To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary);
- 5.1.6 To do the following in relation to the internal audit function:-
- review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - review the internal audit programme and results of the internal audit process and where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;
 - review any appraisal or assessment of performance of members of the internal audit function;
 - approve any appointment or termination of senior staff members of the internal audit function;
 - take cognisance of resignations of internal audit staff members and provide resigning staff member an opportunity to submit his reasons for resigning;
 - to discuss problems and reservations arising from the audits, and any matter the auditors may wish to discuss (in the absence of management where necessary);
- Where the internal audit function is outsourced, the duties with regard to staffing of the internal audit function shall be modified and the service provider shall inform the Audit Committee on all relevant material changes in staffing.
- To review the Risk Management Committee's reports and assist in ensuring that an appropriate risk management framework is in place and controls to manage the risks are appropriate;
- 5.1.7 To consider any related party transaction and potential conflict of interest situation that may arise within the Group or Company;
- 5.1.8 To consider the major findings of internal investigations and management's response; and
- 5.1.9 To consider other matters delegated by the Board of Directors.



Audit Committee Report ... continued

5.2 The Audit Committee shall:-

5.2.1 Have explicit authority to investigate any matter within its terms of reference;

5.2.2 Have the resources which it needs to perform its duties;

5.2.3 Have full and unrestricted access to any information pertaining to the Company and its subsidiaries;

5.2.4 Have direct communication channels with the external auditors and person(s) carrying out the internal audit function;

5.2.5 Be able to obtain independent professional or other advice in the performance of its duties at the cost of the Company;

5.2.6 Be able to invite outsiders with relevant experience to attend its meetings if necessary; and

5.2.7 Be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

5.3 Management shall provide the fullest co-operation in providing information and resources to the Audit Committee, and in implementing or carrying out all requests made by the Audit Committee.

6.0 Audit Committee Reports

An Audit Committee report and a Statement on Risk Management and Internal Control shall be prepared at the end of each financial year that complies with regulatory guidelines for inclusion in the annual report of the Company.

7.0 Rights of Auditors

The external auditors and internal auditors have the right to appear and be heard at any meeting of the Audit Committee and shall so appear when required by the Audit Committee.

8.0 Functional Independence

The Audit Committee shall function independently of the other Directors and Officers of the Group and the Company. Such other Directors and Officers may attend any particular Audit Committee meeting only at the Audit Committee's invitation, specific to the relevant meeting.

9.0 Reporting of Breaches to the Exchange

Where an Audit Committee is of view that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements, the Audit Committee must promptly report such matter to Bursa Malaysia Securities Berhad.

10.0 Retirement and Resignation

Sufficient written notice is required from Audit Committee member who wish to retire or resign so that a replacement may be appointed before he leaves. In the event of any vacancy in the Audit Committee, the Company shall fill the vacancy within two (2) months, but in any case not later than three (3) months.



Audit Committee Report continued ...

11.0 Review of the Audit Committee

The Board of Directors must review the term of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether such Audit Committee and members have carried out their duties in accordance with the terms of reference.

MEETINGS

The Audit Committee held four (4) meetings during the financial year ended 31 December 2015.

Details of attendance of the members at the Audit Committee meetings are as follows:-

Directors	Attendance of Meetings
Wang Shi Tsang	4/4
Alfian Bin Tan Sri Mohamed Basir	4/4
Mohd Isa Bin Ismail	3/4

Minutes of meetings of the Audit Committee are circulated to all members of the Audit Committee and the Board.

SUMMARY OF ACTIVITIES

During the year under review, the following were among the activities carried out by the Audit Committee:-

1. Reviewed with the external auditors their annual audit plan;
2. Reviewed with external auditors on their audit review memorandum;
3. Reviewed with the external auditors the results of the annual audit, their management letter and management's response and confirmed there was no private issue;
4. Reviewed the adequacy of the scope, functions and resources of the Outsourced Internal Audit ("OIA") function, and that it has the necessary authority to carry out its work;
5. Reviewed and discussed the internal audit reports. The Audit Committee was briefed on the internal audit findings, recommended corrective action plans and Management's response to ensure the weaknesses, where applicable, have been addressed and rectified;
6. Reviewed the quarterly and year end financial statements and ensured that the financial reporting and disclosure requirements of relevant authorities had been complied with, focusing particularly on:
 - any changes in accounting policies and practices;
 - significant adjustments arising from the audit;
 - compliance with accounting standards and other legal requirements;
7. Reviewed the related party transactions and conflict of interest situations that may arise within the Group or the Company and the procedures to track and approve such transactions;



Audit Committee Report ... continued

8. Reviewed the adequacy of risk management process to identify significant risks that may materially affect the achievement of the Group's strategic business and operational objectives and that the control system is in place to monitor and manage these risks;
9. Had private sessions with the external auditors without the presence of management staff and the Executive Board members;
10. Reviewed the recurrent related party transactions ("**RRPT**") of a revenue or trading nature within the Group prior to its recommendation to the Board for approval for inclusion in the circular to shareholders in relation to the proposed renewal of shareholders' Mandate for RRPT; and
11. Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control prior to submission of the same to the Board for consideration and inclusion in the Annual Report of the Company.

Subsequent to the financial year ended 31 December 2015, the Audit Committee also evaluated the performance and independence of the external auditors and recommended that they be re-appointed for the ensuing year.

INTERNAL AUDIT FUNCTION

The Group has outsourced the internal audit function to an external party to assist the Audit Committee in ensuring the adequacy and effectiveness of the Group's risk management and internal control systems.

With the OIA being put in place, remedial action can be taken in relation to weakness identified and noted in the systems and controls of the respective operating units.

During the year under review, the OIA carried out its duties according to the approved audit plan, and areas of concern which require further improvement were highlighted in the audit reports and discussed in the Audit Committee meetings.

The OIA had conducted a risk and internal control review on the accounts and finance, human resource, procurement, information technology and marketing function of the Group's Malaysian operations. They have also conducted a review on the controls over server access, succession planning, accounts and finance, human resource, administration and business development function of the Singapore operations.

The cost incurred during the year under review for the OIA was RM 21,466.

The Board had via the Audit Committee evaluated the effectiveness of the internal audit by reviewing the results of its work in the Audit Committee meetings.

STATEMENT ON SHARE ISSUANCE SCHEME

There was no Share Issuance Scheme in place during the financial year ended 31 December 2015.



CHAIRMAN'S STATEMENT



Our Vision

- To be a leading company providing Innovative SCADA, Integrated Security and InfoComm Solutions.

Our Mission

- To provide cost effective system solutions with state - of - the - art products and quality services.
- To continually develop customer relationship by meeting their needs and enhancing partnership.
- To consistently apply our Core Values into all our operations.

Our Core Values

Customer Focus

- We work in partnership with our customers.
- We listen to our customers to improve our products, services and deliveries.
- We fulfill our commitments to our customers.

Commitment & Ownership

- We strive to achieve our company Vision, Mission and Objectives.
- We are committed to quality in our products and services.
- We take ownership of our jobs.

Teamwork

- We believe in open communication, sharing of knowledge and experience to enhance our performance.
- We work as a team.
- We work synergistically to increase productivity, to improve trust and working relationships.

Leadership

- We provide leadership so that our team members realise their highest personal and career potentials.
- We lead by example.
- We value opinions of our team members even though they may be different from ours.
- We are honest, trust-worthy and ethical in our actions at all times.



Dear valued shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of the Company and its Group of companies for the financial year ended 31 December 2015.

FINANCIAL REVIEW

For the financial year under review, our Group's revenue increased by 8.67% to RM119.27 million from RM109.75 million last financial year. The Group profit after tax increased to RM17.51 million from RM17.20 million last year due to higher turnover and contributions from our newly acquired associate company in Canada.

As in previous years, the Group's main markets continue to be Singapore and Malaysia. The turnover from the Singapore and Malaysia operations has increased by 5.88% and 15.72% respectively compared to the last financial year. The Indonesia operations are still at development stage and will focus on providing SCADA and security solutions to the data centers, utilities and oil and gas market.

The Group's basic earnings per ordinary share is 7.43 sen as compared to 7.15 sen in 2014. Our net assets per share has increased to 50.00 sen from 40.90 sen in 2014.

DIVIDEND

The Board is pleased to recommend a first and final tax exempt dividend of 20% per share for the financial year ended 31 December 2015 for our shareholders' approval at the forthcoming Annual General Meeting. The entitlement and payment dates for the dividend will be on 16 May 2016 and 26 May 2016 respectively.



Chairman's Statement continued ...

INDUSTRY TREND AND DEVELOPMENT

SCADA (Supervisory Control and Data Acquisition) allows an operator to monitor and control complex processes of geographical dispersed assets or facilities such as power, oil and gas, transportation, water distribution and treatment utilities, manufacturing and telecommunications. With the commercial availability of cloud computing, SCADA systems have adopted Internet of Things ("IoT") technology and Enterprise Ecosystem. This improves business intelligence, better operational efficiency, increases the ease of maintenance and integration and thus, reduce infrastructure cost significantly.

The SCADA market is expected to continue to expand due to increasing demand for process automation in different industries and the requirement for real-time information that can be integrated from geographical dispersed assets or facilities. SCADA systems have moved from proprietary technologies to more standardized solutions and are designed to be open, robust, easily operated and maintained.

RESEARCH AND DEVELOPMENT ("R&D")

Throughout 2015, there were new product releases and new business opportunities for the group. Among significant releases were WillowLynx 5.1 and its mobile companion the TouchLynx. The new software comes with enhanced security and other features suitable for open and integrated operational environment required by the industry. Both products will continue to be enhanced for years to come. TouchLynx will be developed to become a full suite web based SCADA software and release in 2016.

A new CPU module was also released and has entered production phase. In addition, we have upgraded our testing facility with new software and test equipment, and created a dedicated test department to expedite product development and deliver higher quality software and hardware products.

Another significant accomplishment was obtaining the Certificate of Product Acceptance from a utility company. This will allow Willowglen to be one of the few Remote Terminal Unit ("RTU") suppliers for this utility company which build and manage a vast network of substations.

Our new R&D objective is to design a complete product package that includes third party software and peripherals. The idea is to enable earlier identification of suitable components required for project application. Earlier selection helps in sourcing component from more suppliers which can result in better quality and pricing. Prototyping, integration and testing can be done in advance and this can help lower engineering cost during project implementation.

Our R&D expenses in 2015 stood at about RM2.50 million.



Chairman's Statement ... continued

PROSPECTS FOR THE YEAR 2016

The Group will continue to capitalize on its core competencies in providing total SCADA and security solutions. We will focus in securing jobs in the water and waste water treatment and transportation industries. The Group is also actively pursuing projects in new industries such as power substation monitoring, hospital monitoring systems and renewable energy monitoring.

In Singapore, we will continue to focus in the power transmission / distribution, gas transmission and integrated security monitoring. Demand for surveillance monitoring system in public housing is expected to grow. The national plan of being a Smart City drives the growth of value-created systems and we are actively involved in providing IoT-based monitoring and integrated solutions to the various systems. We are also exploring opportunities in the transportation industry with our proven deployment of SCADA systems. The need for maintenance of newly installed SCADA systems is expected to contribute positively to the earnings of the Group.

We are currently exploring the opportunities for synergies with our associate in Canada as they are an established company with proven track record in deployment of SCADA systems throughout North America and other parts of the world.

In Indonesia, we are putting in extra efforts to promote and seek business opportunities to develop our brand name and market in Indonesia.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board of Directors, I wish to record my appreciation to the Management and staff for their contributions, dedication and commitment to the Group.

The Group would like to express our sincere appreciation and gratitude to our valued customers, business associates, partners, shareholders and regulatory authorities for their confidence and continued support.

ALFIAN BIN TAN SRI MOHAMED BASIR
Chairman



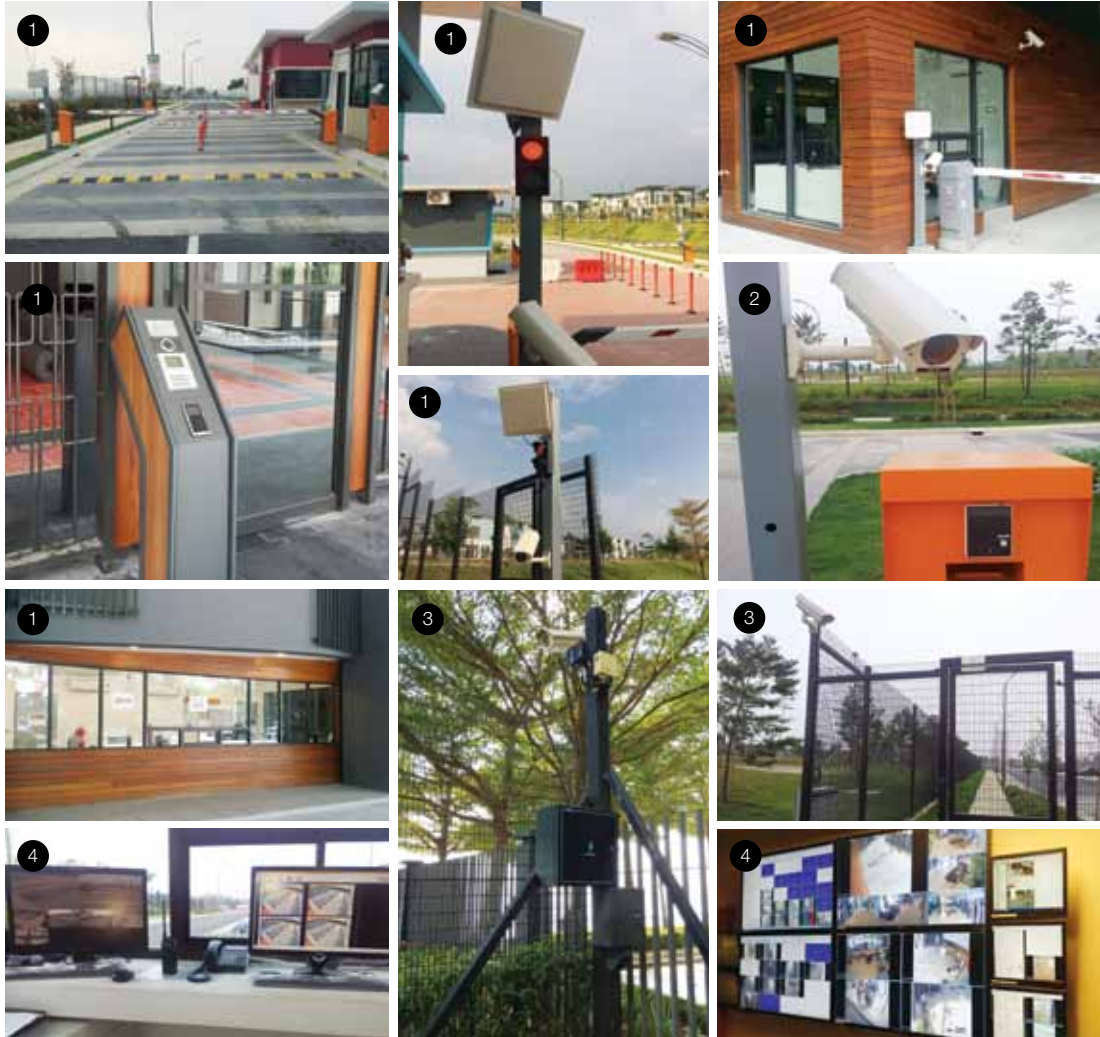
SCADA PROJECTS



1. Railway Utilities Monitoring
2. Gas Transmission and Distribution Pipeline Monitoring
3. Oil & Gas
4. Sewerage Treatment Process Control and Plant Monitoring

5. Power Transmission Monitoring
6. Port Facilities Monitoring
7. Process Control and Plant Monitoring
8. Building Services Monitoring

INTEGRATED MONITORING SYSTEM (IMS) PROJECTS



1. Building Integrated Security and Monitoring Solution
2. Visitor Management System
3. Perimeter Fencing Monitoring
4. Security System Command Centre



CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE

The Group believes that effective corporate social responsibility can deliver benefits to its businesses and, in turn, to its shareholders, by enhancing reputation and business trust, relationship with regulators, staff motivation and attraction to talent, customer preference and loyalty, the goodwill of local communities and long term shareholder value.

The Group will always endeavour to discharge its corporate social responsibility diligently to the environment, the marketplace, its employees, the shareholders, the community and other stakeholders alike.

Community

The Group recognises its responsibility to contribute to the capabilities of tomorrow's workforce. Since 2002, we provide industrial training opportunities to students from various colleges and universities.

The Group continues its effort in caring for the people in need and has supported the local charities with donations during the financial year.

The Blood Donation drive organised by the Company in collaboration with the National Blood Bank was held on 8 June 2015 at Endah Parade shopping centre. The blood donation drive was a success with overwhelming response and support from employees of the Company, as well as the tenants and shoppers of Endah Parade shopping centre.

Environment

Although the Group does not operate in an environmentally sensitive business, we recognise its duty to minimise its impact on the environment. The Group has identified opportunities to reuse and recycle or minimise the resources it consumes as the Group believes in caring for the environment through efficient utilisation and recycling of resources. The Group also encourages the adoption of energy efficient electronics, LED lighting and electrical appliances.

The Group also ensures compliance with any change in the environmental laws and regulations, as well as promoting awareness among our staff to minimise the usage of electricity, water and paper. During the financial year, the management encourages staff to recycle paper and reduce the storage of paper and documents. We educate the staff on the importance of energy conservation such as instilling good habit of switching off lights and air-conditioning during lunch time or when they are out from the office. The staff is also encouraged to fully maximise the benefits of ICT (eg. email, etc)

Marketplace

Every employee of the Group is expected to maintain the highest standards of propriety, integrity and ethical conduct in all their business relationships and the Group is held to the same standard in its compliance with all applicable legal and regulatory requirements.

We ensure that stakeholders are kept informed of the Group's performance and have open channels for dialogues during our general meetings and feedback on our corporate website.

The Group will also support the market with good products, engaging in ethical procurement practices, and maintaining quality of its service and business offerings.



Corporate Social Responsibility Disclosure

... continued

Workplace

The Group considers its people as the most valuable asset. We believe training and development is important in developing and upgrading skills, knowledge and attitudes to ensure optimal performance. All new staff is given induction training and we constantly provide in-house and external training programmes to enhance and increase employees' job-related skills, knowledge and experience.

We offer our staff an attractive benefits package, including Personal Accident Insurance and Medical Plan. The Group organises social gatherings periodically to maintain harmony and build better rapport between employees. The Group believes that each and every staff of the workforce can contribute something, either big or small to the Company. We also continually reward and recognise employees for their outstanding efforts and performance during the financial year.

We continue to place high emphasis on health and safety issues at our workplace. We strive to maintain a safe and healthy working environment for all the employees because creating a safe working environment and ensuring safe practices in all aspects is the paramount duty of the Group. Preventive actions are taken to mitigate risks such as allocating First Aid Kit boxes in office premises and employing security guards.

The Group does not have any specific diversity policy for the workforce in terms of gender, ethnicity and age group. The recruitment and selection process of the Group's workforce is mainly dependent on aspects such as the nature of the job, the skills and experience required for the job.

As at 8 March 2016, the breakdown of the Group's employees by gender, ethnicity and age group in percentage is as follows:-

EXECUTIVE STAFF										
Age range Gender	20>30		30>40		40>50		50>60		>60	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Malay	14.55%	3.16%	8.23%	1.27%	1.27%	—	—	—	—	—
Chinese	3.80%	5.06%	15.19%	3.80%	3.80%	0.63%	—	1.90%	1.27%	0.63%
India	—	—	2.53%	—	—	—	—	—	—	—
Others	1.27%	—	—	1.27%	—	—	—	—	—	—
NON-EXECUTIVE STAFF										
Age range Gender	20>30		30>40		40>50		50>60		>60	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Malay	17.09%	1.90%	6.33%	2.53%	—	—	—	—	—	—
Chinese	—	0.63%	—	—	—	—	—	0.63%	—	—
India	—	—	—	0.63%	—	0.63%	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
TOTAL	36.71%	10.75%	32.28%	9.50%	5.07%	1.26%	0.00%	2.53%	1.27%	0.63%



CORPORATE GOVERNANCE STATEMENT

The Board is committed to ensure that the corporate governance adopted and practised are in line with the principles of transparency, accountability and integrity in order to protect and enhance the shareholders' value and corporate performance in the Group. The Board recognises the importance of good corporate governance and fully supports the Principles and Recommendations as set out in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012").

The Board is pleased to present this Statement which outlines the key aspects of how the Company has applied the Principles and Recommendations of MCCG 2012 and the governance standards in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad during the financial year ended 31 December 2015.

1. DIRECTORS

1.1 The Board

The Board has overall responsibility for strategic planning and direction, setting the corporate goals, organising resources, monitoring the achievement of the goals and evaluating whether the Company's business is being properly managed.

The Board is constituted of individuals who are committed to business integrity and professionalism in all its activities. The Board supports the highest standards of corporate governance and the application of the Principles and Recommendations in the framework issued by MCCG 2012.

Various Board Committees, namely, the Audit Committee, the Nomination and Remuneration Committee have been established and delegated with specific responsibilities in accordance with their respective written Terms of Reference to assist the Board in discharging some of its functions.

1.2 Board Charter and Code of Ethics

The Board Charter outlines the roles and responsibilities of the Board. The charter shall be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. The Board Charter is available at the Company's website.

The Board observes the Company Directors' Code of Ethics established by the Companies Commission of Malaysia.

1.3 Strategies to Promote Sustainability

The Board understands that balancing of environment, social and governance ("ESG") aspects with the interests of various stakeholders is essential to enhance investors' perception and public trust. Disclosures on corporate responsibility are presented under "Corporate Social Responsibility Disclosure" of this Annual Report. The Sustainability Policies is also available at the Company's website.

1.4 Board Balance

The Board consists of six (6) members, comprising the Independent Non-Executive Chairman, the Group Managing Director, the Executive Director, the Senior Independent Non-Executive Director and two (2) other Independent Non-Executive Directors.



Corporate Governance Statement ... continued

The current Board composition complies with the Listing Requirements of Bursa Malaysia Securities Berhad for Main Market (LR). More than one third (1/3) of the Board is represented by Independent Non-Executive Directors who are independent of management, thereby ensuring independence in the Board deliberations and decision-making.

The Profile of the Directors is set out in this Annual Report.

The Directors combined in them have expertise and experience in various fields such as economics and investment, public services, accounting, taxation and legal. Their expertise, experience and background result in thorough examination and deliberations of the various issues and matters affecting the Group.

The position of the Chairman of the Board and the Group Managing Director are separately held by different individuals. The Chairman ensures the orderly conduct and effective running of the Board while the Managing Director manages the Group's day-to-day activities in achieving corporate and business objectives. This is to ensure there is an appropriate balance of roles, responsibilities and accountability at the Board level.

The Independent Directors provide unbiased views and impartiality to the Board discussions and decision making and ensure that the interests of all shareholders are fairly represented at Board deliberations. Annual assessment is carried out on the Independent Directors by the Nomination & Remuneration Committee.

The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. To facilitate the Directors' time planning, an annual meeting calendar is prepared and circulated to all the Directors before the beginning of every year.

1.5 Re-appointment as Independent Non-Executive Directors

Recommendation of the MCCG 2012 states that the tenure of an independent director should not exceed a cumulative term of nine (9) years.

The Nomination & Remuneration Committee and Board have assessed the independence of Wang Shi Tsang, Alfian Bin Tan Sri Mohamed Basir and Mohd Isa Bin Ismail, who each has served on the Board as Independent Non-Executive Directors for more than nine (9) years and recommend that they be re-appointed as Independent Non-Executive Directors as they continue to bring independent and objective judgement to board deliberations and continue to meet the following criteria for independence in discharging their roles and functions as Independent Non-Executive Directors of the Company:-

- 1.5.1 fulfilled the criteria under the definition of Independent Director pursuant to the LR;
- 1.5.2 vast experience in respective industries which could provide the Board with a diverse set of experience, expertise and independent judgement;
- 1.5.3 actively participate in board deliberations and decision making in an objective manner;
- 1.5.4 devoted sufficient time and attention to their responsibilities as an Independent Non-Executive Director of the Company; and
- 1.5.5 exercised due care in the interest of the Company and shareholders during tenure as an Independent Non-Executive Director of the Company.



Corporate Governance Statement continued ...

1.6 Supply of Information

The Board meets on a quarterly basis and additionally as and when required. All Directors have full access to information concerning the Company and the Group. Board papers and reports which include quarterly and annual financial statements and corporate information are distributed to the Directors prior to the Board Meeting and to enable Directors to obtain further information, where necessary, in order to be properly briefed before meeting.

The Directors also have access to the advice and services of the Company Secretary, senior management staff as well as independent professional advisers including the internal and external auditors. When necessary, Directors may whether as a full Board or in their individual capacity, seek independent professional advice, at the Company's expense to enable the directors to discharge their duties with adequate knowledge on the matters being deliberated.

1.7 Appointment to the Board

The Nomination & Remuneration Committee was established on 15 November 2002. The members of the Nomination & Remuneration Committee who served during the financial year ended are set out in the Corporate Information of this Annual Report.

The Committee is empowered by its terms of reference and its primary function is to recommend new candidates for directorship to the Board, recommend Directors to fill the seats on the Board Committees, assess the effectiveness of the Board, Board Committees and its members, assist the Board in reviewing the required mix of skills and experience and other qualities of the Board and ascertain a fair and comparable remuneration package for Executive Directors.

The Company practises non-gender discrimination wherein directors are recruited based on their experience, skills, independence and diversity to meet the Company's needs.

1.8 Re-appointment and Re-election of Directors

In accordance with the Company's Articles of Association, one third (1/3) of the Directors shall retire by rotation annually, provided always that all Directors shall retire from office at least once in every three (3) years. Retiring Directors can offer themselves for re-election.

The Nomination and Remuneration Committee reviews and assesses annually the proposed re-appointment and re-election of existing Directors who are seeking re-appointment and re-election at the annual general meeting of the Company. The Nomination and Remuneration Committee will, upon review and assessment, submit its recommendation to the Board for approval before tabling such proposals to the shareholders for approval at the annual general meeting.



Corporate Governance Statement ... continued

1.9 Directors' Training

All the Directors have complied with the Mandatory Accreditation Program requirement within the timeframe stipulated by the LR. The Directors are mindful that they should continue to attend seminars and courses to keep abreast with developments in the market place as well as new regulations and statutory requirements.

The Directors are also encouraged to evaluate their own training needs on a continuous basis and to determine the relevant programmes, seminars, briefings or dialogues that would best enable them to enhance their knowledge and contributions to the Board.

The training programme, seminar and/or conferences attended by the Directors during the financial year are as follows:-

- 1.9.1 Governance, Director Duties and Listing Requirement Updates for Directors of PLCs
- 1.9.2 National GST Conference 2015
- 1.9.3 National Tax Conference 2015
- 1.9.4 Accounting for GST – Understanding & Applying Malaysian GST Tax Codes
- 1.9.5 Personal Data Protection Act 2010 and CMSA 2007 in the Capital Market
- 1.9.6 Directors Corporate Governance Series : Building Effective Finance Function : From Reporting to Analytics to Strategic Input
- 1.9.7 Corporate Governance Breakfast Series with Directors : The Board's Response in Light of Rising Shareholder Engagements
- 1.9.8 Nominating Committee Programme Part 2 : Effective Board Evaluations
- 1.9.9 Corporate Governance Breakfast Series with Directors : Board Reward & Recognition

1.10 Board Committees

In order to ensure the Board's effectiveness as well as to comply with certain fiduciary duties, the Board has delegated certain responsibilities to the following committees, which operate within clearly defined terms of reference:-

1.10.1 Audit Committee

The composition, summary of the terms of reference and summary of activities of the Audit Committee is included in the Audit Committee Report of this Annual Report.

1.10.2 Nomination & Remuneration Committee

The Nomination & Remuneration Committee comprises the Senior Independent Non-Executive Director and two (2) Independent Non-Executive Directors.

The Committee recommends to the Board on the assessment and appointment of new Directors, meets to discuss and review the assessment of other committees and their members in a periodic review of the members' performance and their contribution to their respective committees and make recommendations to the Board. In addition to the annual review of the performance of each Director, the Committee also assesses the independence of the Independent Directors. The Committee also carries out annual reviews and recommends to the Board the remuneration, compensation and benefits package of the Executive Directors.



Corporate Governance Statement continued ...

During the financial year 2015, the Nomination & Remuneration Committee assisted the Board on the following functions:-

- 1.10.1.1 assessed the effectiveness of the Board as a whole and the Board Committees;
- 1.10.1.2 reviewed and assessed the performance of all individual Directors and the independence of Directors;
- 1.10.1.3 reviewed the independency of the Independent Directors;
- 1.10.1.4 review of required mix of skills, experience and other qualities required for the Board to function completely and effectively;
- 1.10.1.5 reviewed the training programmes attended by the Directors during the financial year;
- 1.10.1.6 recommended to the Board the re-election of Directors who will retire at the forthcoming AGM of the Company; and
- 1.10.1.7 recommended to the Board on the retention of independent directors who had served the Company for more than nine (9) years term.

Following the annual review, the Nomination & Remuneration Committee agreed that the Board, the Board Committees and each individual Director had performed effectively and the composition of the Board is appropriate and well balanced in terms of size, mix of skills and experience.

The annual assessment of each individual Director enables the Board to ensure that each of the Board members including the Managing Director has the character, experience, integrity, competence and time to effectively discharge their respective roles.

The Nomination & Remuneration Committee obtained an annual declaration of independence from the Independent Directors confirming that they will continue to maintain their status of independence pursuant to the Listing Requirements. The Board is also satisfied that these Directors remain independent of management, and objective in expressing their views and in participating in deliberations and decision making of the Board and Board Committees.

1.11 Qualified and Competent Company Secretaries

The Board is regularly updated and advised on statutory and regulatory requirements by the Company Secretaries who are suitably qualified, experience and competent. Apart from playing an active role in advising the Board on governance and regulatory matters, the Company Secretaries also attend all the Board of Directors' meetings and ensure that all the Board of Directors' meetings are properly convened, the proceedings and resolutions passed are properly recorded in the minutes of meetings.

1.12 Gender, Ethnicity and Age Group Diversity Policies

The Board is cognisant of the gender diversity recommendation promoted by MCCG 2012 pertaining to the need to establish a policy formalising the approach to boardroom diversity and to set targets and measures for the adoption of the said recommendation.



Corporate Governance Statement ... continued

The Board does not have a specific policy on gender, ethnicity and age group for candidates to be appointed to the Board and does not have specific policy on setting target for female candidates in the workforce. The Company does not practice any form of gender, ethnicity and age group biasness as all candidates shall be given fair and equal treatment. The Board believes that there is no detriment to the Company in not adopting a formal gender, ethnicity and age group diversity policy as the Company is committed to provide fair and equal opportunities and nurturing diversity within the Company. In identifying suitable candidates for appointment to the Board, the Nomination & Remuneration Committee will consider candidates based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Company and with due regard for the benefits of diversity on the Board.

2. DIRECTORS' REMUNERATION

The remuneration of the Executive Director is structured so as to link rewards to corporate and individual performance in order to attract, retain and motivate the Executive Director to run the Group successfully. For the Non-Executive Directors, the level of remuneration reflects the experience, expertise and level of responsibilities undertaken by the particular Non-Executive Director concerned. Remuneration of the Executive Director is considered and recommended by the Nomination & Remuneration Committee. Remuneration of Non-Executive Directors and the Executive Director is approved by the full Board of Directors with directors' fee recommended to the shareholders for approval.

Directors' remuneration for the financial year ended 31 December 2015 are as follows:-

Remuneration Components	Executive Directors RM	Non-Executive Directors RM
Directors' fees	30,000	60,000
Salaries and bonus	2,355,000	—
	2,385,000	60,000

The number of Directors in each remuneration band for the financial year is as follows:-

Remuneration Band	Executive Directors	Non-Executive Directors
RM50,000 and below	—	4
RM550,000 to RM600,000	1	—
RM1,750,000 to RM1,800,000	1	—



Corporate Governance Statement continued ...

3. SHAREHOLDERS

3.1 Dialogue between Companies and Investors

The Board recognises the importance of keeping the shareholders and investors informed of the Group's business and corporate developments and the Group is guided by the Corporate Disclosure issued by Bursa Securities. The Group practice accurate and timely dissemination of information to shareholders and the investing public. Such information is disseminated via the Group's annual reports, circulars, quarterly results and the various announcements made from time to time.

The Company also maintains a website at www.willowglen.com.my, which provides pertinent and updated information on the corporate and business aspects of the Group. All announcements made to the Bursa Malaysia Securities Berhad are published in the Company's website at www.willowglen.com.my.

3.2 Annual General Meeting ("AGM")

The AGM is the principal forum for dialogue with individual shareholders and investors, gathering views and answering questions on all issues relevant to Group's business activities and prospects. The Board encourages full participation by shareholders at every General Meeting of the Company and every opportunity is given to the shareholders to raise questions on any item in the agenda or the Group's operation in general.

The notice and agenda of AGM together with Form of Proxy are given to shareholders at least twenty one (21) days before AGM, which gives shareholders sufficient time to prepare themselves to attend the AGM or to appoint proxy to attend and vote on their behalf. Each item of special business included in the notice of the AGM will be accompanied by an explanatory statement on the effects of the proposed resolution.

4. ACCOUNTABILITY AND AUDIT

4.1 Financial Reporting

In its financial reporting to the shareholders and other interested parties by means of annual financial statements and quarterly results announcements, the Board aims to present a balanced and understandable assessment of the Group's financial position and prospects.

In this respect, the Board is assisted by the Audit Committee to ensure correctness and adequacy of disclosure.

The Audit Committee undertakes an annual assessment of the suitability and independence of the External Auditors. The Audit Committee met the External Auditors twice during the year under review without the presence of the Executive Directors and Management for private discussion to allow the Audit Committee and the External Auditors to exchange independent views on matters which require the Audit Committee's attention.



Corporate Governance Statement ... continued

4.2 Statement of Directors' Responsibility

The Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and Company for that financial year.

The Directors are satisfied that in preparing the financial statements of the Group for the year ended 31 December 2015, appropriate accounting policies have been adopted, consistently applied and supported by reasonable and prudent judgements and estimates. The Directors also consider that all the relevant approved accounting standards have been followed in the preparation of these statements.

The Directors are also responsible for safeguarding the assets of the Group and of the Company and have taken reasonable steps in the prevention and detection of fraud and other irregularities.

4.3 Risk Management and Internal Control

The Board is supported by the Risk Management Committee which is responsible to oversee the risk management efforts within the Group. The risk management process includes identifying principal business risks in critical areas and determining its corresponding risk mitigation and treatment measures.

The Group's internal audit function is carried out by outsourced external consultants who assist the Audit Committee and Board in providing independent assessment on the adequacy, efficiency and effectiveness of the Group's governance, risk management and internal control processes. Details of the Company's risk management and internal control system and framework are set out in the Statement on Risk Management and Internal Control of this Annual Report.

4.4 Relationship with External Auditors

Through the Audit Committee, the Group has established a transparent and appropriate relationship with the Group's external auditors. From time to time, representatives of the external auditors were invited for the meeting to brief the Audit Committee on specific issues arising from the annual audit of the Group.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Board of Directors of Willowglen MSC Berhad is committed to maintain a sound system of internal control and effective risk management practices for good corporate governance. The Board is pleased to provide the following statement, which outlines the risk management and internal control processes of the Group during the year under review.

Board Responsibilities

The Board recognises and affirms its overall responsibility for the Group's system of internal control and risk management as well as reviewing the adequacy and effectiveness of those systems on a regular basis. However, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives. As such, they can only provide reasonable assurance rather than absolute assurance against material misstatement or loss.

The Board has established the Risk Management Committee to oversee the overall risk management process. Senior management contributes to the formulation of operating policies and procedures, including authority limits. The internal audit function checks that such operating policies and procedures have been complied with and also checks on the effectiveness of the internal controls.

The Board, through the Audit Committee, observed that measures were taken on areas identified for improvement, as part of management's continuous efforts to strengthen the Group's internal control.

Risk Management Framework

A Risk Management Committee ("RMC") was set up to drive the risk management process in identifying principal business risks and ensure the implementation of appropriate controls to manage these risks.

The RMC comprises three (3) representatives of the Board and four (4) members of the management team, whilst each business unit's risk management is led by the respective head of unit. The RMC oversees the potential risks concerning the business and operations to ensure that they are effectively managed and reports its concerns to the Board and the Audit Committee. Risk management is a continuous process of identifying, evaluating, managing and reviewing significant risks faced by the businesses in the Group.

RMC meets at least three (3) times per annum and the invitees from the respective business units attend the RMC meetings to brief the committee on the significant risks identified so that these risks are constantly monitored and appropriate actions are promptly taken.

Control Structure and Environment

The Board is committed to maintain a strong control structure and environment for the proper conduct of the Group's business operations.

The Board has identified human capital management and development as a key area for risk management and the efforts taken are highlighted in the Chairman's Statement.



Statement on Risk Management and Internal Control ... continued

The following sets out the key elements of the system of internal control of the Group:

- An organisational structure with formally defined lines of responsibility and delegation of authority. Structured authority limits provide a framework of authority and accountability within the Group and this facilitates timely corporate decision making at the appropriate levels in the Group.
- The Group performs annual budgeting and target setting processes including development of business strategies.
- Policies and procedures of operating units within the Group are documented in Standard Operating Procedures manuals. The standard operating procedures are periodically updated to reflect changing risks or to resolve operational deficiencies.
- The Board and Audit Committee have engaged the Outsourced Internal Auditors (“OIA”) to carry out the internal audit function, with the function reporting to the Audit Committee. The OIA monitors compliance with policies and procedures and the effectiveness of internal controls. The OIA adopts a risk-based approach in identifying areas of priority and carries out its duties according to the annual internal audit plan approved by the Audit Committee. The OIA also carries out follow up audits. Findings in respect of any material non-compliance are reported to the Audit Committee.
- The Audit Committee reviews the audit reports on internal control and risk issues identified by the OIA and external auditors and ensure Management takes prompt and adequate corrective actions on the reported weaknesses and non-compliances identified in the audits.

Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control for the inclusion in the Annual Report of the Company for the financial year ended 31 December 2015 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the risk management processes and internal controls.

Conclusion

The system of internal control and risk management are embedded into the operations of the Group, and actions taken to mitigate any weaknesses are carefully monitored.

The Board has received assurance from the Group Managing Director, Executive Director, subsidiaries’ Chief Executive Officer and General Manager-Finance & Admin (Group Accountant) that the Group’s risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

The Board has undertaken a review of the risk management and internal control system of the Group and is of the view that the systems are adequate but will continue to take appropriate measures to strengthen the control environment in the face of changing regulations and operating conditions. There was no material control failure or weakness that would have a material adverse effect on the results of the Group during the current financial year.

financial statements

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DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the research, development and supply of computer-based control systems. The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year, net of tax	17,505	6,257
Other comprehensive income for the financial year, net of tax	8,775	–
Total comprehensive income for the financial year	26,280	6,257
Profit attributable to:		
Owners of the Company	18,090	6,257
Non-controlling interests	(585)	–
	17,505	6,257
Total comprehensive income attributable to:		
Owners of the Company	26,844	6,257
Non-controlling interests	(564)	–
	26,280	6,257



Directors' Report continued ...

DIVIDENDS

The amounts of dividend paid by the Company since the end of the previous financial year were as follows:

RM'000

First and final tax exempt dividend of 20% on 243,376,600 ordinary shares in respect of the financial year ended 31 December 2014, approved by shareholders at the Annual General Meeting on 29 April 2015 and paid on 28 May 2015	4,868
--	-------

At the forthcoming Annual General Meeting, a first and final tax exempt dividend of 20% per share in respect of the financial year ended 31 December 2015 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividends, if approved by the shareholders, will be accounted for in the equity as an appropriation of retained earnings in the financial year ending 31 December 2016.

RESERVES OR PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount that they might be expected to be realised.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.



Directors' Report ... continued

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liabilities in respect of the Group or of the Company that has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.



Directors' Report continued ...

TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company in accordance with the requirement of Section 67A of the Companies Act, 1965 in Malaysia.

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting held on 29 April 2015, have approved the Company's plan to repurchase its own shares.

During the financial year, the Company repurchased 30,000 of its issued ordinary shares of RM0.10 each from the open market at an average price of RM0.807 per ordinary share. The total consideration paid for the repurchased shares including transaction costs was RM24,378/- and the repurchased transactions were financed by internally generated funds. The shares repurchased are held as treasury shares.

As at 31 December 2015, the Company held a total of 4,643,400 treasury shares out of its 248,000,000 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM1,694,188/-. Further details are disclosed in Note 20 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up the unissued shares of the Company during the financial year.

DIRECTORS

The directors in office since the date of the last report are:

Alfian Bin Tan Sri Mohamed Basir

Au Chun Choong

Mohd Isa Bin Ismail

Simon Wong Chu Keong

Wang Shi Tsang

Wong Ah Chiew



Directors' Report ... continued

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of directors in office at the end of the financial year in shares of the Company and its related corporations were as follows:

	Number of ordinary shares of RM0.10 each			
	At 1.1.2015	Bought	Sold	At 31.12.2015
The Company				
Willowglen MSC Berhad				
Direct interest				
Wong Ah Chiew	1,500,000	–	–	1,500,000
Deemed interest				
Wong Ah Chiew*	76,566,563	–	–	76,566,563
Simon Wong Chu Keong**	75,130,263	–	–	75,130,263

* Deemed interest held through New Advent Sdn. Bhd., Elegant Preference Sdn. Bhd., Jian Qi Holdings Sdn. Bhd., his spouse and son.

** Deemed interest held through New Advent Sdn. Bhd.

By virtue of their interests in the shares of the Company and pursuant to Section 6A of the Companies Act, 1965 in Malaysia, Wong Ah Chiew and Simon Wong Chu Keong are deemed to have interests in the shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interests in the shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in Note 33 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.



Directors' Report continued ...

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 37 to the financial statements.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

.....
WONG AH CHIEW

Director

.....
SIMON WONG CHU KEONG

Director

Kuala Lumpur
Date: 15 March 2016



STATEMENTS OF FINANCIAL POSITION

as at 31 December 2015

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	12,229	10,564	2,652	2,979
Investment property	6	—	1,650	—	—
Intangible asset	7	—	1,557	—	—
Investment in subsidiaries	8	—	—	20,244	20,249
Investment in an associate	9	13,296	—	—	—
Investment securities	10	3,026	—	—	—
Deferred tax assets	11	199	186	—	—
Total non-current assets		28,750	13,957	22,896	23,228
Current assets					
Inventories	12	1,381	1,636	—	—
Amount due from contract customers	13	35,350	31,609	—	—
Trade receivables	14	27,576	17,891	—	276
Other receivables, deposits and prepayments	15	2,206	2,682	94	87
Amount due from subsidiaries	16	—	—	21,781	15,798
Tax recoverable		245	368	91	108
Cash and cash equivalents	17	43,886	50,890	5,914	10,078
Total current assets		110,644	105,076	27,880	26,347
TOTAL ASSETS		139,394	119,033	50,776	49,575



Statements of Financial Position

as at 31 December 2015

continued ...

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	18	24,800	24,800	24,800	24,800
Share premium	19	4,440	4,440	4,440	4,440
Treasury shares	20	(1,694)	(1,670)	(1,694)	(1,670)
Reserves	21	94,041	72,065	22,812	21,423
Total equity attributable to owners of the Company		121,587	99,635	50,358	48,993
Non-controlling interests		138	702	–	–
Total equity		121,725	100,337	50,358	48,993
Non-current liabilities					
Employee benefits	22	72	54	–	–
Provisions	23	91	79	–	–
Deferred tax liabilities	11	115	118	–	–
Total non-current liabilities		278	251	–	–
Current liabilities					
Amount due to contract customers	13	1,957	3,744	–	112
Provisions	23	538	387	–	–
Trade payables	24	8,695	8,641	37	124
Other payables and accruals	25	2,508	1,986	381	346
Tax payable		3,693	3,687	–	–
Total current liabilities		17,391	18,445	418	582
Total liabilities		17,669	18,696	418	582
TOTAL EQUITY AND LIABILITIES		139,394	119,033	50,776	49,575

The accompanying notes form an integral part of these financial statements.



STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Continuing operations					
Revenue	26	119,268	109,754	2,081	3,701
Cost of sales		(76,391)	(69,347)	(114)	(1,234)
Gross profit		42,877	40,407	1,967	2,467
Other operating income		3,050	1,025	8,735	16,215
Administrative expenses		(25,100)	(20,835)	(4,445)	(3,908)
Operating profit		20,827	20,597	6,257	14,774
Finance costs		—	—	—	—
Share of results of an associate, net of tax		242	—	—	—
Profit before tax	27	21,069	20,597	6,257	14,774
Income tax expense	28	(3,564)	(3,397)	—	1
Profit for the financial year		17,505	17,200	6,257	14,775
Other comprehensive income, net of tax					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences		8,807	1,252	—	—
Fair value adjustment on available-for-sale financial asset		(32)	—	—	—
Other comprehensive income for the financial year		8,775	1,252	—	—
Total comprehensive income for the financial year		26,280	18,452	6,257	14,775



Statements of Profit or Loss and Other Comprehensive Income

for the financial year ended 31 December 2015

continued ...

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Profit attributable to:					
Owners of the Company		18,090	17,414	6,257	14,775
Non-controlling interests		(585)	(214)	–	–
		17,505	17,200	6,257	14,775
Total comprehensive income attributable to:					
Owners of the Company		26,844	18,653	6,257	14,775
Non-controlling interests		(564)	(201)	–	–
		26,280	18,452	6,257	14,775
Earnings per share attributable to owners of the Company (sen)					
- basic	29	7.43	7.15		
- diluted	29	7.43	7.15		

The accompanying notes form an integral part of these financial statements.



STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2015

Group	Attributable to Owners of the Company									
	Non-Distributable					Distributable				
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Merger Deficit RM'000	Foreign Currency Translation Reserve RM'000	Fair Value Adjustment Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
At 1 January 2015	24,800	(1,670)	4,440	(7,585)	6,382	-	73,268	99,635	702	100,337
Other comprehensive income:										
Foreign currency translation differences	-	-	-	-	8,786	-	-	8,786	21	8,807
Fair value adjustment on available-for-sale financial asset	-	-	-	-	-	(32)	-	(32)	-	(32)
Total other comprehensive income for the financial year	-	-	-	-	8,786	(32)	-	8,754	21	8,775
Profit for the financial year	-	-	-	-	-	-	18,090	18,090	(585)	17,505
Total comprehensive income for the financial year	-	-	-	-	8,786	(32)	18,090	26,844	(564)	26,280
Transactions with owners:										
Repurchase of treasury shares	-	(24)	-	-	-	-	-	(24)	-	(24)
Dividends (Note 30)	-	-	-	-	-	-	(4,868)	(4,868)	-	(4,868)
Total transactions with owners	-	(24)	-	-	-	-	(4,868)	(4,892)	-	(4,892)
At 31 December 2015	24,800	(1,694)	4,440	(7,585)	15,168	(32)	86,490	121,587	138	121,725

Statements of Changes in Equity

for the financial year ended 31 December 2015
continued ...

	Attributable to Owners of the Company						
	Non-Distributable			Distributable			
	Foreign Currency						
Group	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Merger Deficit RM'000	Translation Reserve RM'000	Retained Earnings RM'000	Total RM'000
At 1 January 2014	24,800	(1,653)	4,440	(7,585)	5,143	60,722	85,867
							Non-Controlling Interests RM'000
		</					



Statements of Changes in Equity
for the financial year ended 31 December 2015
... continued

Company	Share Capital RM'000	Treasury Shares RM'000	Non- Distributable Share Premium RM'000	Distributable Retained Earnings RM'000	Total RM'000
At 1 January 2014	24,800	(1,653)	4,440	11,516	39,103
Profit net of tax and total comprehensive income for the financial year	–	–	–	14,775	14,775
Transactions with owners:					
Repurchase of treasury shares	–	(17)	–	–	(17)
Dividends (Note 30)	–	–	–	(4,868)	(4,868)
Total transactions with owners	–	(17)	–	(4,868)	(4,885)
At 31 December 2014	24,800	(1,670)	4,440	21,423	48,993
Profit net of tax and total comprehensive income for the financial year	–	–	–	6,257	6,257
Transactions with owners:					
Repurchase of treasury shares	–	(24)	–	–	(24)
Dividends (Note 30)	–	–	–	(4,868)	(4,868)
Total transactions with owners	–	(24)	–	(4,868)	(4,892)
At 31 December 2015	24,800	(1,694)	4,440	22,812	50,358

The accompanying notes form an integral part of these financial statements.



STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		21,069	20,597	6,257	14,774
Adjustments for:-					
Amortisation of intangible asset		340	283	—	—
Impairment loss on receivables		41	—	—	—
Impairment loss written-off		—	5	—	—
Bargain purchase gain on acquisition of an associate	9	(1,359)	—	—	—
Depreciation of property, plant and equipment		1,495	1,123	128	100
Dividend income		—	—	(7,363)	(15,374)
Finance income		(549)	(393)	(608)	(453)
Intangible asset written-off		1,217	—	—	—
Property, plant and equipment written-off		1	2	—	—
Unrealised gain on foreign exchange		(647)	(222)	(422)	(216)
Share of results of an associate		(242)	—	—	—
Operating profit/(loss) before changes in working capital		21,366	21,395	(2,008)	(1,169)
Changes in working capital:					
Net changes in employee benefits and provisions		181	353	—	—
Net changes in inventories		255	(164)	—	693
Net changes in contract customers		(5,528)	(7,158)	(112)	174
Net changes in receivables		(9,250)	1,833	269	310
Net changes in payables		576	4,330	(52)	(121)
Net changes in inter-company balances		—	—	(5,978)	(8,433)
Cash generated from/(used in) operations carried forward		7,600	20,589	(7,881)	(8,546)



Statements of Cash Flows

for the financial year ended 31 December 2015

... continued

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Cash generated from/(used in) operations brought forward		7,600	20,589	(7,881)	(8,546)
Interest received		549	393	608	453
Tax paid		(3,451)	(3,902)	17	(54)
Net cash from/(used in) operating activities		4,698	17,080	(7,256)	(8,147)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Acquisition of subsidiaries, net of cash acquired		—	(1,396)	—	(1,402)
Acquisition of an associate	9	(11,695)	—	—	—
Dividend received		—	—	7,363	15,374
Purchase of investment securities		(2,833)	—	—	—
Purchase of property, plant and equipment		(1,301)	(4,363)	(81)	(2,870)
Proceeds from disposal of property, plant and equipment		—	—	280	—
Net cash (used in)/from investing activities		(15,829)	(5,759)	7,562	11,102
CASH FLOWS FROM FINANCING ACTIVITIES:					
Dividends paid	30	(4,868)	(4,868)	(4,868)	(4,868)
Fixed term deposits held as security value		(249)	404	(14)	594
Repurchase of treasury shares		(24)	(17)	(24)	(17)
Net cash used in financing activities		(5,141)	(4,481)	(4,906)	(4,291)
NET CHANGE IN CASH AND CASH EQUIVALENTS CARRIED FORWARD		(16,272)	6,840	(4,600)	(1,336)

**Statements of Cash Flows**

for the financial year ended 31 December 2015

continued ...

	Note	Group 2015 RM'000	2014 RM'000	Company 2015 RM'000	2014 RM'000
NET CHANGE IN CASH AND CASH EQUIVALENTS BROUGHT FORWARD		(16,272)	6,840	(4,600)	(1,336)
Effect of exchange rate changes on cash and cash equivalents		9,019	1,436	422	216
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		49,169	40,893	9,502	10,622
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		41,916	49,169	5,324	9,502
ANALYSIS OF CASH AND CASH EQUIVALENTS:					
Fixed deposits placed with licensed banks		24,143	34,553	5,730	8,924
Short term investment		105	864	105	864
Cash at banks and on hand		19,638	15,473	79	290
	17	43,886	50,890	5,914	10,078
Less: Fixed deposits held as security value		(1,970)	(1,721)	(590)	(576)
		41,916	49,169	5,324	9,502

The accompanying notes form an integral part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company is located at No.17, Jalan 2/149B, Taman Sri Endah, Bandar Baru Sri Petaling, 57000 Kuala Lumpur.

The Company is principally engaged in the research, development and supply of computer-based control systems. The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 15 March 2016.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

2.2 Adoption of Amendments/Improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs that are mandatory for the current financial year:

Amendments/Improvements to MFRSs

MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 8	Operating Segments
MFRS 13	Fair Value Measurement
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 124	Related Party Disclosures
MFRS 138	Intangible Assets
MFRS 140	Investment Property



Notes to the Financial Statements continued ...

2. BASIS OF PREPARATION (Continued)

2.2 Adoption of Amendments/Improvements to MFRSs (Continued)

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies, except for those as discussed below:

Amendments to MFRS 3 Business Combinations

Amendments to MFRS 3 clarify that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to MFRS 132. They also clarify that contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In addition, Amendments to MFRS 3 clarify that MFRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in MFRS 11) in the financial statements of the joint arrangement itself.

Amendments to MFRS 8 Operating Segments

Amendments to MFRS 8 require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly to the chief operating decision maker.

Amendments to MFRS 13 Fair Value Measurement

Amendments to MFRS 13 relate to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments also clarify that the scope of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139 or MFRS 9, regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132.



Notes to the Financial Statements

... continued

2. BASIS OF PREPARATION (Continued)

2.2 Adoption of Amendments/Improvements to MFRSs (Continued)

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 provide a practical expedient in accounting for contributions from employees or third parties to defined benefit plans.

If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service.

However, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by MFRS 119 for the gross benefit (i.e. either based on the plan's contribution formula or on a straight-line basis).

Amendments to MFRS 124 Related Party Disclosures

Amendments to MFRS 124 clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

Amendments to MFRS 138 Intangible Assets

Amendments to MFRS 138 clarify the accounting treatment for the accumulated amortisation when an asset is revalued. They clarify that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and
- the accumulated amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

2.3 New MFRSs and Amendments/Improvements to MFRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
<u>New MFRSs</u>		
MFRS 9	Financial Instruments	1 January 2018
MFRS 14	Regulatory Deferral Accounts	1 January 2016
MFRS 15	Revenue from Contracts with Customers	1 January 2018



Notes to the Financial Statements continued ...

2. BASIS OF PREPARATION (Continued)

2.3 New MFRSs and Amendments/Improvements to MFRSs that have been issued, but yet to be effective (Continued)

		Effective for financial periods beginning on or after
<u>Amendments/Improvements to MFRSs</u>		
MFRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 10	Consolidated Financial Statements	1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosure of Interest in Other Entities	1 January 2016
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 116	Property, Plant and Equipment	1 January 2016
MFRS 119	Employee Benefits	1 January 2016
MFRS 127	Separate Financial Statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	1 January 2016
MFRS 134	Interim Financial Reporting	1 January 2016
MFRS 138	Intangible Assets	1 January 2016
MFRS 141	Agriculture	1 January 2016

A brief discussion on the above significant new MFRSs and amendments/improvements to MFRSs are summarised below. The Group and the Company do not anticipate that the application of the above new MFRSs and amendments/improvements to MFRSs when they are effective will have a material impact on the financial position and the financial performance of the Group and of the Company.

MFRS 9 Financial Instruments

Key requirements of MFRS 9:-

- MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.



Notes to the Financial Statements

... continued

2. BASIS OF PREPARATION (Continued)

2.3 New MFRSs and Amendments/Improvements to MFRSs that have been issued, but yet to be effective (Continued)

MFRS 9 Financial Instruments (Continued)

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.
- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

MFRS 14 Regulatory Deferral Accounts

MFRS 14 is optional standard that allows an entity, whose activities are subject to rate-regulations, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of MFRS. Entities that adopt MFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in the account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

- identify the contracts with a customer;
- identify the performance obligation in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract;
- recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.



Notes to the Financial Statements continued ...

2. BASIS OF PREPARATION (Continued)

2.3 New MFRSs and Amendments/Improvements to MFRSs that have been issued, but yet to be effective (Continued)

MFRS 15 Revenue from Contracts with Customers (Continued)

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

Amendments to MFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Amendments to MFRS 5 introduce specific guidance on when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution is discontinued.

Amendments to MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 7 provide additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7.

The amendments also clarify the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7) to condensed interim financial statements.

Amendments to MFRS 11 Joint Arrangements

Amendments to MFRS 11 clarify that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in MFRS 3, it shall apply the relevant principles on business combinations accounting in MFRS 3, and other MFRSs, that do not conflict with MFRS 11. Some of the impact arising may be the recognition of goodwill, recognition of deferred tax assets/liabilities and recognition of acquisition-related costs as expenses. The amendments do not apply to joint operations under common control and also clarify that previously held interests in a joint operation are not re-measured if the joint operator retains joint control.

Amendments to MFRS 101 Presentation of Financial Statements

Amendments to MFRS 101 improve the effectiveness of disclosures. The amendments clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.



Notes to the Financial Statements

... continued

2. BASIS OF PREPARATION (Continued)

2.3 New MFRSs and Amendments/Improvements to MFRSs that have been issued, but yet to be effective (Continued)

Amendments to MFRS 116 Property, Plant and Equipment

Amendments to MFRS 116 prohibit revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability and the depth of the market for high quality corporate bonds should be assessed at a currency level.

Amendments to MFRS 127 Separate Financial Statements

Amendments to MFRS 127 allow a parent and investors to use the equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

Amendments to MFRS 134 Interim Financial Reporting

Amendments to MFRS 134 require entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'. The amendments state that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g. in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.

Amendments to MFRS 138 Intangible Assets

Amendments to MFRS 138 introduce a rebuttable presumption that the revenue-based amortisation method is inappropriate. This presumption can be overcome only in the following limited circumstances:

- when the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.



Notes to the Financial Statements continued ...

2. BASIS OF PREPARATION (Continued)

2.3 New MFRSs and Amendments/Improvements to MFRSs that have been issued, but yet to be effective (Continued)

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosures of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures

These amendments address the following issues that have arisen in the application of the consolidation exception for investment entities:

- Exemption from presenting consolidated financial statements:
the amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Consolidation of intermediate investment entities:
the amendments clarify that only a subsidiary is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Policy choice for equity accounting for investments in associates and joint ventures: the amendments allow a non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.



Notes to the Financial Statements

... continued

2. BASIS OF PREPARATION (Continued)

2.3 New MFRSs and Amendments/Improvements to MFRSs that have been issued, but yet to be effective (Continued)

Amendments to MFRS 116 Property, Plant and Equipment and Amendments to MFRS 141 Agriculture

With the amendments, bearer plants would come under the scope of MFRS 116 and would be accounted for in the same way as property, plant and equipment. A bearer plant is defined as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Nevertheless, the produce growing on the bearer plant would remain within the scope of MFRS 141. This is because the growth of the produce directly increases the expected revenue from the sale of the produce. Moreover, fair value measurement of the growing produce provides useful information to users of financial statements about future cash flows that an entity will actually realise as the produce will ultimately be detached from the bearer plants and sold separately.

2.4 Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of primary economic environment in which they operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been rounded to the nearest thousand (RM'000), unless otherwise stated.

2.5 Basis of Measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

2.6 Use of Estimates and Judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also required directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degrees of judgement or complexity, or areas where assumptions and estimates that are significant to the financial statements are disclosed in Note 4.



Notes to the Financial Statements continued ...

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries and associates used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combinations

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method of accounting except for business combinations which were accounted using the merger method as subsidiaries that were consolidated prior to 1 January 2006 in accordance with FRS 122₂₀₀₄ Business Combinations, the generally accepted accounting principles prevailing at that time. The Group has taken advantage of the exemption provided by MFRS 3 to apply this Standard prospectively. Accordingly, business combinations entered into prior to the respective effective dates have not been restated to comply with this Standard.

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory. Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of subsidiaries are presented as if the business combination had been affected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the difference between costs of acquisition over the nominal value of share capital of the subsidiaries is taken to merger reserve or merger deficit.



Notes to the Financial Statements

... continued

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of Consolidation (Continued)

(a) Subsidiaries and business combinations (Continued)

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.



Notes to the Financial Statements continued ...

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of Consolidation (Continued)

(a) Subsidiaries and business combinations (Continued)

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(c) Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.



Notes to the Financial Statements

... continued

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of Consolidation (Continued)

(c) Associates (Continued)

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of an available-for-sale financial asset or a held for trading financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

(d) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Separate Financial Statements

In the Company's statement of financial position, investment in subsidiaries and associates are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.12(b).

3.3 Foreign Currency Transactions and Operations

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities at the exchange rates prevailing at the dates of the transactions.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.



Notes to the Financial Statements continued ...

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Foreign Currency Transactions and Operations (Continued)

(a) Translation of foreign currency transactions (Continued)

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates that do not result in the Group losing significant influence, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.



Notes to the Financial Statements

... continued

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Financial Instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contract provisions of the financial instrument.

Financial instruments are recognised initially at fair value, except for financial instruments not measured at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial assets are either held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or are designated into this category upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at costs.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a). Gains and losses are recognised in profit or loss through the amortisation process.



Notes to the Financial Statements continued ...

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Financial Instruments (Continued)

(a) Subsequent measurement (Continued)

(i) Financial assets (Continued)

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a). Gains and losses are recognised in profit or loss through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets comprise investment in equity and debt securities that are designated as available-for-sale or are not classified in any of the three preceding categories.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

(ii) Financial liabilities

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.



Notes to the Financial Statements ... continued

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Financial Instruments (Continued)

(a) Subsequent measurement (Continued)

(ii) Financial liabilities (Continued)

Financial liabilities at fair value through profit or loss (Continued)

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process.

(b) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company themselves purchase or sell an asset). Trade date accounting refers to:

- (i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
- (ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.



Notes to the Financial Statements continued ...

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Financial Instruments (Continued)

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.5 Property, Plant and Equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b).

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.



Notes to the Financial Statements

... continued

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Property, plant and Equipment (Continued)

(b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

(c) Depreciation

Freehold land has an indefinite useful life and therefore is not depreciated.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives. The principal annual depreciation rates are as follows:

Buildings	2%
Computers	20% - 33.33%
Furniture and fittings	10% - 20%
Motor vehicles	12.5% - 20%
Office equipment	10% - 25%
Renovation	10% - 50%

The long term leasehold lands are amortised on a straight line basis over the lease term.

The depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

3.6 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.



Notes to the Financial Statements continued ...

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Leases (Continued)

(a) Lessee accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

(b) Lessor accounting

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished

3.7 Investment Properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise.



Notes to the Financial Statements

... continued

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Investment Properties (Continued)

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self-constructed investment property includes the cost of material, direct labour and any other direct attributable costs.

An investment property is derecognised on their disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any difference arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment.

3.8 Goodwill and Other Intangible Asset

(a) Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b).

In respect of equity-accounted associates, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

(b) License

The license acquired in a business combination are recognised at fair value at the acquisition date. The license acquired which has finite useful lives, are measured at cost less accumulated amortisation and any accumulated impairment losses. The policy for recognition and measurement of impairment losses is in accordance with Note 3.12(b).

The license is amortised on a straight line basis over the estimated useful lives, which is five years from the acquisition date.

The useful lives and amortisation methods are reviewed at the end of each reporting period.



Notes to the Financial Statements continued ...

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9 Inventories

Inventories are measured at the lower of cost and net realisable value.

Costs is determined using the weighted average cost method. The cost of inventories comprises cost of purchase and incidental costs in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

3.10 Construction Work-In-Progress

Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billing and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's and the Company's contract activities based on normal operating capacity.

Construction work-in-progress is presented as part of contract assets as amount due by contract customers in the statements of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as amount due to contract customers which is part of the contract liabilities in the statements of financial position.

3.11 Cash and Cash Equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts.

3.12 Impairment of Assets

(a) Impairment and uncollectibility of financial assets

At each reporting date, all financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries and associates) are assessed whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.



Notes to the Financial Statements

... continued

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Impairment of Assets (Continued)

(a) Impairment and uncollectibility of financial assets (Continued)

Loans and receivables and held-to-maturity investments

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company may include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment that was recognised, the previously recognised impairment loss is then reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off is later recovered, the recovery is credited to the profit or loss.

Available-for-sale financial assets

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. The Group and the Company use their judgement to determine what is considered as significant or prolonged decline, evaluating past volatility experiences and current market conditions.

Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of cumulative loss that is reclassified from equity to profit or loss shall be the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss.



Notes to the Financial Statements continued ...

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Impairment of Assets (Continued)

(a) Impairment and uncollectibility of financial assets (Continued)

Available-for-sale financial assets (Continued)

Impairment losses on available-for-sale equity investments are not reversed through profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss, is recognised in other comprehensive income.

For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to a loss event occurring after the recognition of the impairment loss in profit or loss.

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, amount due from customers for contract work, deferred tax assets, assets arising from employee benefits, investment properties measured at fair value and non-current assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs").

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.



Notes to the Financial Statements

... continued

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Impairment of Assets (Continued)

(b) Impairment of non-financial assets (Continued)

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.13 Share Capital

(a) Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs.

Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(b) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

3.14 Employee Benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group.

(b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.



Notes to the Financial Statements continued ...

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 Employee Benefits (Continued)

(c) Defined benefit plans

The Group's operate an unfunded defined benefit plan for settlement of labour dismissal and the stipulation of severance pay, gratuity and compensation in accordance with Indonesia Employment Law No. 13 dated 25 March 2003.

In accordance with MFRS 119 (2011), *Employee Benefits*, the Group has adopted its accounting policy in respect of the basis for determining the income or expense relating to its post employment defined benefit plans.

(d) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated undiscounted liability for annual leave expected as a result of service rendered by employees up to the end of the financial year.

3.15 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

3.16 Revenue and Other Income

(a) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variation in contract work and claims, to the extent that it is probable that they will result in revenue and be measured reliably.

Revenue on long term contracts is recognised in profit or loss in proportion to the stage of completion of the contract. The stage of completion is measured using the costs incurred for work performed to-date bear to the estimated total contract costs.

Revenue from short term contracts is recognised in the profit or loss on the completion method.



Notes to the Financial Statements

... continued

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.16 Revenue and Other Income (Continued)

(a) Construction contracts (Continued)

When the outcome of the construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

(b) Provision of maintenance services

Revenue from provision of maintenance services is recognised upon services rendered and customer's acceptance.

(c) Sale of goods

The Group and the Company measure the revenue from a sale of goods at the fair value of the considerations received or receivable, net of any trade discounts, rebates, returns and taxes.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

(e) Rental income

Rental income is recognised on a straight-line basis over the term of the lease.

(f) Interest income

Interest income is recognised using the effective interest method.

3.17 Government Grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Where the grant relates to an asset, it is recognised as deferred income in the statements of financial position and transferred to profit or loss over the expected useful life of the related asset. Where the grant relates to an expense item, it is recognised in profit or loss, under the heading of "other income", on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

The Group recognises the amounts received for jobs credit scheme at their fair value as other income in the month of receipt of these grants from the government.

3.18 Borrowing Costs

Borrowing costs are charged to profit or loss as an expense in the period in which they are incurred.



Notes to the Financial Statements continued ...

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.19 Income Tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(a) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.



Notes to the Financial Statements

... continued

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.19 Income Tax (Continued)

(b) Deferred tax (Continued)

Where investment properties are carried at fair value in accordance with the accounting policy as disclosed in Note 3.7, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within the business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

3.20 Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

3.21 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

- (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.



Notes to the Financial Statements continued ...

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.22 Fair Value Measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following:

4.1 Classification of Financial Assets

The Group has classified its investment in debt securities as available-for-sale and fair value through profit and loss financial assets. In applying the accounting policy, the Group assesses its nature and the intention at the end of each reporting period.

4.2 Classification of Leases

The Group has reassessed and judged that the leasehold land of the Group which are in substance are finance leases and has classified its leasehold land to property, plant and equipment.



Notes to the Financial Statements

... continued

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

4.3 Depreciation and Useful Lives of Property, Plant and Equipment

As disclosed in Note 3.5, the Group and the Company review the residual values, useful lives and depreciation methods at the end of each reporting period. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and therefore, future depreciation charges could be revised.

The carrying amounts of the Group's and the Company's property, plant and equipment are disclosed in Note 5.

4.4 Useful Lives of Other Intangible Assets

The Group estimate the useful lives to amortise the intangible assets based on the future performance of the assets acquired and management's judgement of the period over which economic benefits will be derived from the assets. The estimated useful lives of other intangible assets are reviewed periodically, taking into consideration factors such as changes in technology. A reduction in the estimated useful lives of the intangible assets would increase the recorded expenses and decrease the non-current assets.

The carrying amounts of the other intangible assets are disclosed Note 7.

4.5 Construction Contracts

Significant judgement is used in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs, as well as the recoverability of the contracts. In making judgements, the Group evaluates based on the past experience and work of specialists.

The carrying amounts of amount due by contract customers and amount due to contract customers are disclosed in Note 13.

4.6 Fair Value Measurements of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the statements of financial position cannot be measured based on quoted prices in active markets, their fair value are measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The information on the fair value measurements of financial assets and liabilities are disclosed in Note 35.1.



Notes to the Financial Statements continued ...

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

4.7 Impairment of Financial Assets

The Group and the Company recognise impairment losses for loans and receivables using the incurred loss model. At the end of each reporting period, the Group and the Company assess whether there is any objective evidence that loans and receivables is impaired. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's and the Company's past experience of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the impairment made and this may affect the Group's and the Company's financial position and results.

For available-for-sale investments, the Group recognise an impairment loss when there has been a significant or prolonged decline in the market price of the investments. The Group use its judgement to decide when an impairment loss shall be recognised using past experience of similar investments, historical volatility of the prices and current market conditions. The actual eventual losses may be different from the impairment made and this may affect the Group's financial position and results.

The carrying amounts of the Group's and the Company's financial assets are disclosed in Note 35.

4.8 Write-down of Obsolete or Slow Moving Inventories

The Group reviews the obsolete or slow moving inventories periodically. These reviews performed by the management require judgements and estimates. Possible changes in these estimates could result in revision to the valuation of inventories.

The carrying amount of the Group's inventories are disclosed in Note 12.

4.9 Deferred Tax Assets

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unabsorbed capital allowances based on the projected future profits of the subsidiaries to the extent that is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the future performance of the subsidiaries.

The carrying amount of the Group's recognised deferred tax assets is disclosed in Note 11.



Notes to the Financial Statements

... continued

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

4.10 Measurement of Income Taxes

The Group and the Company operate in various jurisdictions and are subject to income taxes in each jurisdiction. Significant judgement is required in determining the Group's and the Company's estimation for current and deferred taxes because the ultimate tax liability for the Group as a whole is uncertain. When the final outcome of the tax payable is determined with the tax authorities in each jurisdiction, the amounts might be different from the initial estimates of the taxes payables. Such differences may impact the current and deferred taxes in the period when such determination is made. The Group and the Company will make adjustments for current or deferred taxes in respect of prior years in the current period on those differences arise.

The income tax expense of the Group and the Company are disclosed in Note 28.

4.11 Defined Benefits Liability

The Group has defined benefits plan for their employees. The measurement of the present value of defined benefits obligations is based on assumptions on projected employee salaries, incremental rate, pension retirement age and discount rate using high quality corporate bonds in each jurisdiction.

The carrying amount of the Group's employee benefits are disclosed in Note 22.

4.12 Provision

The Group use a "best estimate" as the basis for measuring a provision. Management evaluates the estimates based on the Group's historical experience and other inputs or assumptions, current developments and future events that are reasonably possible under the particular circumstances. In the case when a provision relates warranty gains, a probability-weighted estimate of the outflows required to settle the obligation is used. In the case of a provision for site restoration costs, a reference contractor's price or market price is used as the best estimate. If an obligation is to be settled over time, the expected outflows are discounted at a rate that takes into account the time value of money and the risk that the actual outcome might differ from the estimates made.

The carrying amounts of the Group's provision are disclosed in Note 23.

4.13 Impairment of Non-Financial Assets

The Group and the Company assess impairment of non-financial assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may be recoverable (i.e. the carrying amount of the asset is more than the recoverable amount).

Recoverable amount is measured at the higher of the fair value less cost of disposal for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Group's and the Company's estimates, taking into consideration factors such as historical and industry trends, general market and economic conditions and other available information. Cash flows that are projected based on those inputs or assumptions and the discount rate applied in the measurement of value-in-use may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

Notes to the Financial Statements
continued ...

5. PROPERTY, PLANT AND EQUIPMENT

Group 2015	Long term Leasehold Lands RM'000	Buildings RM'000	Furniture and Fittings RM'000	Office Equipment RM'000	Motor Vehicles RM'000	Computers RM'000	Renovation RM'000	Total RM'000
Cost								
At 1 January 2015	2,290	4,177	879	1,388	3,047	4,832	1,770	18,383
Additions	–	–	91	141	150	331	588	1,301
Transfer from investment property (Note 6)	947	703	–	–	–	–	–	1,650
Written-off	–	–	(2)	(5)	–	(36)	–	(43)
Exchange differences	–	–	86	100	235	301	70	792
At 31 December 2015	3,237	4,880	1,054	1,624	3,432	5,428	2,428	22,083
Accumulated Depreciation								
At 1 January 2015	185	270	568	971	1,271	3,627	927	7,819
Depreciation for the financial year	39	104	84	111	562	401	194	1,495
Written-off	–	–	(2)	(4)	–	(36)	–	(42)
Exchange differences	–	–	59	81	141	252	49	582
At 31 December 2015	224	374	709	1,159	1,974	4,244	1,170	9,854
Carrying Amount at 31 December 2015	3,013	4,506	345	465	1,458	1,184	1,258	12,229



Notes to the Financial Statements
... continued

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group 2014	Long term Leasehold Lands RM'000	Buildings RM'000	Furniture and Fittings RM'000	Office Equipment RM'000	Motor Vehicles RM'000	Computers RM'000	Renovation RM'000	Total RM'000
Cost								
At 1 January 2014	2,290	1,780	807	1,208	2,186	3,903	1,600	13,774
Acquisition of subsidiary	–	–	20	–	–	130	51	201
Additions	–	2,397	41	172	830	813	110	4,363
Written-off	–	–	–	(3)	–	(55)	–	(58)
Exchange differences	–	–	11	11	31	41	9	103
At 31 December 2014	2,290	4,177	879	1,388	3,047	4,832	1,770	18,383
Accumulated Depreciation								
At 1 January 2014	154	219	488	876	811	3,346	749	6,643
Acquisition of subsidiary	–	–	2	–	–	30	6	38
Depreciation for the financial year	31	51	71	88	445	271	166	1,123
Written-off	–	–	–	(3)	–	(53)	–	(56)
Exchange differences	–	–	7	10	15	33	6	71
At 31 December 2014	185	270	568	971	1,271	3,627	927	7,819
Carrying Amount at 31 December 2014	2,105	3,907	311	417	1,776	1,205	843	10,564



Notes to the Financial Statements continued ...

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company 2015	Buildings RM'000	Furniture and Fittings RM'000	Office Equipment RM'000	Computers RM'000	Renovation RM'000	Total RM'000
Cost						
At 1 January 2015	2,397	58	88	1,802	128	4,473
Additions	–	3	34	44	–	81
Disposals	–	–	–	(280)	–	(280)
At 31 December 2015	2,397	61	122	1,566	128	4,274
Accumulated Depreciation						
At 1 January 2015	8	55	48	1,305	78	1,494
Depreciation for the financial year	48	1	6	64	9	128
Disposals	–	–	–	–	–	–
At 31 December 2015	56	56	54	1,369	87	1,622
Carrying Amount at 31 December 2015	2,341	5	68	197	41	2,652
2014						
Cost						
At 1 January 2014	–	56	58	1,361	128	1,603
Additions	2,397	2	30	441	–	2,870
At 31 December 2014	2,397	58	88	1,802	128	4,473
Accumulated Depreciation						
At 1 January 2014	–	54	44	1,230	66	1,394
Depreciation for the financial year	8	1	4	75	12	100
At 31 December 2014	8	55	48	1,305	78	1,494
Carrying Amount at 31 December 2014	2,389	3	40	497	50	2,979



Notes to the Financial Statements

... continued

6. INVESTMENT PROPERTY

	Group	
	2015 RM'000	2014 RM'000
At fair value:		
At 1 January	1,650	1,650
Transfer to property, plant and equipment (Note 5)	(1,650)	–
At 31 December	–	1,650

The investment property is held under long term leaseholds and comprise of a shop office.

The rental income earned by the Group from its investment property during the financial year is RM35,519/- (2014: RM90,650/-).

Fair value information

The fair value of investment property is categorised as follows:

	Level 1 RM'000	Group Level 2 RM'000	Level 3 RM'000
2015			
Shop office	–	–	–
2014			
Shop office	–	1,650	–

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.



Notes to the Financial Statements continued ...

6. INVESTMENT PROPERTY (Continued)

Fair value hierarchy

Level 1 fair value:

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment properties that the entity can access at the measurement date.

Level 2 fair value:

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly or indirectly.

Level 3 fair value:

Level 3 fair value is estimated using unobservable inputs for the investment property.

Transfer between levels of fair value hierarchy

There is no transfer between levels of fair value hierarchy during the financial year.

7. INTANGIBLE ASSET

	Group	
	2015 RM'000	2014 RM'000
Distributorship		
Cost		
At 1 January	1,840	–
Acquisition through business combinations	–	1,840
At 31 December	1,840	1,840
Accumulated amortisation and impairment loss		
At 1 January	283	–
Amortisation for the financial year	340	283
Written off	1,217	–
At 31 December	1,840	283
Carrying Amount at 31 December	–	1,557



Notes to the Financial Statements

... continued

7. INTANGIBLE ASSET (Continued)

The distributorship has a finite useful lives and is amortised on a straight line basis over the remaining contract periods of five years from the acquisition date.

The amortisation of the intangible asset of the Group amounting to RM339,600/- (2014: RM283,000/-) is included in administrative expenses.

During the financial year, an impairment loss of RM1,217,000/- was recognised in profit or loss of the Group as other expenses.

8. INVESTMENT IN SUBSIDIARIES

	Company	
	2015	2014
	RM'000	RM'000
Unquoted shares, at cost	20,244	20,249

Details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Group's Effective Equity Interest		Principal Activities
		2015	2014	
		%	%	
Willowglen (Malaysia) Sdn. Bhd.	Malaysia	100	100	Sales, implementation and maintenance of computer-based control systems
Willowglen Technology Sdn. Bhd.	Malaysia	100	100	Sales, implementation and maintenance of integrated monitoring systems
Willowglen Services Pte. Ltd. +	Singapore	100	100	Design, supply, engineering, implementation and maintenance of computer-based control systems
Sentinel Systems Sdn. Bhd.	Malaysia	70	70	Sales, implementation and maintenance of control room and CCTV solutions



Notes to the Financial Statements continued ...

8. INVESTMENT IN SUBSIDIARIES (Continued)

Details of the subsidiaries are as follows (Continued):-

Name of Company	Country of Incorporation	Group's Effective Equity Interest		Principal Activities
		2015 %	2014 %	
PT Willowglen Indonesia +	Indonesia	50.08	50.08	Trading, hardware and software consulting services
WG Tech Sdn. Bhd.	Malaysia	100	100	Dormant
Willowglen Limited*	British Virgin Islands	100	100	Dormant
Subsidiaries of Willowglen Services Pte. Ltd.				
Willowglen Asia Pte Limited +	Hong Kong	100	–	Investment holding
WLG Solutions Pte. Ltd. +	Singapore	100	–	Dormant

+ Audited by auditors other than Baker Tilly Monteiro Heng.

* The subsidiary is consolidated using unaudited management financial statements as it is not required to be audited under the local laws and regulations.

8.1 Incorporation of subsidiaries

- (i) On 27 March 2015, Willowglen Services Pte. Ltd., a wholly-owned subsidiary of the Company, had incorporated Willowglen Asia Pte. Limited ("WAPL") with an issued and paid-up share capital of HK\$1.00/- comprising 1 unit ordinary share. As a result of the incorporation, WAPL became an indirect wholly-owned subsidiary of the Company.
- (ii) On 30 March 2015, Willowglen Services Pte. Ltd., a wholly-owned subsidiary of the Company, had incorporated WLG Solutions Pte. Ltd. ("WLG") with an issued and paid-up share capital of SGD1.00/- comprising 1 unit ordinary share. As a result of the incorporation, WLG became an indirect wholly-owned subsidiary of the Company.



Notes to the Financial Statements

... continued

8. INVESTMENT IN SUBSIDIARIES (Continued)

8.2 Non-controlling interest in subsidiaries

The financial information of the Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:-

Equity interest held by non-controlling interests:

Name of Company	Country of Incorporation	Effective Equity Interest	
		2015 %	2014 %
PT Willowglen Indonesia	Indonesia	49.92	49.92
Sentinel Systems Sdn. Bhd.	Malaysia	30	30

Carrying amount of material non-controlling interests:

	2015 RM'000	2014 RM'000
PT Willowglen Indonesia	244	257
Sentinel Systems Sdn. Bhd.	(106)	445

Profit or loss allocated to material non-controlling interests:

	2015 RM'000	2014 RM'000
PT Willowglen Indonesia	34	55
Sentinel Systems Sdn. Bhd.	551	159



Notes to the Financial Statements

continued ...

8. INVESTMENT IN SUBSIDIARIES (Continued)

8.3 Summarised financial information of material non-controlling interests

The summarised financial information (before intra-group elimination) of the Group's subsidiaries that have material non-controlling interests are as follows:

	PT Willowglen Indonesia		Sentinel Systems Sdn. Bhd.	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Summarised statements of financial position				
As at 31 December				
Non-current assets	227	175	123	1,700
Current assets	547	440	88	6
Non-current liabilities	(72)	(54)	–	–
Current liabilities	(213)	(46)	(564)	(231)
Net assets/(liabilities)	489	515	(353)	1,475
Summarised statements of profit or loss and other comprehensive income				
Financial year ended 31 December				
Revenue	386	246	110	–
Total comprehensive loss for the financial year	(69)	(112)	(272)	(245)
Summarised cash flow information				
Financial year ended 31 December				
Cash flows used in operating activities	(132)	(184)	39	(294)
Cash flows used in investing activities	(3)	(11)	(17)	290
Cash flows used in financing activities	–	–	–	–
Net (decrease)/increase in cash and cash equivalents	(135)	(195)	22	(4)
Dividends paid to non-controlling interests	–	–	–	–



Notes to the Financial Statements

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9. INVESTMENT IN AN ASSOCIATE

	Group	
	2015 RM'000	2014 RM'000
At cost		
Outside Malaysia:		
Unquoted shares	13,054	–
Share of post-acquisition reserves	242	–
	13,296	–

The interest in the associate, Willowglen Systems Inc. is held through its indirect wholly-owned subsidiary, Willowglen Asia Pte. Limited. The country of incorporation of the associate is in Canada and is principally engaged in the development and sale of industrial automation and related products. As at the end of the reporting period, the Group owns 60% of equity interest and 49% of voting interest in the associate.

9.1 Acquisition of an associate

On 25 June 2015, Willowglen Asia Pte. Ltd., an indirect wholly-owned subsidiary of the Company, had entered into the Share Subscription Agreement and Unanimous Shareholder Agreement to subscribe for 1,960 Class A Shares of CAD0.01 each and 4,799,929 Class D Shares of CAD0.807700072 each in Willowglen Systems Inc. for a total consideration of CAD3,876,923/- (equivalent to approximately RM11,695,000/-).

As a result of the shares subscription, the Company, through its indirect wholly-owned subsidiary, acquired 60% of equity interest and 49% of voting interest.

Although the Group owns more than half of the effective equity interest in Willowglen Systems Inc. ("WSI") and less than half of the voting interest in the entity, the directors have determined that the Group does not control these entity as the Group does not has substantive rights over the investee and on the basis that the remaining voting rights were not widely dispersed. Consequently, WSI is regarded as the associate of the Group.

The fair values of assets acquired and liabilities assumed and purchase consideration have been determined on a provisional basis pending completion of purchase price allocation exercise. The purchase price allocation exercise is expected to be completed not exceeding one year from the acquisition date.



Notes to the Financial Statements continued ...

9. INVESTMENT IN ASSOCIATE (Continued)

9.2 Summarised financial information of material associate

The following table illustrates the summarised financial information of the Group's material associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates.

Group	Willowglen Systems Inc. RM'000
At cost	11,695
Recognise in profit or loss:	
Bargain purchase gain on acquisition of an associate	1,359
Carrying amount under fair value	13,054
Share of post-acquisition profits	242
Carrying amount under equity method	13,296
31.12.2015	
Assets and liabilities:	
Non-current assets	13,757
Current assets	16,098
Non-current liabilities	(12)
Current liabilities	(7,118)
Net assets	22,725
Results:	
Profit for the financial year	404
Total comprehensive income	404
Included in the total comprehensive income is:	
Revenue	9,143
Reconciliation of net assets to carrying amount:	
Share of the net assets at the acquisition date	13,054
Share of post-acquisition profits	242
Carrying amount in the statements of financial position	13,296
Group's share of results:	
Group's share of profit or loss	242



Notes to the Financial Statements

... continued

10. INVESTMENT SECURITIES

	Group	
	2015 RM'000	2014 RM'000
Available-for-sale financial asset		
- debt securities		
At 1 January	—	—
Acquisition during the financial year	2,833	—
Exchange differences	225	—
Fair value adjustment	(32)	—
At 31 December	3,026	—

11. DEFERRED TAXATION

The amount determined after appropriate offsetting, are as follows:

	Group	
	2015 RM'000	2014 RM'000
Deferred tax assets	199	186
Deferred tax liabilities	(115)	(118)
	84	68

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred taxes relate to the same tax authority.

	Group	
	2015 RM'000	2014 RM'000
At 1 January	68	(24)
Recognised in profit or loss (Note 28)		
- property, plant and equipment	(70)	(14)
- tax losses	19	(3)
- other items	67	109
	16	92
At 31 December	84	68



Notes to the Financial Statements continued ...

11. DEFERRED TAXATION (Continued)

	Group	
	2015 RM'000	2014 RM'000
Deferred tax assets (before offsetting)		
Unutilised tax losses	199	37
Other items	196	141
Property, plant and equipment	–	197
Offsetting	(196)	(189)
Deferred tax assets (after offsetting)	199	186
Deferred tax liabilities (before offsetting)		
Property, plant and equipment	(196)	(205)
Other items	(115)	(102)
Offsetting	196	189
Deferred tax liabilities (after offsetting)	(115)	(118)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unutilised tax losses	9,441	8,379	8,910	7,955
Deductible/(taxable) temporary difference	130	322	(41)	52
	9,571	8,701	8,869	8,007
Potential deferred tax assets not recognised at 24%	2,297	2,088	2,129	1,922

The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority.



Notes to the Financial Statements

... continued

12. INVENTORIES

	Group	
	2015 RM'000	2014 RM'000
At Cost		
Consumables	1,381	1,636

During the financial year, the write down of inventories to their net realisable values for the Group amounted to RM Nil /- (2014: RM5,000/-).

During the financial year, the cost of inventories recognised as an expense amounted to RM25,367,723/- (2014: RM18,702,981/-).

13. AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS

The amount due from/(to) contract customers are analysed as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Aggregate costs incurred to date	103,642	109,358	–	1,259
Attributable profits	35,597	41,876	–	1,274
	139,239	151,234	–	2,533
Less: Progress billings	(105,846)	(123,369)	–	(2,645)
	33,393	27,865	–	(112)
Amount due from contract customers	35,350	31,609	–	–
Amount due to contract customers	(1,957)	(3,744)	–	(112)
	33,393	27,865	–	(112)
Contract costs recognised as contract expense during the financial year	64,099	60,029	26	261
Contract revenue recognised as contract revenue during the financial year	93,190	91,953	148	806



Notes to the Financial Statements continued ...

14. TRADE RECEIVABLES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade receivables	24,473	15,766	–	276
Retention sum	3,144	2,125	–	–
	27,617	17,891	–	276
Less: Impairment loss	(41)	–	–	–
	27,576	17,891	–	276

Trade receivables are non-interest bearing and the normal trade credit terms range from 30 days to 60 days (2014: 30 days to 60 days). Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's and of the Company's trade receivables are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Neither past due nor impaired	17,201	12,344	–	94
1 to 30 days past due not impaired	7,689	3,839	–	104
31 to 60 days past due not impaired	387	770	–	78
61 to 90 days past due not impaired	50	319	–	–
More than 90 day past due not impaired	2,290	619	–	–
	10,416	5,547	–	182
Impaired	(41)	–	–	–
	27,576	17,891	–	276

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group's and the Company.

None of the Group's and the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.



Notes to the Financial Statements

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14. TRADE RECEIVABLES (Continued)

Receivables that are past due but not impaired

Trade receivables that are past due but not impaired are unsecured in nature.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables is as follows:

	Group
	2015 RM'000
	2014 RM'000
At 1 January	–
Charge for the financial year	41
At 31 December	41

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group	Company
	2015 RM'000	2014 RM'000
	2015 RM'000	2014 RM'000
Other receivables	403	71
Deposits	605	5
Prepayments	1,198	11
	2,206	87

16. AMOUNT DUE FROM SUBSIDIARIES

	Company
	2015 RM'000
	2014 RM'000
Amount due from subsidiaries	
Trade	4,038
Non-trade	17,743
	21,781

The amount due from subsidiaries are unsecured, non-interest bearing and repayable on demand by cash, except for amount due from a subsidiary which bears interest at the rate of 4.0% (2014: 3.0%) per annum on a monthly basis.



Notes to the Financial Statements continued ...

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Fixed deposits placed with licensed banks	24,143	34,553	5,730	8,924
Short term investment	105	864	105	864
Cash at banks and on hand	19,638	15,473	79	290
Cash and cash equivalents as reported in statements of financial position	43,886	50,890	5,914	10,078
Less: Pledged deposits	(1,970)	(1,721)	(590)	(576)
Cash and cash equivalents as reported in statements of cash flows	41,916	49,169	5,324	9,502

Cash at banks earns interest at floating rates based on daily bank deposit rates. Fixed deposits and short term investment are made for varying periods of between one day to twelve months depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective interest rates. The weighted average effective interest rates as at 31 December 2015 for the Group and the Company were 1.4% and 0.7% (2014: 1.3% and 1.1%) respectively.

Included in the fixed deposits placed with licensed banks of the Group and the Company was an amount of RM1,970,000/- and RM590,000/- (2014: RM1,721,000/- and RM576,000/-) respectively, which have been pledged to licensed bank as securities for banking facilities granted to the Group and the Company.

18. SHARE CAPITAL

	Group and Company			
	2015		2014	
	Number of Shares Unit'000	RM'000	Number of Shares Unit'000	RM'000
Ordinary shares of RM0.10 each				
Authorised:				
At 31 January/31 December	1,000,000	100,000	1,000,000	100,000
Issued and fully paid:				
At 31 January/31 December	248,000	24,800	248,000	24,800

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.



Notes to the Financial Statements

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18. SHARE CAPITAL (Continued)

As at 31 December 2015, of the total 248,000,000 (2014: 248,000,000) issued and fully paid ordinary shares of RM0.10 each, 4,643,400 (2014: 4,613,400) ordinary shares of RM0.10 each are currently held as treasury shares by the Company as disclosed in Note 20 to the financial statements. The number of outstanding shares on issue after the share repurchased is 243,356,600 (2014: 243,386,600).

19. SHARE PREMIUM

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares. The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act, 1965 in Malaysia.

20. TREASURY SHARES

	Group and Company			
	2015		2014	
	Number of Shares Unit'000	RM'000	Number of Shares Unit'000	RM'000
At 1 January	4,613	1,670	4,593	1,653
Shares repurchased during the financial year	30	24	20	17
At 31 December	4,643	1,694	4,613	1,670

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company. The directors of the Company believe that the repurchase plan are applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 30,000 (2014: 20,000) shares of its issued ordinary shares of RM0.10 each from the open market at an average price of RM0.807 per share (2014: RM0.820 per share). The total consideration paid for the repurchased shares including transaction costs was RM24,378/- (2014: RM16,521/-). The share repurchases made to date were financed by internally generated funds and are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965 in Malaysia.

As at 31 December 2015, the Company's treasury shares are held at a carrying amount of RM1,694,188/- (2014: RM1,669,809/-).



Notes to the Financial Statements continued ...

20. TREASURY SHARES (Continued)

The details of repurchased of treasury shares during the financial year were as follows:-

	Number of Shares Purchased Unit	Price per share			Total Consideration RM
		Lowest RM	Highest RM	Average RM	
31.12.2015					
May 2015	10,000	0.910	0.910	0.910	9,167
November 2015	20,000	0.755	0.755	0.755	15,211
	30,000			0.807	24,378
31.12.2014					
May 2014	10,000	0.825	0.825	0.825	8,311
November 2014	10,000	0.815	0.815	0.815	8,210
	20,000			0.820	16,521

21. RESERVES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-distributable				
Merger deficit	(7,585)	(7,585)	—	—
Foreign currency translation reserve	15,168	6,382	—	—
Fair value adjustment reserve	(32)	—	—	—
Distributable				
Retained earnings	86,490	73,268	22,812	21,423
	94,041	72,065	22,812	21,423

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.



Notes to the Financial Statements

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21. RESERVES (Continued)

Fair value adjustment reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

Retained earnings

The Company may distribute dividends of its entire retained earnings under single tier system.

22. EMPLOYEE BENEFITS

The Group operates unfunded defined benefit plan for some of its employees.

The total amount recognised in the statements of financial position is as follows:

	2015 RM'000	Group 2014 RM'000
Present value of unfunded obligation	72	54

The movement in the present value of defined benefit obligation is as follows:

	2015 RM'000	Group 2014 RM'000
At 1 January	54	52
Current service costs recognised in profit or loss	18	2
At 31 December	72	54

The significant actuarial assumptions applied in the measurement of defined benefit plan are as follows:

	2015	Group 2014
Discount rate	8%	8%
Future salary growth	10%	10%
Pension retirement age	55	55



Notes to the Financial Statements continued ...

23. PROVISIONS

	Maintenance Warranties RM'000	Group Reinstatement Costs RM'000	Total RM'000
Group			
At 1 January 2015	387	79	466
Provision made during the financial year	297	–	297
Provision utilised during the financial year	(146)	–	(146)
Exchange differences	–	12	12
At 31 December 2015	538	91	629
31.12.2015			
Current	538	–	538
Non-current	–	91	91
	538	91	629
31.12.2014			
Current	387	–	387
Non-current	–	79	79
	387	79	466

Maintenance warranties

The provision for maintenance warranties represents the present value of the directors' best estimates of future economic obligation that will be required under the Group's obligation for warranties on certain projects completed in prior years. The provision is recognised based on estimation made from historical warranty data.

Reinstatement costs

Provision for reinstatement costs is the estimated costs of dismantlement, removal and restoration of plant and equipment arising from the acquisition or use of assets, which are capitalised and included in the cost of plant and equipment as disclosed in Note 5 to the financial statements.



Notes to the Financial Statements

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24. TRADE PAYABLES

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from 30 days to 60 days (2014: 30 days to 60 days).

For explanation on the Group's and the Company's liquidity risk management processes, refer to Note 35.2(b).

25. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Other payables	205	676	55	40
Accruals	2,303	1,310	326	306
	2,508	1,986	381	346

Other payables are non-interest bearing and are normally settled on 30 days to 60 days terms (2014: 30 days to 60 days).

26. REVENUE

Revenue comprises mainly income from supply of computer-based control systems and provision of the related installation and maintenance services.

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Contract revenue	93,190	91,953	148	806
Maintenance contracts	25,913	17,759	–	345
Miscellaneous income	165	42	1,933	2,550
	119,268	109,754	2,081	3,701



Notes to the Financial Statements continued ...

27. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging/crediting:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Amortisation of intangible asset	340	283	–	–
Auditors' remuneration:				
- current year	123	111	26	25
- prior year	2	1	2	(3)
Impairment loss on receivables	41	–	–	–
Impairment loss written-off	–	5	–	–
Depreciation of property, plant and equipment	1,495	1,123	128	100
Directors' remunerations:				
- fees	90	90	90	90
- salaries, allowances and bonuses	3,769	3,370	–	–
- contribution to defined contribution plans	501	450	–	–
Staff costs:				
- salaries, wages, allowances and bonuses	28,423	27,982	3,011	2,620
- contribution to defined contribution plans	3,677	3,313	346	323
- expenses related to defined benefit plan	18	2	–	–
- socso	75	74	24	21
Intangible asset written off	1,217	–	–	–
Realised loss on foreign exchange	–	25	–	–
Property, plant and equipment written-off	1	2	–	–
Rental of offices	1,548	1,236	4	10
Rental of staff accomodation	32	34	–	–



Notes to the Financial Statements

... continued

27. PROFIT BEFORE TAX (Continued)

Profit before tax has been arrived at after charging/crediting (Continued):

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
And crediting:				
Dividend income from a subsidiary	–	–	7,363	15,374
Income from:				
- loan and receivables	487	393	608	453
- available-for-sale financial asset	62	–	–	–
Gain on foreign exchange				
- realised	224	62	162	56
- unrealised	647	222	422	216
Rental income	40	91	180	–
Bargain purchase gain on acquisition of an associate	1,359	–	–	–
Provision of unutilised leave written back	121	–	–	–
Government grants	455	–	–	–

Included in the interest income from loan and receivables of the Company is interest of RM507,279/- (2014: RM347,912/-) from amount due from subsidiaries.

28. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 31 December 2015 and 2014:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current income tax				
Taxation in Malaysia				
- current year	(479)	(55)	–	–
- prior year	(27)	34	–	1
	(506)	(21)	–	1
Taxation outside Malaysia				
- current year	(3,249)	(3,468)	–	–
- prior year	175	–	–	–
	(3,074)	(3,468)	–	–
Total current income tax	(3,580)	(3,489)	–	1



Notes to the Financial Statements continued ...

28. INCOME TAX EXPENSE (Continued)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deferred tax (Note 11)				
Origination and reversal of temporary differences	16	126	–	–
Over provision in prior year	–	(34)	–	–
Total deferred tax	16	92	–	–
Total income tax expense	(3,564)	(3,397)	–	1

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the financial year. The corporate tax rate applicable to the Singapore subsidiary of the Group was 17% for the year of assessment 2015 (2014: 17%). The domestic corporate tax rate will be reduced to 24% from the current year's rate of 25% with effect from year of assessment 2016. The computation of deferred tax as at 31 December 2015 and 31 December 2014 has reflected these changes.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The reconciliations from the tax amount at the statutory income tax rate to Group's and the Company's tax expense are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit before tax	21,069	20,597	6,257	14,774
Tax at Malaysia statutory income tax rate of 25% (2014: 25%)	(5,267)	(5,149)	(1,564)	(3,694)
Effect of tax rate in foreign jurisdiction	1,674	1,796	–	–
Share of results of an associate	61	–	–	–
Effect of changes in tax rate	(9)	(3)	(9)	(6)
Adjustments:				
- non-deductible expenses	(697)	(299)	(61)	(57)
- non-taxable income	383	69	1,841	3,910
- deferred tax assets not recognised on tax losses and temporary differences	(209)	(207)	(207)	(153)
- tax exemption	310	434	–	–
- other items	42	(38)	–	–
- adjustment in respect of current income tax of prior years	148	–	–	–
Income tax expense	(3,564)	(3,397)	–	–



Notes to the Financial Statements

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29. EARNINGS PER SHARE

The basic earnings per share are based on the profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding (excluding treasury shares) during the financial year, calculated as follows:

	2015 RM'000	2014 RM'000
Profit attributable to owners of the Company	18,090	17,414
Weighted average number of ordinary shares for basic earnings per share	243,357	243,387
Basic earnings per ordinary share (sen)	7.43	7.15

The basic and diluted earnings per ordinary share are equal as the Group does not have dilutive potential ordinary shares as at the reporting date.

30. DIVIDENDS

	Group and Company 2015 RM'000	2014 RM'000
Recognised during the financial year:		
Dividends on ordinary shares:		
First and final tax exempt dividend of 20% per share for the financial year ended 31 December 2013, paid on 28 May 2014	–	4,868
First and final tax exempt dividend of 20% per share for the financial year ended 31 December 2014, paid on 28 May 2015	4,868	–

At the forthcoming Annual General Meeting, a first and final tax exempt dividend of 20% per share in respect of the financial year ended 31 December 2015 will be proposed for shareholders' approval.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividends, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2016.



Notes to the Financial Statements continued ...

31. OPERATING LEASES COMMITMENTS

The future minimum rentals payable under non-cancellable operating leases at the reporting date are as follows:-

	2015 RM'000	Group 2014 RM'000
Not later than one year	1,354	1,180
Later than one year but not later than five years	790	1,868
	2,144	3,048

The disclosed commitments are based on existing rental rates. The lease agreements provide for periodic revision of such rates in future.

32. FINANCIAL GUARANTEES

The financial guarantees of the Group and the Company are in respect of the following:-

	2015 RM'000	Group 2014 RM'000	2015 RM'000	Company 2014 RM'000
Unsecured				
Corporate guarantees given to financial institutions for banking facilities granted to subsidiaries	—	—	31,588	31,069
Performance bonds granted to customers	15,476	14,607	608	658
	15,476	14,607	32,196	31,727

At the end of the reporting period, it was not probable that the counterparty to the financial guarantee contract will claim under the contract.

33. RELATED PARTIES

33.1 Identification of Related Parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Company has a related party relationship with its subsidiaries, associate and key management personnel.



Notes to the Financial Statements

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33. RELATED PARTIES (Continued)

33.2 Significant Related Party Transactions

Significant transactions with subsidiaries during the financial year are as follows:

	Company	
	2015 RM'000	2014 RM'000
Sale of products to subsidiaries	887	1,612
Interest income from a subsidiaries	507	348
Technical advisory fees charged to subsidiaries	925	860
Management fees charged to a subsidiary	–	240
Purchase of products from a subsidiary	58	1,234

33.3 Compensation of Key Management Personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel include all the directors of the Group, and certain members of senior management of the Group.

The remuneration of the key management personnel during the financial year are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Directors				
Fees	90	90	90	90
Salaries, bonuses, and allowances	3,769	3,370	–	–
Contribution to defined contribution plans	501	450	–	–
	4,360	3,910	90	90
Other Key Management Personnel				
Salaries, bonuses and allowances	3,413	3,043	538	566
Contribution to defined contribution plans	285	223	65	59
	3,698	3,266	603	625
	8,058	7,176	693	715



Notes to the Financial Statements continued ...

34. OPERATING SEGMENTS

The Group prepared the following segment information in accordance with MFRS 8 *Operating Segments* based on internal reports of the Group's strategic business units which are regularly reviewed by the Group's chief operating decision maker for the purpose of making decisions about resource allocation and performance assessment.

The Group's reportable operating segments which is based on geographical areas are as follows:

- Malaysia : research, development, sales, implementation and maintenance of computer-based control systems, integrated monitoring systems.
- Singapore : design, supply, engineering, implementation and maintenance of computer-based control systems.
- Indonesia : trading, hardware and software consulting services.
- Others : investment holdings.

Inter-segment pricing is determined on negotiated basis.

Segment profit

Segment performance is used to measure performance as Group's chief operating decision maker believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these geographical areas. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

Segment assets

The total of segment asset is measured based on all assets (excluding investment in associates, current and deferred tax assets) of a segment, as included in the internal reports that are reviewed by the Group's operating decision maker.

Segment liabilities

Segment liabilities are not included in the internal reports that are reviewed by the Group's operating decision maker. Hence, no disclosures are made on liabilities.

Geographical Information

Revenue and non-current assets information on the basis of geographical segments information are based on the geographical location of customers and assets respectively. The amounts of non-current assets do not include financial instruments and deferred tax assets.

Major Customers

Major customers' information is revenues from transactions with a single external customer amount to ten percent or more of the Group revenue. A group of entities known to a reporting entity to be under common control shall be considered a single customer.



Notes to the Financial Statements

... continued

34. OPERATING SEGMENTS (Continued)

	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Europe RM'000	Others RM'000	Adjustments and Elimination RM'000	Notes	Total RM'000
2015								
Revenue:								
External customers	34,530	84,352	386	–	–	–		119,268
Inter-segment	1,953	296	–	–	–	(2,249)	A	–
Total revenue	36,483	84,648	386	–	–	(2,249)		119,268
Results:								
Interest income	664	287	43	–	62	(507)		549
Interest expense	507	–	–	–	–	(507)		–
Amortisation of intangible asset	–	–	–	–	–	340		340
Intangible asset written-off	–	–	–	–	–	1,217		1,217
Bargain purchase gain on acquisition of an associate	–	–	–	–	–	1,359		1,359
Depreciation	905	576	14	–	–	–		1,495
Share of results of an associate	–	–	–	–	–	242		242
Segment profit/(loss)	7,573	20,894	(116)	–	34	(7,316)	B	21,069
Income tax expense	538	3,073	–	–	–	–		3,611
Income tax income	–	–	47	–	–	–		47
Profit/(loss) for the financial year	7,035	17,821	(69)	–	34	(7,316)	B	17,505
Assets:								
Investment in an associate	–	–	–	–	13,296	–		13,296
Additions to non-current assets	795	503	3	–	3,026	–		4,327
Segment assets	88,659	89,276	575	–	3,117	(55,973)	C	125,654
Geographical information:								
Revenue by geographical location of customers	33,842	84,352	386	688	–	–		119,268
Non-current assets	30,899	1,547	27	–	3,026	(20,244)		15,255
Major customers	–	29,222	–	–	–	–		29,222



Notes to the Financial Statements continued ...

34. OPERATING SEGMENTS (Continued)

	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Europe RM'000	Adjustments and Elimination RM'000	Notes	Total RM'000
2014							
Revenue:							
External customers	29,839	79,668	247	–	–		109,754
Inter-segment	2,712	424	–	–	(3,136)	A	–
Total revenue	32,551	80,092	247	–	(3,136)		109,754
Results:							
Interest income	493	230	18	–	(348)		393
Interest expense	348	–	–	–	(348)		–
Amortisation of intangible asset	–	–	–	–	283		283
Depreciation	663	448	12	–	–		1,123
Segment profit/(loss)	13,940	22,446	(127)	–	(15,662)	B	20,597
Income tax expense	143	3,463	5	–	–		3,611
Income tax income	194	–	20	–	–		214
Profit for the financial year	13,991	18,983	(112)	–	(15,662)	C	17,200
Assets:							
Additions to non-current assets	5,289	473	–	5	153		5,920
Segment assets	82,553	69,957	–	479	(34,510)	C	118,479
Geographical information:							
Revenue by geographical location of customers	28,463	79,826	246	1,219	–		109,754
Non-current assets	31,011	1,413	39	–	(18,692)		13,771
Major customers	–	20,061	–	–	–		20,061



Notes to the Financial Statements

... continued

34. OPERATING SEGMENTS (Continued)

Reconciliation of reportable segment revenue, profit or loss, assets, liabilities and other material items are as follows:

A Inter-segment revenues

Inter-segment revenues are eliminated on consolidation.

B Reconciliation of profit or loss

	2015 RM'000	2014 RM'000
Inter-segment transactions	7,074	15,662
Share of results of an associate	242	–
	7,316	15,662

C Reconciliation of assets

	2015 RM'000	2014 RM'000
Intangible assets	–	1,557
Investment in subsidiaries	(20,244)	(20,249)
Inter-segment assets	(35,729)	(15,818)
	(55,973)	(34,510)

35. FINANCIAL INSTRUMENTS

35.1 Categories of Financial Instruments

The following table analyses the financial instruments of the Group and the Company in the statements of financial position by the classes of financial instruments to which they are assigned:

- (i) Loans and receivables (“L&R”)
- (ii) Available-for-sale financial assets (“AFS”)
- (iii) Other financial liabilities (“FL”)



Notes to the Financial Statements continued ...

35. FINANCIAL INSTRUMENTS (Continued)

35.1 Categories of Financial Instruments (Continued)

2015	Carrying Amount RM'000	L&R/(FL) RM'000	AFS RM'000
Financial Assets			
Group			
Investment securities	3,026	–	3,026
Trade receivables	27,576	27,576	–
Other receivables and deposits	1,008	1,008	–
Amount due from contract customers	35,350	35,350	–
Cash and cash equivalents	43,886	43,886	–
	110,846	107,820	3,026
Company			
Other receivables and deposits	83	83	–
Amount due from subsidiaries	21,781	21,781	–
Cash and cash equivalents	5,914	5,914	–
	27,778	27,778	–
Financial Liabilities			
Group			
Trade payables	8,695	8,695	–
Other payables and accruals	2,508	2,508	–
	11,203	11,203	–
Company			
Trade payables	37	37	–
Other payables and accruals	381	381	–
	418	418	–



Notes to the Financial Statements

... continued

35. FINANCIAL INSTRUMENTS (Continued)

35.1 Categories of Financial Instruments (Continued)

2014	Carrying Amount RM'000	L&R/(FL) RM'000
Financial Assets		
Group		
Trade receivables	17,891	17,891
Other receivables and deposits	1,822	1,822
Amount due from contract customers	31,609	31,609
Cash and cash equivalents	50,890	50,890
	102,212	102,212
Company		
Trade receivables	276	276
Other receivables and deposits	76	76
Amount due from subsidiaries	15,798	15,798
Cash and cash equivalents	10,078	10,078
	26,228	26,228
Financial Liabilities		
Group		
Trade payables	8,641	8,641
Other payables and accruals	1,986	1,986
	10,627	10,627
Company		
Trade payables	124	124
Other payables and accruals	346	346
	470	470



Notes to the Financial Statements continued ...

35. FINANCIAL INSTRUMENTS (Continued)

35.2 Financial Risk Management

The operations of the Group and of the Company are subject to a variety of financial risks, including credit risk, liquidity risk and market risk. The Group and the Company have adopted a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

(a) Credit Risk

Credit risk is the risk of a financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty defaults on its obligations. The Group's exposure to credit risk arises primarily from its receivables and investment in debt securities. The Company's exposure to credit risk arises principally from loan and advances to subsidiaries and financial guarantees given to financial institutions for credit facilities granted to subsidiaries.

The Group and the Company has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from its receivables is represented by their carrying amounts in the statements of financial position.

The carrying amount of trade and other receivables are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group and the Company consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group and the Company have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Group and the Company use ageing analysis to monitor the credit quality of the trade receivables. The ageing of trade receivables as at the end of the financial year is disclosed in Note 14. Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company. A significant portion of these trade receivables are regular customers that have been transacting with the Group and the Company. Management has taken reasonable steps to ensure that trade receivables that are neither past due nor impaired are stated at their realisable values. Impairment are made on specific receivables when there is objective evidence that the Group and the Company will not be able to collect all amounts due.



Notes to the Financial Statements

... continued

35. FINANCIAL INSTRUMENTS (Continued)

35.2 Financial Risk Management (Continued)

(a) Credit Risk (Continued)

Credit risk concentration profile

The Group and the Company determines the credit risk concentrations of its trade receivables by monitoring their country profile on an ongoing basis. The credit risk concentration profile of the Group's and the Company's trade receivables at the reporting date are as follows:

	Group				Company			
	2015		2014		2015		2014	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
By country:								
Malaysia	10,056	36.5%	6,605	36.9%	–	0%	–	0%
Singapore	17,139	62.2%	10,851	60.7%	–	0%	–	0%
Indonesia	199	0.7%	9	0.1%	–	0%	–	0%
Europe	182	0.6%	381	2.1%	–	0%	276	100%
Others	–	0.0%	45	0.3%	–	0%	–	0%
	27,576	100.0%	17,891	100.0%	–	0.0%	276	100.0%

Investment securities

The Group minimise credit risk by dealing exclusively with high credit rating counterparties.

Exposure to credit risk

As at the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount in the statements of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations.

Inter company balances

The Company provides unsecured loans and advances to subsidiaries, except for an amount due from a subsidiary which bears interest rate at 4.0% (2014: 3.0%) per annum on a monthly basis. The Company monitors the results of the subsidiaries regularly.



Notes to the Financial Statements continued ...

35. FINANCIAL INSTRUMENTS (Continued)

35.2 Financial Risk Management (Continued)

(a) Credit Risk (Continued)

Inter company balances (Continued)

Exposure to credit risk

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

At the reporting date, there was no indication that the loans and advances to the subsidiaries are not recoverable.

Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis.

Exposure to credit risk

The maximum exposure to credit risk amounts to RM31,588,360/- (2014: RM31,068,590/-) representing the outstanding banking facilities of the Company and its subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(b) Liquidity Risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables.

The Group maintains a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.



Notes to the Financial Statements

... continued

35. FINANCIAL INSTRUMENTS (Continued)

35.2 Financial Risk Management (Continued)

(b) Liquidity Risk (Continued)

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
On demand or within 1 year				
Trade payables	8,695	8,641	37	124
Other payables and accruals	2,508	1,986	381	346
Total undiscounted financial liabilities	11,203	10,627	418	470

(c) Market Risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

Foreign Currency Risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's and the Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's and the Company's operating activities (when sales and purchases that are denominated in a foreign currency) and the Group's net investments in foreign subsidiaries. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Singapore Dollar ("SGD") and Chinese Renminbi ("RMB").



Notes to the Financial Statements continued ...

35. FINANCIAL INSTRUMENTS (Continued)

35.2 Financial Risk Management (Continued)

(c) Market Risk (Continued)

Foreign Currency Risk (Continued)

Exposure to foreign currency risk

The unhedged financial assets and liabilities of the Group and of the Company that are not denominated in their functional currencies are as follows:

Group	2015			2014		
	← Functional currencies →			← Functional currencies →		
	RM RM'000	SGD RM'000	Total RM'000	RM RM'000	SGD RM'000	Total RM'000
Financial assets and liabilities not held in functional currencies:						
<u>Cash and cash equivalents</u>						
Singapore Dollar	5,140	–	5,140	6,348	–	6,348
United States Dollar	314	1,655	1,969	–	416	416
Chinese Renminbi	–	1,411	1,411	–	495	495
	5,454	3,066	8,520	6,348	911	7,259

Trade payables

Singapore Dollar	–	–	–	–	–	–
United States Dollar	–	(108)	(108)	–	(50)	(50)
Chinese Renminbi	–	(12)	(12)	–	(408)	(408)
	–	(120)	(120)	–	(458)	(458)

Company	2015 RM'000	2014 RM'000
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Financial assets and liabilities not held
in functional currencies:

Cash and cash equivalents

Singapore Dollar	5,140	6348
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Notes to the Financial Statements

... continued

35. FINANCIAL INSTRUMENTS (Continued)

35.2 Financial Risk Management (Continued)

(c) Market Risk (Continued)

Foreign Currency Risk (Continued)

Sensitivity analysis for foreign currency risk

The Group's principal foreign currency exposure relates mainly to Singapore Dollar ("SGD"), United States Dollar ("USD") and Chinese Renminbi ("RMB"). The Company's principal foreign currency exposure related mainly to Singapore Dollar ("SGD").

The following table demonstrates the sensitivity of the Group's and the Company's post-tax profit to a reasonably possible change in the Singapore Dollar ("SGD"), United States Dollar ("USD") and Chinese Renminbi ("RMB") exchange rate against the respective functional currencies of the Group entities, with all other variables held constant.

	Change in rate	Group		Company	
		2015 RM'000 Effect on profit or loss	2014 RM'000 Effect on profit or loss	2015 RM'000 Effect on profit or loss	2014 RM'000 Effect on profit or loss
SGD	+ 10%	386	476	386	476
	- 10%	(386)	(476)	(386)	(476)
USD	+ 10%	140	27	—	—
	- 10%	(140)	(27)	—	—
RMB	+ 10%	105	7	—	—
	- 10%	(105)	(7)	—	—

Interest Rate Risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate as a result of changes in market interest rates.

The Group and the Company manage the net exposure to interest rate risks by monitoring the exposure to such risks on an ongoing basis.



Notes to the Financial Statements continued ...

35. FINANCIAL INSTRUMENTS (Continued)

35.2 Financial Risk Management (Continued)

(c) Market Risk (Continued)

Interest Rate Risk (Continued)

Exposure to interest rate risk

The Group's exposure to interest rate risk arises primarily from short term investment and deposits placed with licensed banks, classified as cash and cash equivalents and investment in debt securities. The Company's exposure to interest rate risk arises primarily from advances to subsidiaries and fixed deposits placed with licensed banks classified as cash and cash equivalents. The Group and the Company do not use derivative financial instruments to hedge their risk.

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the reporting period are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Financial assets	24,143	34,553	23,838	24,493
Floating rate instrument				
Financial asset	3,131	864	105	864

Financial instruments at fixed rates are fixed until the maturity of the instruments.

Sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates as at the reporting period would not affect the profit or loss.

Sensitivity analysis for floating rate instrument

A change of 100 basis point in interest rate at the end of the reporting period would have increased/ (decreased) the Group and Company's profit net of tax by RM23,480/- (2014: RM6,480/-), assumes that all other variables remain constant.

(d) Market Price Risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group does not have exposure to market price risk as at the reporting date.



Notes to the Financial Statements

... continued

35. FINANCIAL INSTRUMENTS (Continued)

35.2 Financial Risk Management (Continued)

(e) Fair value measurement

Financial instruments that are not carried at fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

Financial assets (current)	<u>Note</u>
Trade receivables	14
Other receivables and deposits	15
Amount due from contract customers	13
Amount due from subsidiaries	16
Cash and cash equivalents	17
 Financial liabilities (current)	
Trade payables	24
Other payables and accruals	25

The carrying amounts of these financial assets and liabilities is reasonable approximation of fair values either due to their short term nature or that they are floating rate instruments that are re-priced to market interest rate on or near the reporting date.

Investment securities

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

There have been no transfers between Level 1 and Level 2 during the financial year (31.12.2014: no transfer in either directions).



Notes to the Financial Statements continued ...

36. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholder value. The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies and process during the financial year ended 31 December 2015 and 31 December 2014.

The Company is required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

37. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

During the financial year, the following events had occurred:-

- (i) On 27 March 2015, Willowglen Services Pte. Ltd., a wholly-owned subsidiary of the Company, had incorporated Willowglen Asia Pte. Limited ("WAPL") with an issued and paid-up share capital of HK\$1.00/- comprising 1 unit ordinary share. As a result of the incorporation, WAPL became an indirect wholly-owned subsidiary of the Company.
- (ii) On 30 March 2015, Willowglen Services Pte. Ltd., a wholly-owned subsidiary of the Company, had incorporated WLG Solutions Pte. Ltd. ("WLG") with an issued and paid-up share capital of SGD1.00/- comprising 1 unit ordinary share. As a result of the incorporation, WLG became an indirect wholly-owned subsidiary of the Company.
- (iii) On 25 June 2015, Willowglen Asia Pte. Limited an indirect wholly-owned subsidiary of the Company, had entered into the Share Subscription Agreement and Unanimous Shareholder Agreement to subscribe for 1,960 Class A Shares of CAD0.01 each and 4,799,929 Class D Shares of CAD0.807700072 each in Willowglen Systems Inc. for a total consideration of CAD3,876,923/- (equivalent to approximately RM11,695,000/-). As a result of the shares subscription, the Company, through its indirect wholly-owned subsidiary, acquired 60% of equity interest and 49% of voting interest.



SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained earnings or accumulated losses as at the end of the reporting period, into realised and unrealised profits and losses.

The following analysis of realised and unrealised profits or losses included in the retained earnings of the Group and of the Company as at 31 December 2015 and 31 December 2014 is presented in accordance with the directive of Bursa Malaysia Securities Berhad and prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries:				
- Realised	85,903	72,571	22,390	21,207
- Unrealised	1,004	726	422	216
	86,907	73,297	22,812	21,423
Total share of retained earnings from associates:				
- Realised	411	—	—	—
- Unrealised	(169)	—	—	—
	242	—	—	—
Less: Consolidation adjustments	(659)	(29)	—	—
Total retained earnings	86,490	73,268	22,812	21,423

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.



STATEMENT BY DIRECTORS

We, **WONG AH CHIEW** and **SIMON WONG CHU KEONG** being two of the directors of Willowglen MSC Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 51 to 136 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 137 has been prepared in accordance with the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

.....
WONG AH CHIEW

Director

.....
SIMON WONG CHU KEONG

Director

Kuala Lumpur

Date: 15 March 2016



STATUTORY DECLARATION

I, **CHEW NYUK SEONG**, being the officer primarily responsible for the financial management of Willowglen MSC Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 51 to 136, and the supplementary information set out on page 137 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

.....
CHEW NYUK SEONG

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 15 March 2016.

Before me,

.....
Tan Kim Chooi (W661)
Commissioner for Oaths
16th Floor, Wisma Sime Darby
Jalan Raja Laut, 50350 Kuala Lumpur



INDEPENDENT AUDITORS' REPORT

To the members of Willowglen MSC Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Willowglen MSC Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 51 to 136.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.



Independent Auditors' Report
To the members of Willowglen MSC Berhad
... continued

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:-

- (a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.
- (b) We have considered the financial statements and the auditor's reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 8 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in page 137 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Heng Fu Joe
No. 2966/11/16(J)
Chartered Accountant

Kuala Lumpur

Date: 15 March 2016



ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There were no proceeds raised from corporate proposals during the financial year.

2. SHARE BUY-BACK

The details of shares bought back during the financial year are set out in the Directors' Report in the Financial Statements of the Annual Report.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company did not issue any options, warrants or convertible securities during the financial year.

4. DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt programme during the financial year.

5. SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

6. VARIATION IN RESULTS

The Company did not issue any profit estimate, forecast or projection for the financial year.

There was no variance between the results for the financial year ended 31 December 2015 as per the audited financial statements and the unaudited results previously announced.

7. PROFIT GUARANTEE

The Company did not issue any profit guarantee during the financial year.

8. MATERIAL CONTRACTS

There were no material contracts of the Company and its subsidiaries, involving the Directors and major shareholders' interests during the financial year.

9. NON-AUDIT FEES

The amount of non-audit fees incurred for services rendered to the Group during the financial year by companies affiliated to the auditors is RM36,832.

10. RECURRENT RELATED PARTY TRANSACTIONS ("RRPTs") OF A TRADING OR REVENUE NATURE

Further details of RRPTs of the Group conducted during the financial year ended 31 December 2015 are set out in the Notes to the Audited Financial Statements.



PROPERTIES

As at 31 December 2015

Description of Property	Existing Use	Age of Building (Years)	Land Area	Tenure	Date of Acquisition	Net Book Value / Fair Value As at 31 December 2015 (RM)
Willowglen (Malaysia) Sdn. Bhd.						
Pajakan Negeri 17630, Lot No. 35063 and Pajakan Negeri 17631, Lot No. 35064, Mukim Petaling, District and State of Wilayah Persekutuan, being two units of 3-storey terrace shop offices bearing the addresses of No. 1 & 3, Jalan 2/149B, Taman Sri Endah, Bandar Baru Sri Petaling, 57000 Kuala Lumpur	Operational office	23	246 sq. m.	93-years leasehold expiring on 19.02.2083	01.06.1999	2,574,270
Pajakan Negeri 17636, Lot No. 35069, Pajakan Negeri 17637, Lot No. 35070, Pajakan Negeri 17638, Lot No. 35071 and Pajakan Negeri 17639, Lot No. 35072, Mukim Petaling, District and State of Wilayah Persekutuan, being four units of 3-storey terrace shop offices bearing the address of No. 15 & 17, Jalan 2/149B, Taman Sri Endah, Bandar Baru Sri Petaling, 57000 Kuala Lumpur	Operational office	23	490 sq. m.	93-years leasehold expiring on 19.02.2083	30.04.2007	2,604,228
Willowglen MSC Berhad						
GRN 358304/M3/1/100 Lot 46868, GRN 358304/M3/2/108 Lot 46868, GRN 358304/M3/3/116 Lot 46868 and GRN 358304/M3/4/120 Lot 46868, Bandar Johor Bahru, District and State of Johor Bahru, being one unit of 4-storey shop offices bearing the address of Unit No. B5-G-5, B5-1-5, B5-2-5 and B5-3-5, Danga Walk Street Mall, Danga Bay, Jalan Skudai, 80200 Johor Bahru	Operational office	9	103 sq. m.	Freehold	23.12.2014	2,341,270



SHAREHOLDINGS STATISTICS

As at 8 March 2016

Authorised Capital	:	RM100,000,000.00
Issued and Fully Paid-up Capital	:	RM24,800,000.00 (including 4,643,400 treasury shares)
Class of Shares	:	Ordinary shares of RM0.10 each fully paid
Voting Rights	:	One vote per RM0.10 share

BREAKDOWN OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
1-99	14	0.55	625	0.00
100-1,000	534	20.79	427,659	0.18
1,001-10,000	1,248	48.60	7,335,300	3.01
10,001-100,000	661	25.74	20,065,101	8.25
100,001 – 12,167,829 *	109	4.24	109,429,915	44.97
12,167,830 and above **	2	0.08	106,098,000	43.60
Total	2,568	100.00	243,356,600 ***	100.00

Remark	-	*	Less than 5% of issued holdings
	-	**	5% and above of issued holdings
	-	***	Excluding 4,643,400 shares bought back by the Company and retained as treasury shares

SUBSTANTIAL SHAREHOLDERS

According to the register required to be kept under Section 69L of the Companies Act, 1965, the following are substantial shareholders of the Company:-

Substantial Shareholders	Direct Interest	No. of Shares Held		
		%	Indirect Interest	%
New Advent Sdn Bhd	75,130,263	30.87	–	–
Wong Ah Chiew	1,500,000	0.62	76,566,563 °	31.46
Simon Wong Chu Keong	–	–	75,130,263 □	30.87
OSK Technology Ventures Sdn Bhd	30,967,737	12.73	–	–
OSK Ventures International Berhad	–	–	41,267,737 ^	16.96
OSK Equity Holdings Sdn Bhd	–	–	41,267,737 *	16.96
Ong Leong Huat @ Wong Joo Hwa	–	–	41,472,237 ∞	17.04

Notes:

- ° Deemed interested through his interest in New Advent Sdn Bhd, Elegant Preference Sdn Bhd, Jian Qi Holdings Sdn Bhd, his spouse and son
- Deemed interested through his interest in New Advent Sdn Bhd
- ^ Deemed interested through OSK Venture Equities Sdn Bhd and OSK Technology Ventures Sdn Bhd
- * Deemed interested through OSK Ventures International Berhad
- ∞ Deemed interested through OSK Ventures International Berhad and Land Management Sdn Bhd



Shareholdings Statistics

As at 8 March 2016

... continued

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Interest	No. of Shares Held		
		%	Indirect Interest	%
Wong Ah Chiew	1,500,000	0.62	76,566,563 *	31.46
Simon Wong Chu Keong	—	—	75,130,263 #	30.87

* Deemed interested through his interest in New Advent Sdn Bhd, Elegant Preference Sdn Bhd, Jian Qi Holdings Sdn Bhd, his spouse and son

Deemed interested through his interest in New Advent Sdn Bhd

Other than the above, none of the other directors in office has any interest in shares in the Company as at 8 March 2016.

THIRTY LARGEST REGISTERED SHAREHOLDERS AS AT 8 MARCH 2016

No.	Name of Shareholders	No. of Shares	%
1	New Advent Sdn Bhd	75,130,263	30.87
2	OSK Technology Ventures Sdn. Bhd.	30,967,737	12.73
3	Ling King Ling	12,056,970	4.95
4	Jasmin Villa Development Sdn. Bhd.	12,000,000	4.93
5	Paul Yii See Yiing	11,018,000	4.53
6	OSK Venture Equities Sdn Bhd	10,290,000	4.23
7	Hue Nyet Fong	8,543,700	3.51
8	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teh Boon Wee (8061725)	8,098,574	3.33
9	Au Yiu Joo	3,809,700	1.57
10	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Eastspring Investmentssmall-Cap Fund	3,019,800	1.24
11	Malta Corp. Sdn. Bhd.	2,500,000	1.03
12	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	2,150,387	0.88
13	Teh Boon Wee	2,000,000	0.82
14	Aco-Bina Sdn Bhd	1,687,305	0.69
15	Khor Chai Moi	1,656,300	0.68
16	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for RHB Dynamic Fund (200188)	1,549,000	0.64
17	Wong Ah Chiew	1,500,000	0.62
18	Lim Sin Khong	1,400,000	0.58
19	HSBC Nominees (Asing) Sdn Bhd HSBC-FS for RHB Asean Megatrend Master Fund	1,288,000	0.53
20	Lee Kok Hoong	1,120,000	0.46
21	Chan Yan Ping	1,086,600	0.45



Shareholdings Statistics

As at 8 March 2016

continued ...

THIRTY LARGEST REGISTERED SHAREHOLDERS AS AT 8 MARCH 2016 (continued)

No.	Name of Shareholders	No. of Shares	%
22	KAF Trustee Berhad	992,400	0.41
	KIFB for the Institute of Strategic and International Studies Malaysia		
23	Chong Kim Poh	971,000	0.40
24	HLIB Nominees (Tempatan) Sdn Bhd	697,100	0.29
	Pledged Securities Account for Yee Kim Ee (CCTS)		
25	Wong Chu Khee	654,200	0.27
26	Ng Soon Gan	635,000	0.26
27	RHB Nominees (Tempatan) Sdn Bhd	630,000	0.26
	RHB Asset Management Sdn Bhd for Yoong Kah Yin (EPF)		
28	Tee Bon Peng	601,800	0.25
29	Andrew Lim Cheong Seng	500,000	0.21
30	Leong Keng Yuen	500,000	0.21

FORM OF PROXY

CDS Account No.

No. of Shares Held

*I/We, _____

*NRIC No./Passport No./Company No. _____

of _____

being a member/members of **WILLOWGLEN MSC BERHAD** hereby appoint:-

Full Name (in Block)	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

*and/or

Full Name (in Block)	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing *him/her, the Chairman of the Meeting as *my/our proxy, to vote for *me/us on *my/our behalf at the Eighteenth Annual General Meeting of the Company to be held at the Grand Lotus, Level 2, Swiss-Garden Residences, 117 Jalan Pudu, 55100 Kuala Lumpur on Wednesday, 27 April 2016 at 10.00 a.m. and at any adjournment thereof, in the manner indicated below:-

NO.	RESOLUTIONS	FOR	AGAINST
1.	To approve the declaration of a final dividend of 20% tax-exempt for the financial year ended 31 December 2015		
2.	To re-elect Encik Alfian Bin Tan Sri Mohamed Basir as Director		
3.	To re-elect Mr. Au Chun Choong as Director		
4.	To approve the payment of Directors' fees of RM90,000.00 for the financial year ended 31 December 2015		
5.	To re-appoint Messrs. Baker Tilly Monteiro Heng as the Auditors of the Company until the conclusion of the next Annual General Meeting and to authorised the Directors to fix their remuneration		
6.	To retain Mr. Wang Shi Tsang as Independent Non-Executive Director		
7.	To retain Encik Alfian Bin Tan Sri Mohamed Basir as Independent Non-Executive Director		
8.	To retain Encik Mohd Isa Bin Ismail as Independent Non-Executive Director		
9.	Authority to Issue Shares		
10.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature		
11.	Proposed Renewal of Share Buy-Back		
12.	Proposed Amendments to the Articles of Association of the Company		

(Please indicate with 'X' how you wish to cast your vote. In the absence of specific directions, the proxy may vote or abstain at his discretion.)

Signed this _____ day of _____, 2016.

* Delete if not applicable

* Signature / Common Seal of Shareholder

Notes:

- In respect of deposited securities, only a depositor whose name appears on the Record of Depositors as at 20 April 2016 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting or appoint proxy(ies) to attend and/or vote in his/her stead.
- A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. When a member appoints more than one (1) proxy, the appointments shall be invalid unless the proportion of the shareholdings to be represented by each proxy is specified. A proxy need not be a member of the Company and the provision of Section 149 (1)(a),(b),(c) and (d) of the Companies Act, 1965, shall not apply to the Company.
- Where a Member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account its holds.
- The instrument appointing a proxy(ies) must be deposited at the Company's Share Registrar's Office at Symphony Share Registrars Sdn. Bhd., Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof.
- The instrument appointing a proxy or proxies shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if such appointer is a corporation, under its Common Seal or the hand of its attorney duly authorised.



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Stamp

The Share Registrar
Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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QUESTIONS FROM SHAREHOLDERS

The Annual General Meeting ("AGM") of Willowglen MSC Berhad will be held on Wednesday, 27 April 2016 at 10.00 a.m. Shareholders are invited to register questions in advance of the AGM.

This form may be used to submit a written question to the auditors if the question is relevant to the content of the auditors' report or the conduct of the audit of the financial statements to be considered at the AGM.

In the course of the AGM we intend to respond to as many of the questions asked as is practicable.

Shareholder questions must be received by Friday, 15 April 2016. Please return the form to our registered office, No. 17, Jalan 2/149B, Taman Sri Endah, Bandar Baru Sri Petaling, 57000 Kuala Lumpur or by facsimile to 03-90571218.

Shareholder's Name

CDS Account No.

Question/s

Please tick ✓ if it is a question directed to the Auditors

1.		☐
2.		☐
3.		☐
4.		☐



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The Secretary
Willowglen MSC Berhad (Company No. 462648-V)
No. 17 Jalan 2/149B
Taman Sri Endah
Bandar Baru Sri Petaling
57000 Kuala Lumpur
Malaysia

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WILLOWGLEN MSC BERHAD

(462648-V)

No. 17 Jalan 2/149B
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57000 Kuala Lumpur

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