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WILLOWGLEN MSC BERHAD 2008 ANNUAL REPORT

WILLOWGLEN MSC BERHAD

(Company No. 462648-V)
(Incorporated in Malaysia)

2008 annual report

WILLOWGLEN
Innovative SCADA Solution

WILLOWGLEN

WILLOWGLEN MSC BERHAD

Contents

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of the Company will be held at the Camellia Room, Level Two, Swiss-Garden Hotel Kuala Lumpur, 117 Jalan Pudu, 55100 Kuala Lumpur, Malaysia on Thursday, 18 June 2009 at 10.00 a.m. for the following purposes:-

As Ordinary Business

1. To receive and adopt the Audited Financial Statements for the year ended 31 December 2008 together with the Reports of the Directors and Auditors thereon. (Resolution 1)

2. To declare a first and final dividend of 20% tax-exempt for the financial year ended 31 December 2008. (Resolution 2)

3. To re-elect the following Directors who retire under the provisions of the Company's Articles of Association, and who, being eligible, offer themselves for re-election:-

   (a) Khor Chai Moi (Resolution 3)

   (b) Mohd Isa Bin Ismail (Resolution 4)

4. To approve the Directors' fees of RM45,000.00 for the financial year ended 31 December 2008. (Resolution 5)

5. To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 6)

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

As Special Business

7. To consider and if thought fit, to pass the following Resolutions:-

Ordinary Resolution
Authority to Issue Shares Pursuant to Section 132D of The Companies Act, 1965

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised with full power to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as they may deem fit subject always to the approval of the relevant government/regulatory authorities being obtained for such issue and provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10 percent of the issued capital for the time being of the Company and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued." (Resolution 7)

Ordinary Resolution
Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature

"THAT, the Company and its subsidiaries shall be mandated 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 2.3 of the Circular dated 27 May 2009 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;

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 the meeting, the authority is renewed; or

Notice of Annual General Meeting (cont'd)

(b) the expiration of the period within which the next Annual General Meeting 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 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 8)

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 provisions of the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad ('Bursa Securities') for the MESDAQ Market 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 funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained earnings and share premium reserves of the Company 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 and to deal with the shares so purchased in such other manner as may be permitted by the relevant legislations and regulations.

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 such resolution was passed at which time it will lapse, unless by ordinary resolution passed at that 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 unconditionally and generally to the Directors of the Company to take all such steps as are necessary 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 other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase 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 the fullest power to do such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the purchased shares) in accordance with the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company and the Listing Requirements for the MESDAQ Market and/or guidelines of Bursa Securities and all other relevant governmental and/or regulatory authorities." (Resolution 9)

By Order of the Board

Leong Keng Yuen *(MIA 6090)*
Yeoh Peik Hong *(MAICSA 7034341)*
Secretaries

Kuala Lumpur
27 May 2009

Notice of Annual General Meeting (cont'd)

Notes:

1. *A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. When a member appoints two or more proxies, 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.*

2. *The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 17th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof.*

3. *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.*

4. *Explanatory Notes on Special Business*

   Proposed Resolution Pursuant to Section 132D of The Companies Act, 1965

   This proposed Ordinary Resolution, if passed, will give the Directors of the Company the power to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the best interest of the Company. This would avoid any delay and cost involved in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

   Proposed Resolution for New Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature

   This proposed Ordinary Resolution, if passed, will provide a new 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.

   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

   This 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.

   Shareholders are requested to refer to the enclosed Circular to Shareholders for additional information.

Statement Accompanying Notice of Annual General Meeting

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

   (a) Khor Chai Moi retiring by rotation under Article 93

   (b) Mohd Isa Bin Ismail retiring by rotation under Article 93

2. Details of the attendance of Directors at Board Meetings

   There are five (5) Board of Directors' Meetings held during the financial year ended 31 December 2008.

Board of Directors	No. of Meetings Attended
Alfian Bin Tan Sri Mohamed Basir	4/5
Khor Chai Moi	5/5
Wong Ah Chiew	5/5
Wang Shi Tsang	5/5
Mohd Isa Bin Ismail	4/5

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

   The Eleventh Annual General Meeting of the Company will be held at the Camellia Room, Level Two, Swiss-Garden Hotel Kuala Lumpur, 117 Jalan Pudu, 55100 Kuala Lumpur on Thursday, 18 June 2009 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.

Corporate Information

Board of Directors

ALFIAN BIN TAN SRI MOHAMED BASIR *(Chairman and Independent Non-Executive Director)*

KHOR CHAI MOI *(Managing Director)*

WONG AH CHIEW *(Non-Executive Director)*

WANG SHI TSANG *(Independent Non-Executive Director)*

MOHD ISA BIN ISMAIL *(Independent Non-Executive Director)*

Audit Committee
Wang Shi Tsang *(Chairman)*
Alfian Bin Tan Sri Mohamed Basir
Wong Ah Chiew
Mohd Isa Bin Ismail

Nomination & Remuneration Committee
Alfian Bin Tan Sri Mohamed Basir *(Chairman)*
Wang Shi Tsang
Wong Ah Chiew
Mohd Isa Bin Ismail

Secretaries
Leong Keng Yuen
Yeoh Peik Hong

Auditors
Baker Tilly Monteiro Heng
22-1, Monteiro Heng Chambers
Jalan Tun Sambanthan 3
50470 Kuala Lumpur

Adviser
OSK Investment Bank Berhad
20th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Tel: 03-2333 8333

Stock Exchange Listing
The MESDAQ Market of
Bursa Malaysia Securities Berhad

Registered Office
17th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Tel: 03-2161 7722 Fax: 03-2161 7782

Head Office
L1-I-2, Enterprise 4
Technology Park Malaysia
Lebuhraya Puchong-Sg. Besi, Bukit Jalil
57000 Kuala Lumpur
Tel: 03-8996 0118 Fax: 03-8996 0128
Email: corpinfo@willowglen.com.my
Website: www.willowglen.com.my

Share Registrars
Symphony Share Registrars Sdn Bhd
Level 26, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel: 03-2721 2222 Fax: 03-2721 2530

Principal Bankers
CIMB Bank Berhad
Malayan Banking Berhad

Profile of Directors

ENCIK ALFIAN BIN TAN SRI MOHAMED BASIR, aged 35, 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. Over the next 6 years, 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, Cambodia and Indonesia. He is also on the Board of various private limited companies. Amongst them is Dream Security Global Sdn Bhd, a Malaysian-South Korean venture involved in the area of Information and Telecommunications Security.

Encik Alfian does not have any family relationship with any Director and/or substantial shareholder of the Company. He has no conflict of interest other than those disclosed under Notes to the Financial Statements of this Annual Report.

Encik Alfian has no conviction for any offences within the past ten years.

He attended four (4) Board Meetings held in the financial year ended 31 December 2008.

Profile of Directors (cont'd)

MDM. KHOR CHAI MOI, aged 56, a Malaysian, is the **MANAGING DIRECTOR** of the Company. She joined the Board of Directors on 20 March 1998 as First Director of the Company and resigned on 30 July 1998. On 19 June 2000, she was reappointed to the Board of Directors and subsequently appointed as Managing Director on 3 November 2004.

She is currently a member of Corporate Announcement & Compliance Committee and Risk Management Committee of the Company.

Mdm. Khor holds a Bachelor of Business Degree in Accounting from the University of South Queensland, Australia, as well as a Master of Business Administration from the University of Hull, United Kingdom.

Mdm. Khor has been the Managing Director of Dindings Consolidated Sdn Bhd since 1992. She is also a Director of several private limited companies. Mdm. Khor is currently an Executive Director of PJ Development Holdings Berhad, a company listed on the Main Board of Bursa Malaysia Securities Berhad.

Mdm. Khor is the sister in-law of Mr. Wong Ah Chiew, a non-executive director of the Company.

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

Mdm. Khor has no conviction for any offences within the past ten years.

She attended five (5) Board Meetings held in the financial year ended 31 December 2008.

MR. WONG AH CHIEW, aged 61, a Malaysian, is the **NON-EXECUTIVE DIRECTOR** of the Company. He joined the Board of Directors on 20 March 1998 as First Director of the Company and resigned on 30 July 1998. On 19 June 2000, he was reappointed to the Board of Directors.

He is a member of the Audit Committee, Corporate Announcement & Compliance Committee, and Nomination & Remuneration 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 marketing and administrative aspects 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 28 years of experience in property development.

He was the Managing Director of MCB Holdings Berhad (now known as Crimson Land Berhad), a company listed on Bursa Malaysia Securities Berhad, from 1 August 1992 to 28 November 1997.

Mr. Wong is also currently the Managing Director of PJ Development Holdings Berhad, a company listed on the Main Board of Bursa Malaysia Securities Berhad.

Mr. Wong is the brother in-law of Mdm. Khor Chai Moi, the 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. Wong has no conviction for any offences within the past ten years.

He attended five (5) Board Meetings held in the financial year ended 31 December 2008.

Profile of Directors (cont'd)

MR. WANG SHI TSANG, aged 55, a Malaysian, is the **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 Malaysian Institute of Taxation, an Associate Member of The Malaysian Institute of Chartered Secretaries & Administrators and a Certified Financial Planner.

Currently, he acts as Senior Manager of Corporate Affairs & Taxation in a public listed company in Malaysia and deals with both corporate and tax matters. Prior to his present employment, he had served with the Inland Revenue Department (now known as the Inland Revenue Board) for 14 years and last held the position of Assistant Director.

Mr. Wang does not have any family relationship with any Director and/or substantial 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.

He attended five (5) Board Meetings held in the financial year ended 31 December 2008.

ENCIK MOHD ISA BIN ISMAIL, aged 46, a Malaysian, is the **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 Second Board of Bursa Malaysia Securities Berhad. He is also a Director of WMG Advisory Services 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 substantial shareholder of the Company. He also does not have any conflict of interest with the Company.

He has no conviction for any offences within the past ten years.

He attended four (4) Board Meetings held in the financial year ended 31 December 2008.

Audit Committee Report

Chairman : **WANG SHI TSANG**
(Independent Non-Executive Director)

Members : **ALFIAN BIN TAN SRI MOHAMED BASIR**
(Independent Non-Executive Director)
WONG AH CHIEW
(Non-Executive Director)
MOHD ISA BIN ISMAIL
(Independent Non-Executive Director)

Terms of Reference

1.0 Objectives

The principal objective of the Audit Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the holding company and each of its subsidiaries and oversee the compliance with the relevant rules and regulations governing listed companies.

2.0 Composition

The Audit Committee shall comprise exclusively of non-executive directors. The number shall be at least three (3), of which the majority must be independent non-executive directors.

At least one of the independent non-executive Directors of the Audit Committee must be 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

The Audit Committee shall elect a Chairman from among its members and the elected Chairman shall be an independent non-executive Director.

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

4.1 Frequency

Meetings shall be held not less than four (4) times a year. In addition, the Chairman shall call for a meeting of the Audit Committee if requested to do so by any member of the Audit Committee, the Board of Directors, the senior management or the internal or external auditors.

Prior notice shall be given for the Audit Committee meeting.

Audit Committee Report (cont'd)

4.2 Quorum

A minimum of two (2) members, with a majority of independent non-executive Directors, shall form the quorum.

4.3 Secretary of the Audit Committee

The Company Secretary shall be the secretary of the Audit Committee and shall be responsible for issuing the agenda with the concurrence of the Chairman and circulating it, supported with explanatory documentation to Audit Committee members prior to each meeting.

The secretary shall also be responsible for keeping the minutes of meetings of the Audit Committee, circulating them to Audit Committee members and to the other members of the Board of Directors and for following up on outstanding matters.

The secretary shall keep the minutes of meetings properly filed and shall produce the minutes of meetings for inspection when necessary.

5.0 Duties and Rights

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

(a) 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;
- 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;

(b) To consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal;

(c) To recommend the nomination of a person or persons as external auditors;

(d) To discuss with the external auditors before the audit commences, the nature and scope of audit, and ensure co-ordination where more than one audit firm is involved;

(e) 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);

(f) 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;

(g) To consider any related party transactions and potential conflict of interest situations that may arise within the Company or Group;

(h) To consider the major findings of internal investigations and management's response; and

(i) To consider other matters delegated by the Board of Directors.

5.2 The Audit Committee shall:-

(a) Have explicit authority to investigate any matter within its terms of reference;

(b) Have the resources which it needs to perform its duties;

(c) Have full and unrestricted access to any information pertaining to the Company and its subsidiaries;

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

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

(f) Be able to invite outsiders with relevant experience to attend its meetings if necessary; and

(g) 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.

Audit Committee Report (cont'd)

6.0 Audit Committee Report

The Committee shall report to the Board of Directors either formally in writing, or verbally, as it considers appropriate on the matters within its terms of reference at least once a year, but more frequently if it so wishes.

The Audit Committee shall report to the Board of Directors on any specific matters referred to it for investigation and report.

An Audit Committee report shall be prepared at the end of each financial year that complies with sub paragraph (a) and (b) below.

(a) The Audit Committee Report must be clearly set out in the annual report of the Company;

(b) The Audit Committee Report shall include the following:-
- the composition of the Audit Committee, including the name, designation (indicating the Chairman) and directorship of the members (indicating whether the directors are independent or otherwise);
- the terms of reference of the Audit Committee;
- the number of Audit Committee meetings held during the financial year and details of attendance of each Audit Committee member;
- a summary of the activities of the Audit Committee in the discharge of its functions and duties for that financial year; and
- a summary of the activities of the internal audit function or activity.

7.0 Rights of Auditors

7.1 The external auditors and internal auditors (if any) 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.

7.2 Upon the request of the external auditors or internal auditors (if any), the Chairman of the Audit Committee shall convene a meeting of the Committee to consider any matter that the auditors believe should be brought to the attention of the directors or shareholders.

8.0 Functional Independence

The Audit Committee shall function independently of the other directors and officers of the Company and its Group. 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 Listing Requirements, the Audit Committee must promptly report such matter to the Exchange.

10.0 Retirement and Resignation

A member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to the Company 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.

11.0 Review of the Audit Committee

The Board of Directors must review the term of office and performance of an Audit Committee and each of its members at least once every 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 2008.

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	3/4
Wong Ah Chiew	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:

(a) Reviewed with the external auditors their annual audit plan and after the interim audit, confirmed that there was no private issue;

(b) Reviewed with the external auditors the results of the annual audit, their management letter and management's response;

Audit Committee Report (cont'd)

(c) 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;

(d) Reviewed and discussed the internal audit reports. The Audit Committee was briefed by the Head of OIA on the audit findings and corrective action has been taken to rectify the weaknesses where applicable;

(e) 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;

(f) Reviewed the related party transactions and conflict of interest situations that may arise within the Company or Group and the procedures to track and approve such transactions;

(g) Reviewed the circumstances leading to the change of auditors and considered the qualifications of the new auditors proposed for appointment by the shareholder;

(h) Revised Terms of Reference of the Audit Committee in line with the revised Listing Requirements implemented with effect from 31 January 2009; and

(i) 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.

Outsourced Internal Audit Function

The Board recognises the importance of the internal audit function and the independent status required for it to carry out its duties effectively. Therefore, the Board and the Audit Committee have engaged the OIA to carry out the internal audit function.

During the year under review, the OIA continued with its risk based auditing approach with risk focused audit programmes in order to ensure that the principal risks are being established and mapped with the existing system of internal control. The OIA carried out its duties according to the audit plan, and areas of concern which require further improvement were highlighted in the audit report and discussed in the Audit Committee meetings.

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.

Management's Discussion

Our Vision

To provide innovative SCADA solutions to cater to the needs of our customers.

Our Mission

To provide total solutions for our customers by designing systems that are innovative and price competitive.

To build customers' trust in our products and services by attending to our customers' requests promptly.

To provide human resource development, including an environment that motivates employees, to coordinate their strengths and talents, so as to effectively serve our customers.

To generate capital growth by expanding our business and seizing opportunities in the local and international markets.

Dear valued shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and the audited Financial Statements of Willowglen MSC Berhad Group ('Group') for the financial year ended 31 December 2008.

Financial Review

For the financial year under review, our Group's revenue saw a marginal decrease of 1.50% to RM51.16 million from RM51.94 million last financial year. We recorded lower profit after tax of RM8.06 million as compared to RM8.24 million in 2007. Basic earnings per ordinary share for our Group was 3.25 sen in 2008.

Dividend

In recognition of the confidence and support from our shareholders, the Board of Directors is pleased to recommend a first and final tax exempt dividend of 20% per share for the financial year ended 31 December 2008 for the approval of shareholders at the forthcoming Annual General Meeting.

Management's Discussion (cont'd)

Industry Trend and Development

SCADA systems are now being used in a wide range of applications and business processes including business performance measurement, business system integration, migration planning and management solutions to enable required business process changes. Companies with global assets make use of the enhanced capabilities and functionalities of SCADA in managing its assets and to improve the core business processes. SCADA has been used as a technology to support its business processes and improve the flow of real time knowledge.

As SCADA systems are used in a wide range of industries, there will be opportunities for us. Our experience in innovative SCADA solutions coupled with our complete range of hardware and software products, will enable us to meet the requirements of most industries.

Research and Development ('R&D')

In 2008, the Group has carried out its R&D activities as planned and according to market needs. As we have studied the need of single-board RTU with embedded Input & Output signals, the RTU4600 series was developed last year and deployed to projects. The other planned features in providing more mobility options include SMS and the function to act as an OPC server have been developed and added into our SCADA software - SysLink. The R&D expenses incurred by the Group in year 2008 was approximately RM 0.63 million.

To enhance the features further, SysLink software would be further developed to provide more communication interfaces, supporting more Relational Database systems on the market and more options on web integration.

1 2

1. Tsunami Early Warning System.

2. Building Services Monitoring.

1 2

1. Sewerage Treatment Process Control & Plant Monitoring.

2. Power Transmission Monitoring.

Given the existing RTU series and SysLink, the Group is able to provide a complete range of software and hardware products in a typical SCADA system. That includes:

- SCADA software package: SysLink
- RTU series for different scales:
  - Medium to High Input/Output requirements: RTU6000 series, RTU7000 series and RTU6500 series
  - Low Input/Output requirements: RTU4600 series

Prospects for the Year 2009

Due to the global economic crisis, the Malaysia and Singapore governments has created economic stimulus packages to cushion the effects of the global slowdown. The economic packages involves spending in major infrastructure development works which will lead to an increase in demand for SCADA systems in the transportation, water and waste-water, power distribution and security of public buildings. While these developments create opportunities for the Group, we continue to strive for new markets and to improve our financial performance.

Appreciation

Our Board would like to extend our sincere appreciation to our valued customers, business associates, shareholders, staff, regulatory and government authorities for their confidence and continued support in us.

Alfian Bin Tan Sri Mohamed Basir
Chairman

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.

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 opportunity to reuse and recycle or minimise the resources it consumes.

During the financial year, the management encourages the 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 the light and air-conditioning during lunch time or when they are out from the office.

Marketplace

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

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. 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 lunch talk every month as social gathering to maintain harmony and built better rapport between employees. We also continually reward and recognise employees for their outstanding efforts and performance during the financial year.

We strive to maintain a safe and healthy working environment for all the employees. Preventive actions are taken to mitigate risks such as allocating First Aid Kit boxes in office premises and engaging employees in fire talk. Employees are trained on how to use fire extinguisher during emergency.

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.

We also strive to involve in giving back to society with supporting the local charities by way of donations during the financial year.

Corporate Governance Statement

The Board is committed to achieving and maintaining a high standard of corporate governance in order to protect and enhance the shareholders' value and corporate performance in the Group. As such, the Board recognises the importance of good corporate governance practice and will continue its effort to improve on its corporate practices and structure diligently.

The Board is pleased to disclose herein the Group's application and underlying principles as set out in the Malaysian Code of Corporate Governance and the extent of compliance with the best practices in the Code throughout the financial year 2008.

(A) Directors

- ### The Board

  The Board has overall responsibility for the strategic planning and direction, setting the corporate goals, organising resources, leading and monitoring the ways to the achievements of the goals and evaluate 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 development of best practices for the Group.

- ### Board Balance

  The Board consists of five (5) members, comprising a Managing Director, a Non-Executive Director and three (3) Independent Non-Executive Directors.

  The current Board composition complies with the Listing Requirements of the Bursa Malaysia Securities Berhad for MESDAQ Market ('MMLR'). 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 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.

  The Independent Directors provide unbiased views and impartiality to the Board discussion and decision making and are satisfied that the interests of all shareholders are fairly represented at Board deliberations.

- Supply of information

  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 external auditors.

- Appointment to the Board

  The Nomination and Remuneration Committee was established on 15 November 2002. The members of the Nomination and 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.

- 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.

- Directors' Training

  All the Directors have complied with the Continuing Education Program points requirement within the timeframe stipulated by the MMLR. The Directors are mindful that they should continually 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.

  During the financial year under review, all the Board members have attended relevant training, seminars and workshops relating to corporate social responsibility ('CSR') and/or ultimate share performance. The Board members have gained a better understanding on CSR practices of the public listed companies in Malaysia and how to draft sustainable CSR policies for the Company. They have also studied on how to enhance the share performance of the Company via great investor relations.

Corporate Governance Statement (cont'd)

- 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:-

  (a) Audit Committee

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

  (b) Nomination and Remuneration Committee

  The Nomination and Remuneration Committee comprises a Non-Executive Director and three (3) 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. The Committee also carries out annual reviews and recommends to the Board the remuneration, compensation and benefits package of the Executive Directors.

(B) 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. In case of 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 and 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 2008 is as follows:-

	Company	
Remuneration Components	**Executive Director RM**	**Non-Executive Directors RM**
Directors' fees	9,000	36,000
Salaries	264,600	-
Bonuses	63,000	-
	336,600	36,000

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

	Company	
Remuneration Components	**Executive Director**	**Non-Executive Directors**
RM50,000 and below	-	4
RM50,001 to RM100,000	-	-
RM100,001 to RM150,000	-	-
RM150,001 to RM200,000	-	-
RM200,001 to RM250,000	-	-
RM250,001 to RM300,000	-	-
RM300,001 to RM350,000	1	-

(C) Shareholders

- 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. 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. Alternatively, they may obtain the Company's latest announcements via Bursa Malaysia Securities Berhad's website at www.bursamalaysia.com.

- 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.

Corporate Governance Statement (cont'd)

(D) Accountability and Audit

- ### 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.

- ### 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 2008, 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.

- ### Internal Control

  The information on the Group's internal control is presented in the Statement on Internal Control of this Annual Report.

- ### Relationship with External Auditors

  Through the Audit Committee, the Group has established a transparent and appropriate relationship with the Group's external auditors. 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 Internal Control

Introduction

The Board of Directors is committed to maintaining a sound system of internal control in the Group and is pleased to provide the following statement which outlines the nature and scope of internal control of the Group during the year.

Board Responsibility

The Board recognises the importance of a sound system of internal control and effective risk management practices for good corporate governance. The Board acknowledges its responsibilities for the Group's system of internal control and risk management as well as reviewing its adequacy and integrity. 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 but not absolute assurance against material misstatement or loss.

Risk Management

A Risk Management Committee (RMC) has been set up, which comprises two representatives of the Board and four members of the management team, whilst each business unit's/department's risk management is led by the respective head of unit/department. 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 quarterly 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.

Internal Control

The following main elements in the internal control framework are in place:

- An organisational structure with formally defined lines of responsibility and delegation of authority. Structured limits of authority provides a framework of authority and accountability within the Group and this facilitates timely corporate decision making at the appropriate levels in the Group.

Statement on Internal Control (cont'd)

- 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 Board and Audit Committee have engaged the OIA to carry out the internal audit function. The OIA monitors compliance with policies and standards and the effectiveness of internal controls in the Group. The OIA adopts a risk-based approach in identifying areas of priority and carries out its duties according to the audit plan. The internal audit findings are reported to the Audit Committee.

- The external auditors are engaged to express an opinion on the financial statements.

- The Audit Committee reviews reports on all audits performed and ensures Management takes prompt and adequate corrective actions on the reported weaknesses and non-compliances identified in the audits.

The Board is of the view that the existing system of internal control is adequate and will continue to take appropriate measures to strengthen the control environment. There were no material losses incurred during the current financial year as a result of weaknesses in internal control.

Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Internal Control for the inclusion in the Annual Report of the Company for the financial year ended 31 December 2008 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 process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

WILLOWGLEN MSC BERHAD

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Directors' Report

For the year ended 31st December 2008

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31st December 2008.

Principal activities

The Company is principally engaged in the research, development and supply of computer-based control systems. The principal activities of the subsidiary companies are set out in Note 6 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
Net profit for the financial year	8,061	4,244

Dividends

The dividend paid since the end of the Company's previous financial year is as shown below:

	RM'000
First and final dividend of 20% tax exempt on 247,820,500 ordinary shares in respect of the financial year ended 31st December 2007, approved by shareholders at the Annual General Meeting on 18th June 2008 and paid on 18th July 2008	4,956

At the forthcoming Annual General Meeting, a first and final tax exempt dividend of 20% per share in respect of the financial year ended 31st December 2008 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31st December 2009.

Reserves and provisions

All material transfers to and from reserves and provisions during the financial year have been disclosed in the financial statements.

Bad and doubtful debts

Before the income statements and balance sheets 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 income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business, 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 that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

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 methods 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 and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, or

(ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group and 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, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

Directors' Report (cont'd)

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, that would render any amount stated in the financial statements misleading.

Items of an unusual nature

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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, the Company did not issue any shares or debentures.

Treasury shares

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting held on 25th April 2007, approved the plan for the Company to buy-back from the open market of up to 10% of the Company's issued and paid-up ordinary share capital at any point in time through Bursa Malaysia Securities Berhad ('Proposed Share Buy-Back'). The authorisation for the Proposed Share Buy-Back was renewed on 18 June 2008.

During the financial year, the Company bought back from the open market 309,500 of its issued ordinary shares of RM0.10 each at an average price of RM0.175 per share. The total consideration paid for the share buy-back including transaction costs was RM54,676/-. The shares bought-back are being held as treasury shares in accordance with Section 67A subsection 3(A)(b) of the Companies Act, 1965.

The relevant details are disclosed in Note 15 to the financial statements.

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:-

Alfian Bin Tan Sri Mohamed Basir
Khor Chai Moi
Wang Shi Tsang
Wong Ah Chiew
Mohd Isa Bin Ismail

Directors' interests

According to the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, the interests of those directors who held office at the end of the financial year in shares in the Company and its related corporations during the financial year ended 31st December 2008 are as follows:-

	Number of ordinary shares of RM0.10 each			
	At 1.1.2008	**Bought**	**Sold**	**At 31.12.2008**
The Company				
Willowglen MSC Berhad				
Direct interest in shares				
Khor Chai Moi	1,468,600	-	-	1,468,600
Wong Ah Chiew	1,500,000	-	-	1,500,000
Indirect interest in shares				
Khor Chai Moi*	125,900,237	-	-	125,900,237
Wong Ah Chiew**	126,309,237	80,000	-	126,389,237

	Number of ordinary shares of RM1.00 each			
	At 1.1.2008	**Bought**	**Sold**	**At 31.12.2008**
The ultimate holding company				
Dindings Consolidated Sdn. Bhd.				
Direct interest in shares				
Khor Chai Moi	3,738,680	-	-	3,738,680
Wong Ah Chiew	1,990,532	-	-	1,990,532

* *Indirect interest held through New Advent Sdn. Bhd. and Dindings Consolidated Sdn. Bhd.*

** *Indirect interest held through New Advent Sdn. Bhd., Dindings Consolidated Sdn. Bhd., Elegant Preference Sdn. Bhd., Jian Qi Holdings Sdn. Bhd. and his spouse.*

By virtue of their interests in the shares of the ultimate holding company, Dindings Consolidated Sdn. Bhd., Khor Chai Moi and Wong Ah Chiew are also deemed interested in the shares of the ultimate holding company's subsidiary companies to the extent that it has an interest.

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

Directors' Report (cont'd)

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 the benefits included in the aggregate amount of emoluments received or due and receivable by the directors shown in 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, other than certain directors who have significant financial interests in companies which traded with companies in the Group in the ordinary course of business, as disclosed in Note 28 to the financial statements.

Neither during nor at the end of the financial year was the Company or any of its related corporations a party to any arrangement, whose object was 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.

Significant events during the financial year

Significant events during the financial year are disclosed in Note 32 to the financial statements.

Holding companies

The directors regard New Advent Sdn. Bhd. and Dindings Consolidated Sdn. Bhd., both incorporated and domiciled in Malaysia, as the immediate holding company and the ultimate holding company respectively.

Auditors

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

On behalf of the Board,

Khor Chai Moi
Director

Wong Ah Chiew
Director

Kuala Lumpur,
26 March 2009

Balance Sheets

As at 31st December 2008

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Assets					
Non-current assets					
Property, plant and equipment	3	**3,695**	2,729	**140**	160
Prepaid land lease payments	4	**1,682**	1,276	**-**	-
Investment properties	5	**1,495**	2,243	**-**	-
Investment in subsidiary companies	6	**-**	-	**15,915**	15,920
Deferred tax assets	7	**245**	305	**-**	-
		7,117	6,553	**16,055**	16,080
Current assets					
Inventories	8	**1,642**	1,314	**729**	478
Amount due from contract customers	9	**10,856**	14,114	**16**	-
Trade receivables	10	**9,008**	12,093	**-**	144
Other receivables, deposits and prepayments	11	**1,279**	1,022	**53**	55
Amount owing by subsidiary companies	12	**-**	-	**18,222**	18,951
Tax recoverable		**54**	128	**55**	52
Fixed deposits placed with licensed banks	13	**24,603**	16,401	**1,000**	1,000
Cash and bank balances		**5,013**	2,477	**42**	18
		52,455	47,549	**20,117**	20,698
Total assets		**59,572**	54,102	**36,172**	36,778
Equity and Liabilities					
Equity attributable to equity holders of the Company					
Share capital	14	**24,800**	24,800	**24,800**	24,800
Treasury shares	15	**(55)**	-	**(55)**	-
Reserves	16	**27,287**	23,436	**11,018**	11,730
Total equity		**52,032**	48,236	**35,763**	36,530

Balance Sheets (cont'd)

As at 31st December 2008

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Non-current liability					
Deferred tax liabilities	7	**12**	12	**-**	-
		12	12	**-**	-
Current liabilities					
Amount due to contract customers	9	**1,254**	541	**-**	-
Trade payables	17	**3,240**	2,779	**12**	12
Other payables and accruals	18	**1,170**	968	**58**	70
Amount owing to subsidiary companies	19	**-**	-	**339**	166
Tax payable		**1,864**	1,566	**-**	-
		7,528	5,854	**409**	248
Total liabilities		**7,540**	5,866	**409**	248
Total equity and liabilities		**59,572**	54,102	**36,172**	36,778

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

Income Statements

For the financial year ended 31st December 2008

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Revenue	20	**51,157**	51,937	**2,555**	2,052
Cost of sales		**(31,424)**	(34,302)	**(1,419)**	(763)
Gross profit		**19,733**	17,635	**1,136**	1,289
Other operating income		**891**	897	**5,994**	4,843
Administrative expenses		**(10,636)**	(8,764)	**(2,872)**	(1,429)
Operating profit	21	**9,988**	9,768	**4,258**	4,703
Finance costs	22	**(29)**	(55)	**(6)**	(27)
Profit before taxation		**9,959**	9,713	**4,252**	4,676
Taxation	23	**(1,898)**	(1,475)	**(8)**	(8)
Net profit for the financial year		**8,061**	8,238	**4,244**	4,668
Attributable to:					
Equity holders of the Company		**8,061**	8,238	**4,244**	4,668
Earnings per share attributable to equity holders of the Company - basic (sen)	24	**3.25**	3.32		
Dividend per ordinary share (sen)					
- first and final dividend of 2 sen per share, tax exempt	25	**2.00**	-		
- first and final dividend of 1 sen per share, tax exempt	25	**-**	1.00		

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

Statements of Changes in Equity

For the financial year ended 31st December 2008

	Attributable to Equity Holders of the Company						
			Non-Distributable			*Distributable*	
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 1st January 2007	24,800	-	4,440	(7,585)	880	19,273	41,808
Exchange differences	-	-	-	-	245	-	245
Effects of adopting FRS 117	-	-	-	-	-	425	425
Net profit for the financial year	-	-	-	-	-	8,238	8,238
Dividends (Note 25)	-	-	-	-	-	(2,480)	(2,480)
At 31st December 2007	24,800	-	4,440	(7,585)	1,125	25,456	48,236
Share buy-back	-	**(55)**	-	-	-	-	**(55)**
Exchange differences	-	-	-	-	**746**	-	**746**
Net profit for the financial year	-	-	-	-	-	**8,061**	**8,061**
Dividends (Note 25)	-	-	-	-	-	**(4,956)**	**(4,956)**
At 31st December 2008	**24,800**	**(55)**	**4,440**	**(7,585)**	**1,871**	**28,561**	**52,032**

Company	Share Capital RM'000	Treasury Shares RM'000	Non-Distributable Share Premium RM'000	Distributable Retained Earnings RM'000	Total RM'000
	Attributable to Equity Holders of the Company				
At 1st January 2007	24,800	-	4,440	5,102	34,342
Net profit for the financial year	-	-	-	4,668	4,668
Dividends (Note 25)	-	-	-	(2,480)	(2,480)
At 31st December 2007	24,800	-	4,440	7,290	36,530
Share buy-back	**-**	**(55)**	**-**	**-**	**(55)**
Net profit for the financial year	**-**	**-**	**-**	**4,244**	**4,244**
Dividends (Note 25)	**-**	**-**	**-**	**(4,956)**	**(4,956)**
At 31st Decemebr 2008	**24,800**	**(55)**	**4,440**	**6,578**	**35,763**

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

Cash Flow Statements

For the financial year ended 31st December 2008

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Cash flows from operating activities:				
Profit before taxation	9,959	9,713	4,252	4,676
Adjustments for:				
Allowance for doubtful debts	-	-	969	-
Currency realignment	(732)	(300)	-	-
Depreciation of property, plant and equipment	476	515	47	66
Dividend income	-	-	(5,789)	(4,676)
Impairment loss on investment in subsidiary company	-	-	5	-
Interest expenses	29	55	6	27
Inventories written off	9	-	9	-
Gain on disposal of property, plant and equipment	(4)	(3)	-	-
Interest income	(587)	(523)	(32)	(27)
Property, plant and equipment written off	8	-	-	-
Amortisation of prepaid land lease payments	23	11	-	-
	9,181	9,468	(533)	66
Changes in working capital:				
Receivables	6,086	(3,537)	130	(2,134)
Inventories	(337)	(49)	(260)	(47)
Payables	1,376	158	(12)	(3)
Inter-company balances	-	-	(399)	-
	16,306	6,040	(1,074)	(2,118)
Interest received	587	523	32	27
Interest paid	(29)	(55)	(6)	(27)
Tax paid	(1,646)	(1,604)	(11)	(6)
Tax refund	91	-	-	-
Net operating cash flow	15,309	4,904	(1,059)	(2,124)
Cash flows from investing activities:				
Purchase of property, plant and equipment	(1,153)	(1,683)	(27)	(94)
Dividend received	-	-	5,789	4,676
Proceeds from disposal of property, plant and equipment	46	3	-	-
Purchase of prepaid land lease payments	-	(1,287)	-	-
Purchase of investment property	-	(748)	-	-
Net investing cash flow	(1,107)	(3,715)	5,762	4,582

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Cash flows from financing activities:				
Dividend paid	**(4,956)**	(2,480)	**(4,956)**	(2,480)
Net change in amount owing by subsidiary companies	**-**	-	**332**	-
Fixed deposits held as security value	**(481)**	(156)	**-**	-
Buy back of shares	**(55)**	-	**(55)**	-
Net financing cash flow	**(5,492)**	(2,636)	**(4,679)**	(2,480)
Net change in cash and cash equivalents	**8,710**	(1,447)	**24**	(22)
Effect on exchange rate changes on opening cash and cash equivalents	**1,547**	551	**-**	-
Cash and cash equivalents at beginning of the financial year	**18,303**	19,199	**1,018**	1,040
Cash and cash equivalents at end of the financial year	**28,560**	18,303	**1,042**	1,018
Analysis of cash and cash equivalents:				
Fixed deposits placed with licensed banks	**24,603**	16,401	**1,000**	1,000
Cash and bank balances	**5,013**	2,477	**42**	18
	29,616	18,878	**1,042**	1,018
Less: Fixed deposits held as security value	**(1,056)**	(575)	**-**	-
	28,560	18,303	**1,042**	1,018

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

Notes to the Financial Statements

1. General information

The Company is principally engaged in the research, development and supply of computer-based control systems. The principal activities of the subsidiary companies are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

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

The registered office of the Company is located at 17th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur.

The principal place of business of the Company is located at L1-I-2, Enterprise 4, Technology Park Malaysia, Lebuhraya Puchong - Sg. Besi, Bukit Jalil, 57000 Kuala Lumpur.

The financial statements are expressed in Ringgit Malaysia ('RM').

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 March 2009.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention modified to include the fair value of certain assets, and comply with the Financial Reporting Standards ('FRS') and provisions of the Companies Act, 1965 in Malaysia.

The preparation of financial statements in conformity with FRSs, requires the directors to make certain 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 reported amounts of revenue and expenses during the reported financial year. It also requires directors to exercise their judgements in the process of applying the Group's accounting policies. Although these estimates and judgements are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.4 to the financial statements.

2.2 New FRS, Amendments to FRS and IC Interpretations

(a) Adoption of FRS, Amendments to FRS and IC Interpretations

The Group and the Company had adopted the following FRS, amendments to FRS and IC Interpretations ('IC Int') that are mandatory for the current financial year:-

FRS	
FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS121	The Effects of Changes in Foreign Exchange – net Investment in a Foreign Operation
IC Interpretations	
IC Int 1	Changes in Existing Decommissioning, Restoration & Similar Liabilities
IC Int 2	Members' Shares in Co-operative Entities & Similar Instruments
IC Int 5	Rights to Interests arising from Decommissioning, Restoration & Environmental Rehabilitation Funds
IC Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical & Electronic Equipment
IC Int 7	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
IC Int 8	Scope of FRS 2

The adoption of the above FRS, amendments to FRS and IC Int did not result in any substantial changes in the Group's and the Company's accounting policies, and have any material impact on the results and the financial positions of the Group and of the Company.

(b) FRS and IC Interpretations that are issued, which are not yet effective and have not been adopted earlier

The Group and the Company have not adopted the following FRS and IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:-

Notes to the Financial Statements (cont'd)

2. Summary of significant accounting policies (continued)

2.2 New FRS, Amendments to FRS and IC Interpretations (continued)

(b) FRS and IC Interpretations that are issued, which are not yet effective and have not been adopted earlier (continued)

		Effective for financial periods beginning on or after
New FRS		
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments : Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 139	Financial Instruments : Recognition and Measurement	1 January 2010
IC Int		
IC Int 9	Reassessment of Embedded Derivatives	1 January 2010
IC Int 10	Interim Financial Reporting and Impairment	1 January 2010

Other than FRS 139, the directors do not anticipate that the application of the above new FRS and IC Int, when they are effective, will have a material impact on the results and the financial position of the Group and of the Company.

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

2.3 Significant accounting policies

(a) Subsidiary companies and basis of consolidation

Subsidiary companies are entities in which the Group has the power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

An investment in subsidiary company, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(n) to the financial statements. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is recognised in the income statement.

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies made up to the end of the financial year. The financial statements of the parent and its subsidiary companies are all drawn up to the same reporting date.

The financial statements of the subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Acquisitions of subsidiary companies are accounted for using the purchase method except for certain business combinations which were accounted using the merger method as subsidiary companies that were consolidated prior to 1 January 2006 in accordance with FRS 122_{2004} Business Combinations, the generally accepted accounting principles prevailing at that time. The Group has taken advantage of the exemption provided by FRS 3 to apply these Standards prospectively. Accordingly, business combinations entered into prior to the respective effective dates have not been restated to comply with these Standards.

Under the purchase method of accounting, the cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. The accounting policy on goodwill is set out in Note 2.3(b) to the financial statements.

Any excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in income statement.

Intra-group transactions, balances and resulting unrealised gains on transactions within the Group are eliminated in full on consolidation. Unrealised losses resulting from intra-group transactions are also eliminated on consolidation unless costs cannot be recovered. When necessary, adjustments are made to the financial statements of the subsidiary companies to ensure consistency of accounting policies with those adopted by the Group.

Minority interest represents that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the Company, directly or indirectly through subsidiary. It is measured at the minorities' share of the fair values of the subsidiary's identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiary's equity since that date.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess and any further losses applicable to the minority are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequent reports profits, the Group's interest is allocated all such profit until the minority's share of losses previously absorbed by the Group has been recovered.

The gain or loss on disposal of a subsidiary is the difference between the net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences and carrying amount of goodwill that relate to the subsidiary and is recognised in the consolidated income statement.

2. Summary of significant accounting policies (continued)

2.3 Significant accounting policies (continued)

(b) Goodwill on consolidation

Goodwill arising on acquisition represents the excess of cost of business combination over the Group's share of the net fair values of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is stated at cost less impairment losses, if any. The policy for recognition and measurement of impairment losses is in accordance with Note 2.3(n) to the financial statements.

Goodwill is not amortised but is reviewed for impairment, annually or more frequently for impairment in value and is written down where it is considered necessary. Gain or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arise.

Negative goodwill represents the excess of the fair value of the Group's share of net assets acquired over the cost of acquisition. Negative goodwill is recognised directly in the income statement.

(c) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(n). Cost includes expenditure that is directly attributable to the acquisition of the asset. 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.

The cost of replacing 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 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 income statement as incurred.

Depreciation of property, plant and equipment is provided on the straight line basis to write off the cost of each asset to its residual value over their estimated useful lives, at the following principal annual rates:-

Buildings	2%
Computers	20% - 33 1/3%
Furniture and fittings	10% - 20%
Motor vehicles	20%
Office equipment	10% - 20%
Renovation	10%

The residual values, useful life and depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date to ensure that the amounts, method and period of depreciation are consistent with previous estimates.

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 included in the income statement in the year the asset is derecognised.

(d) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both and are not substantially occupied by the Group. These include land held for a currently undetermined future use. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair values are arrived by reference to market evidence of transaction prices for similar properties and recent experience in the location and category of the properties being valued.

Gains or losses arising from changes in the fair values of investment properties are recognised in income statement in the year in which they arise.

Investment properties are derecognised when either they have been disposed off or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from that disposals. Gains or losses on the retirements or disposals of investment properties are recognised in the income statement in the period in which they arise.

(e) Inventories

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

Cost is determined using the weighted average 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 necessary to make the sale.

2. Summary of significant accounting policies (continued)

2.3 Significant accounting policies (continued)

(f) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(g) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

(h) Income tax

The tax expense in the income statement represents the aggregate amount of current tax and deferred tax. Current tax expense is the expected tax amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date, an adjustment of tax payable in respect of the previous year.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that 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 difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at time of the transaction, affects neither accounting profit nor taxable profit.

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 that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(i) Ordinary shares

Ordinary shares are recorded at the nominal value and the consideration in excess of nominal value of shares issued, if any, is accounted for as share premium. Both ordinary shares and share premium are classified as equity.

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the balance sheet date. A dividend proposed or declared after the balance sheet date, but before the financial statements are authorised for issue, is not recognised as a liability at the balance sheet date.

Cost incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, if any, otherwise it is charged to the income statement. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(j) Foreign currencies

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Ringgit Malaysia, which is the Group's functional currency and presentation currency.

(i) Foreign currency transaction

Transactions in foreign currencies are translated into Ringgit Malaysia at rates of exchange ruling at transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at the foreign exchange rates ruling at that date. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statement.

Non-monetary items are measured in term of historical cost in a foreign currency or translated using the exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined.

(ii) Financial statement of foreign operation

For consolidation purposes, all assets and liabilities of foreign operations that have a functional currency other than RM are translated at the exchange rate ruling at the balance sheet date. Income and expenses items are translated at exchange rate approximately those ruling on transactions dates.

All exchange differences arising from the translation of the financial statements of foreign operations are dealt with through the exchange translation reserve account within equity. On the disposal of a foreign operation, the cumulative exchange translation reserves relating to that foreign operation are recognised in the income statements as part of the gain or loss on disposal.

Notes to the Financial Statements (cont'd)

2. Summary of significant accounting policies (continued)

2.3 Significant accounting policies (continued)

(k) Revenue recognition

(i) Contract works

Revenue from contract works is recognised by using the stage of completion method where the outcome of the contracts can be reliably estimated as described in Note 2.3 (l) to the financial statements.

(ii) Services

Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed.

(iii) Rental and interest income

Rental and interest income are recognised on accrual basis.

(iv) Dividend income

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

(l) Amounts due from/to contract customers

Contract works are stated at cost plus attributable profit less progress billings. Cost comprises direct labour, material costs, sub-contract sum and an allocated proportion of directly related overheads. Administrative and general expenses are charged to the income statement as and when incurred.

When the outcome of a contract works can be reliably estimated, contract revenue are recognised by using the stage of completion method. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Costs incurred in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

When the outcome of a contract works cannot be reliably estimated, contract revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable.

When costs incurred on contracts works plus recognised profits (less recognised losses) exceed progress billings, the balance is shown as construction work-in-progress. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as deferred income.

(m) Financial instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instruments. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(n) Impairment of assets

The carrying amount of assets, other than investment properties that are measured at fair value, inventories, and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, the recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit ('CGU') to which the asset belongs to. Goodwill acquired on a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less cost to sell 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 risk specific to the asset. Where the carrying amounts of an asset exceed its recoverable amount, the asset is considered impaired and is written down 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.

Notes to the Financial Statements (cont'd)

2. Summary of significant accounting policies (continued)

2.3 Significant accounting policies (continued)

(n) Impairment of assets (continued)

An impairment loss is recognised in the income statement in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed its carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the income statement.

(o) Borrowing costs

Borrowing costs are charged to the income statement as an expense in the period in which they are incurred.

(p) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses, social security contribution and non-monetary benefits are recognised as an expense in the financial year in which the associated services are rendered by the employees. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences sick leave, maternity and paternity leave are recognised when absences occur.

(ii) Post-employment benefits

The Group contributes to the Employees' Provident Fund, the national defined contribution plan. The contributions are charged to the income statement in the period to which they are related. Once the contributions have been paid, the Group has no further payment obligations.

(q) Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those components.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and segment liabilities are determined before intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between group enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment assets and liabilities do not include income tax assets and liabilities respectively.

(r) Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, bank balances, demand deposits and other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are stated net of bank overdrafts and other short term borrowings which are repayable on demand.

(s) Operating lease

Leases of assets were a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognised as an expense on a straight line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests for the land element and the buildings element of the lease at the inception of the lease. The up-front payments relating to the land element represents leasehold land use rights and are amortised on a straight line basis over the lease term.

(t) Treasury shares

When shares are repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as cost and set off against equity.

Notes to the Financial Statements (cont'd)

2. Summary of significant accounting policies (continued)

2.4 Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variable that are anticipated to have material impact to the Group's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as stated below:-

(a) Key sources of estimation

(i) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on the straight line basis over their estimated useful lives. Management estimates the useful lives of the property, plant and equipment to be 3 to 50 years. The carrying amount of property, plant and equipment of the Group as at 31st December 2008 was RM3,695,000/- (2007 : RM2,729,000/-). Changes in expected level of usage and technological developments could impact the economic useful lives and residual values of the property, plant and equipment, therefore the future depreciation charges could be revised.

(ii) Deferred tax assets

Deferred tax assets are recognised for all unutilised tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management's judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying values of unrecognised tax losses and capital allowances of the Group and of the Company were disclosed in Note 7 to the financial statements.

(iii) Net realisable values of inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgements and estimates. Possible changes in these estimates could result in revisions to the valuations of inventories.

(iv) Recoverability of receivables

The Group makes allowances for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analysed historical bad debts, customer credit creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

(v) Construction contracts

The Group recognises contract revenue and expenses in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Significant judgement is required 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 the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

(vi) Income taxes

The Group and the Company recognised liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters are different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provision in the financial year in which such determination is made.

(b) Critical judgements made in applying accounting policies

There are no critical judgements made by management in the process of applying the Group's accounting policies that have significant effect on the amounts recognised in the financial statements.

Notes to the Financial Statements (cont'd)

3. Property, plant and equipment

Group 2008	Furniture and Fittings RM'000	Office Equipment RM'000	Motor Vehicles RM'000	Computers RM'000	Renovation RM'000	Buildings RM'000	Total RM'000
Cost							
At 1st January 2008	1,008	845	864	4,657	770	1,035	9,179
Currency realignment	28	16	22	79	9	-	154
Additions	322	185	-	193	453	-	1,153
Transfer from investment property	-	-	-	-	-	319	319
Disposals/write offs	(479)	-	(70)	(168)	(266)	-	(983)
At 31st December 2008	879	1,046	816	4,761	966	1,354	9,822
Accumulated Depreciation							
At 1st January 2008	771	599	436	4,328	300	16	6,450
Currency realignment	25	15	9	76	9	-	134
Charge for the financial year	54	66	120	138	66	32	476
Disposals/write offs	(476)	-	(28)	(168)	(261)	-	(933)
At 31st December 2008	374	680	537	4,374	114	48	6,127
Net Book Value at 31st December 2008	505	366	279	387	852	1,306	3,695

Group 2007	**Furniture and Fittings RM'000**	**Office Equipment RM'000**	**Motor Vehicles RM'000**	**Computers RM'000**	**Renovation RM'000**	**Buildings RM'000**	**Total RM'000**
Cost							
At 1st January 2007	966	775	756	4,485	552	-	7,534
Currency realignment	8	5	5	21	3	-	42
Additions	43	65	103	222	215	1,035	1,683
Disposals/write offs	(9)	-	-	(71)	-	-	(80)
At 31st December 2007	1,008	845	864	4,657	770	1,035	9,179
Accumulated Depreciation							
At 1st January 2007	724	545	314	4,142	257	-	5,982
Currency realignment	6	4	2	19	2	-	33
Charge for the financial year	50	50	120	238	41	16	515
Disposals/write offs	(9)	-	-	(71)	-	-	(80)
At 31st December 2007	771	599	436	4,328	300	16	6,450
Net Book Value at 31st December 2007	237	246	428	329	470	1,019	2,729

Notes to the Financial Statements (cont'd)

3. Property, plant and equipment (continued)

Company 2008	Furniture and Fittings RM'000	Office Equipment RM'000	Computers RM'000	Renovation RM'000	Total RM'000
Cost					
At 1st January 2008	54	40	1,880	32	2,006
Additions	1	1	25	-	27
Disposals/write offs	-	-	(19)	-	(19)
At 31st December 2008	55	41	1,886	32	2,014
Accumulated Depreciation					
At 1st January 2008	35	25	1,776	10	1,846
Charge for the financial year	6	4	34	3	47
Disposals/write offs	-	-	(19)	-	(19)
At 31st December 2008	41	29	1,791	13	1,874
Net Book Value at 31st December 2008	14	12	95	19	140
2007					
Cost					
At 1st January 2007	54	38	1,788	32	1,912
Additions	-	2	92	-	94
Disposals/write offs	-	-	-	-	-
At 31st December 2007	54	40	1,880	32	2,006
Accumulated Depreciation					
At 1st January 2007	30	21	1,722	7	1,780
Charge for the financial year	5	4	54	3	66
Disposals/write offs	-	-	-	-	-
At 31st December 2007	35	25	1,776	10	1,846
Net Book Value at 31st December 2007	19	15	104	22	160

4. Prepaid land lease payments

	Group 2008 RM'000	Group 2007 RM'000
Cost		
At 1st January	1,287	-
Reclassified from investment property	429	-
Additions	-	1,287
At 31st December	1,716	1,287
Accumulated Amortisation		
At 1st January	(11)	-
Amortisation during the financial year	(23)	(11)
At 31st December	(34)	(11)
Net Book Value	1,682	1,276

5. Investment properties

	Group 2008 RM'000	Group 2007 RM'000
Fair Value		
At 1st January	2,243	1,070
Effect of adopting FRS 117	-	425
Reclassified to property, plant and equipment	(319)	-
Reclassified to prepaid land lease payments	(429)	-
Additions	-	748
At 31st December	1,495	2,243

The investment properties are all held under lease terms.

The rental income earned by the Group from its investment properties during the financial year is RM90,000/- (2007 : RM147,400/-).

During the financial year, certain properties of a subsidiary company that were previously classified as investment properties amounting to RM747,500/-, no longer meet the criteria based on FRS 140 to qualify as an investment property. These properties have been reclassified accordingly.

The fair value of the remaining investment properties were estimated at RM1,495,000/- (2007 : RM2,243,000/-) at directors' valuation which were made based on current prices in an active market for the said properties.

Notes to the Financial Statements (cont'd)

6. Investment in subsidiary companies

	Company 2008 RM'000	Company 2007 RM'000
Unquoted shares, at cost	**15,920**	15,920
Less: Impairment loss	**(5)**	-
	15,915	15,920

Details of the subsidiary companies are as follows:-

Name of Company	Country of Incorporation	Group's Effective Equity Interest 2008 %	Group's Effective Equity Interest 2007 %	Principal Activities
Willowglen (Malaysia) Sdn. Bhd.	Malaysia	100	100	Sales, implementation and maintenance of computer-based control systems
GB Tech Sdn. Bhd.	Malaysia	100	100	Dormant
Willowglen Services Pte. Ltd. +	Republic of Singapore	100	100	Design, supply, engineering, implementation and maintenance of computer-based control systems
Willowglen (Hong Kong) Pte. Limited +	Hong Kong	100	100	Design, supply, implementation and maintenance of computer-based control systems

\+ These companies are not audited by Baker Tilly Monteiro Heng.

7. Deferred taxation

The amount determined after appropriate offsetting, are as follows:

	Group 2008 RM'000	Group 2007 RM'000
Deferred tax assets	**245**	305
Deferred tax liabilities	**(12)**	(12)
	233	293

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 2008 RM'000	Group 2007 RM'000
At 1st January	**293**	173
Charged to income statement (Note 23)		
- property, plant and equipment	**(8)**	(48)
- tax losses	**(64)**	218
- other items	**12**	(50)
	(60)	120
At 31st December	**233**	293
Deferred tax assets (before offsetting)		
Unutilised tax losses	**277**	368
Offsetting	**(32)**	(63)
Deferred tax assets (after offsetting)	**245**	305
Deferred tax liabilities (before offsetting)		
Property, plant and equipment	**(129)**	(125)
Other items	**85**	50
Offsetting	**32**	63
Deferred tax liabilities (after offsetting)	**(12)**	(12)

Deferred tax assets have not been recognised for the following items:-

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Unutilised tax losses	**5,827**	5,474	**5,827**	5,474
Deductible temporary difference	**472**	384	**472**	384
	6,299	5,858	**6,299**	5,858
Potential deferred tax assets not recognised at 25% (2007: 25%)	**1,575**	1,464	**1,575**	1,464

The Company was granted Multimedia Super Corridor ('MSC') status on 31st March 1998. By virtue of this status, the Company has been granted full pioneer status as an incentive for a period of five years commencing 24th September 2002. The pioneer status has been extended to 23rd September 2012 for the maximum allowable period of ten years.

Notes to the Financial Statements (cont'd)

8. Inventories

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
At Cost				
Consumables	**1,642**	1,314	**729**	478

9. Amount due from contract customers

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Aggregate costs incurred to date	**41,617**	38,843	**146**	-
Recognised profits	**20,457**	18,040	**30**	-
	62,074	56,883	**176**	-
Progress billings	**(52,472)**	(43,310)	**(160)**	-
	9,602	13,573	**16**	-
Amount due from contract customers	**10,856**	14,114	**16**	-
Amount due to contract customers	**(1,254)**	(541)	**-**	-
	9,602	13,573	**16**	-
Construction contract costs recognised as contract expense during the financial year	**25,685**	29,342	**955**	84
Construction contract revenue recognised as contract revenue during the financial year	**40,167**	42,094	**1,435**	228

10. Trade receivables

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade receivables	9,292	12,377	-	144
Less: Allowance for doubtful debts	(284)	(284)	-	-
	9,008	12,093	-	144
Analysis of trade receivables by currency				
Ringgit Malaysia	2,945	5,063	-	144
Singapore Dollar	4,867	7,030	-	-
United States Dollar	1,196	-	-	-
	9,008	12,093	-	144

Included in trade receivables of the Group are retention sums totalling RM373,501/- (2007 : RM573,354/-) relating to construction work-in-progress.

The Group's and the Company's normal trade credit terms range from 30 days to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

11. Other receivables, deposits and prepayments

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Other receivables	714	641	19	12
Deposits	495	301	26	27
Prepayments	70	80	8	16
	1,279	1,022	53	55

Notes to the Financial Statements (cont'd)

12. Amount owing by subsidiary companies

	Company 2008 RM'000	Company 2007 RM'000
Amount owing by subsidiary companies	**19,191**	18,951
Less: Allowance for doubtful debts	**(969)**	-
	18,222	18,951
Trade	**8,946**	8,374
Non-trade	**10,245**	10,577
	19,191	18,951

The amount owing by subsidiary companies is unsecured, interest free and has no fixed terms of repayment.

13. Fixed deposits placed with licensed banks

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Fixed deposits placed with licensed banks	**24,603**	16,401	**1,000**	1,000

Fixed deposits placed with licensed banks of the Group amounting to RM1,056,000/- (2007 : RM575,000/-) are pledged to the licensed banks to secure banking facilities granted to a subsidiary.

14. Share capital

	2008 Number of Shares Unit'000	2008 RM'000	2007 Number of Shares Unit'000	2007 RM'000
Ordinary shares of RM0.10 each				
Authorised:				
At beginning/end of the financial year	**1,000,000**	**100,000**	1,000,000	100,000
Issued and fully paid:				
At beginning/end of the financial year	**248,000**	**24,800**	248,000	24,800

The holders of ordinary 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 shares rank equally with regard to the Company's residual assets.

As at 31st December 2008, of the total 248,000,000 (2007 : 248,000,000) issued and fully paid ordinary shares of RM0.10 each, 309,500 (2007 : Nil) ordinary shares of RM0.10 each are currently held as treasury shares by the Company as disclosed in Note 15 to the financial statements. The number of outstanding shares on issue after the share buy-back is 247,690,500 (2007 : 248,000,000) ordinary shares of RM0.10 each as at 31st December 2008.

15. Treasury shares

At the Annual General Meeting held on 25th April 2007, the shareholders of the Company authorised the directors of the Company to buy back the Company's own shares based on the following terms:-

(i) The number of shares to be purchased shall not exceed ten percent (10%) of the issued and paid-up share capital of the Company at any given point in time.

(ii) The share buy-back will be financed through internally generated funds and/or external borrowings. The funds to be allocated by the Company for the share buy-back will be made wholly out of retained profits and/or the share premium account. The account to be utilised shall not exceed the total audited retained earnings and share premium account of the Company.

(iii) The Company may retain the shares purchased as treasury shares, or to cancel the shares purchased or a combination of both as defined under Section 67A of the Companies Act, 1965. The purchased shares held as treasury shares may either be distributed as share dividends, resold on Bursa Malaysia Securities Berhad in accordance with the relevant rules of Bursa Malaysia Securities Berhad or subsequently cancelled. The distribution of treasury shares as share dividends may be applied as a reduction of retained profits or share premium account of the Company subject to applicable prevailing laws.

The authorisation for share buy-back was renewed on 18th June 2008.

During the financial year, the details of shares purchased were as follows:-

Share Purchased	No. of Shares Unit	Unit cost Lowest RM	Unit cost Highest RM	Unit cost Average RM	Total Consideration RM
January 2008	50,000	0.195	0.210	0.201	10,124
February 2008	80,000	0.195	0.210	0.200	16,101
March 2008	49,500	0.180	0.180	0.180	8,975
September 2008	24,000	0.160	0.170	0.168	4,126
October 2008	20,000	0.145	0.145	0.145	2,943
December 2008	86,000	0.135	0.150	0.142	12,407
	309,500			0.175	54,676

All the shares purchased during the financial year were retained as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Notes to the Financial Statements (cont'd)

16. Reserves

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Non-distributable				
Share premium	**4,440**	4,440	**4,440**	4,440
Merger deficit	**(7,585)**	(7,585)	**-**	-
Foreign currency translation reserve	**1,871**	1,125	**-**	-
Distributable				
Retained earnings	**28,561**	25,456	**6,578**	7,290
	27,287	23,436	**11,018**	11,730

<u>Share Premium</u>

The share premium is arrived at after accounting for the premium received over the nominal value of shares issued to the public, less the subsequent capitalisation for bonus issue of the Company, if any.

<u>Foreign currency translation reserve</u>

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of two foreign subsidiary companies.

<u>Retained earnings</u>

The Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the Section 108 balance as at 31st December 2008 to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act 2007.

Subject to agreement with the Inland Revenue Board, the Company has sufficient tax credits under Section 108 of the Income Tax Act, 1967 and tax exempt account under Section 12 of the Income Tax (Amendment) Act, 1999 to frank the payment of dividends out of its entire retained earnings as at 31st December 2008.

17. Trade payables

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Analysis of trade payables by currency				
Ringgit Malaysia	1,094	194	-	12
Singapore Dollar	1,705	2,585	-	-
United States Dollar	284	-	12	-
Euro	49	-	-	-
Sterling Pound	108	-	-	-
	3,240	2,779	12	12

The normal trade credit terms granted to the Group and the Company range from 30 days to 60 days.

18. Other payables and accruals

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Other payables	606	501	1	70
Accruals	564	467	57	-
	1,170	968	58	70

19. Amount owing to subsidiary companies

Company

The amount owing to subsidiary companies is trade in nature, unsecured, interest free and has no fixed terms of repayment.

20. Revenue

Revenue represents contract revenue attributable to the percentage of work performed todate.

Notes to the Financial Statements (cont'd)

21. Operating profit

Operating profit has been arrived at after charging:-

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Allowance for doubtful debts	-	-	969	-
Amortisation of prepaid land lease payments	23	11	-	-
Audit fee				
Statutory				
- current year	68	48	12	10
- prior year	-	3	-	-
Depreciation of property, plant and equipment	476	515	47	66
Inventories written off	9	-	9	-
Impairment loss on investment in subsidiary company	-	-	5	-
Realised loss on foreign exchange	74	7	46	-
Property, plant and equipment written off	8	-	-	-
Rental of offices	1,157	798	85	81
Staff costs				
- salaries, wages, allowances and bonuses	14,818	13,048	929	687
- contribution to defined contribution plans	1,662	1,481	143	99
- SOCSO	29	25	9	7
And crediting:-				
Dividend income from subsidiary company	-	-	5,789	4,676
Gain on disposal of property, plant and equipment	4	3	-	-
Realised gain on foreign exchange	26	12	-	-
Interest income	587	523	32	29
Rental income	100	147	-	-
Inventories obsolescence written back	-	75	-	-

22. Finance costs

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Interest expense				
- licensed banks	29	55	6	27

23. Taxation

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Income tax expense				
- current year	**(1,830)**	(1,609)	**(8)**	(8)
- prior years	**(8)**	14	**-**	-
Deferred taxation				
- current year	**(72)**	120	**-**	-
- prior years	**12**	-	**-**	-
	(1,898)	(1,475)	**(8)**	(8)

The income tax is calculated at the Malaysian statutory tax rate at 26% of the estimated assessable profit for the financial year. The statutory tax rate will be reduced to 25% from the current year's rate of 26% for the year of assessment 2009. The computation of deferred tax as at 31st December 2008 has been reflected with these changes accordingly.

A reconciliation of income tax expense applicable to profit before income tax rate at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:-

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Profit before taxation	**9,959**	9,713	**4,252**	4,676
Tax at applicable tax rate of 26% (2007 : 27%)	**(2,590)**	(2,623)	**(1,106)**	(1,263)
Tax effects arising from				
- non-deductible expenses	**(142)**	(105)	**(292)**	(8)
- non-taxable income	**8**	1,268	**1,505**	1,263
- different tax rate in other countries	**764**	(501)	**-**	-
- (origination)/reversal of deferred tax assets not recognised in the financial statements	**(111)**	417	**(111)**	-
- deferred tax recognised at different tax rates	**(1)**	-	**(4)**	-
- SME tax savings	**17**	-	**-**	-
- tax exemption	**94**	62	**-**	-
- other items	**59**	(7)	**-**	-
- overaccrual in prior years	**4**	14	**-**	-
Tax expense for the financial year	**(1,898)**	(1,475)	**(8)**	(8)

Notes to the Financial Statements (cont'd)

24. Earnings per share

Basic Earnings Per Share

Basic earnings per share of the Group is calculated by dividing the profit attributable to ordinary equity holders of the Company for the financial year of RM8,061,000/- (2007 : RM8,238,000/-) by the weighted average number of ordinary shares in issue of 247,831,749 (2007 : 248,000,000).

25. Dividends

	Group and Company	
	2008	**2007**
	RM'000	**RM'000**
Dividend paid		
First and final tax exempt dividend of 10% per share, proposed in year 2006, paid in year 2007	**-**	2,480
First and final tax exempt dividend of 20% per share, proposed in year 2007, paid in year 2008	**4,956**	-

At the forthcoming Annual General Meeting, a first and final tax exempt dividend of 20% per share in respect of the financial year ended 31st December 2008 will be proposed for shareholders' approval.

26. Operating leases

Non-cancellable operating lease rentals are payable as follows:-

	Group	
	2008	**2007**
	RM'000	**RM'000**
Less than one year	**979**	774
Between one to five years	**519**	35
	1,498	809

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

The office lease agreement provides the Group with an option to renew for a further term of two years from the date of expiry of the tenancy at a rental rate to be agreed based on the prevailing market rate.

27. Contingent liabilities

As at 31st December 2008, the Group and the Company are contingently liable for the following:-

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Unsecured				
Corporate guarantees given to financial institutions for banking facilities granted to subsidiary companies	-	-	7,355	7,067
Performance bonds granted to customers	7,274	6,468	321	-
	7,274	6,468	7,676	7,067

28. Significant related party transactions

(a) For the purposes of these financial statements, parties are considered to be related to the Group if the Group 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 and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group has a related party relationship with the holding companies and its subsidiary companies.

Significant transactions with subsidiary companies are as follows:

	Company	
	2008 RM	2007 RM
Sale of products to subsidiary companies	691,281	1,325,091
Training fees charged to subsidiary company	11,600	8,500
Technical advisory fees charged to subsidiary companies	402,775	395,444
Purchase of products from subsidiary company	751,016	619,375

Controlling related party relationships are as follows:

(i) The immediate holding and ultimate holding companies.
(ii) Its subsidiary companies as disclosed in Note 6.
(iii) The majority shareholders of the ultimate holding company, Wong Ah Chiew, Khor Chai Moi and persons connected with them and who collectively hold controlling interest.

28. Significant related party transactions (continued)

(a) The Group and the Company had the following transactions with related parties during the financial year are as follows:-

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Income				
Sales revenue from				
- PJ Development Holdings Berhad and the subsidiary companies *	2,839	498	-	-
- OSK Holdings Berhad and the subsidiary companies *	136	17	-	-
- Dindings Consolidated Sdn. Bhd. and the subsidiary companies *	-	141	-	-
- Equimatics Engineering Sdn. Bhd.	1,220	697	-	-
Rental income from Tekmark Sdn. Bhd. and the subsidiary companies *	5	57	-	1
Expenses				
Management fees payable to immediate holding company				
- New Advent Sdn. Bhd.	-	22	-	-
Insurance payable to				
- Dindings Consolidated Sdn. Bhd. and the subsidiary companies *	24	29	5	6
Provision of sponsorship services for listing on MESDAQ Market to OSK Investment Bank Berhad	7	7	7	7

* *Transactions with companies in which Khor Chai Moi and Wong Ah Chiew, have indirect interests.*

(b) The remuneration of the key management personnel during the financial year is as follows:-

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Directors				
Salaries, bonuses and allowances	**1,363**	1,113	**328**	147
Fees	**45**	45	**45**	45
Contribution to defined contribution plans	**40**	34	**26**	18
	1,448	1,192	**399**	210
Other Key Management Personnel				
Salaries, bonuses and allowances	**1,866**	1,676	**365**	237
Contribution to defined contribution plans	**168**	157	**44**	28
	2,034	1,833	**409**	265
	3,482	3,025	**808**	475

Other key management personnel comprises persons other than the Directors of the Group, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

The directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and at terms mutually agreed between the parties.

29. Segmental reporting

The Group operates principally in one industry. As such, reporting of geographical segmental information is presented, based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly interest-earning assets and revenue, corporate assets and expenses. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment. Inter-segment pricing is determined on a negotiated basis.

The directors of the Company are of the opinion that the inter-segment transactions have been entered into in the normal course of business and the terms are no less favourable than those arranged with third parties.

Notes to the Financial Statements (cont'd)

29. Segmental reporting (continued)

Primary Reporting - Geographical Segments

2008	Malaysia RM'000	Singapore RM'000	Europe RM'000	Others RM'000	Inter-Segment Elimination RM'000	Total RM'000
Revenue from external customers	9,917	41,240	-	-	-	51,157
Inter-segment revenue	1,106	751	-	-	(1,857)	-
Total revenue	11,023	41,991	-	-	(1,857)	51,157
Segment results	4,073	9,813	-	(3)	(4,815)	9,068
Interest income						587
Other income						304
Profit before tax						9,959
Tax expense						(1,898)
Net profit for the financial year						8,061
Segment assets	27,529	31,742	-	2	-	59,273
Unallocated assets						299
Total segment assets						59,572
Segment liabilities	2,052	3,610	-	2	-	5,664
Unallocated liabilities						1,876
Total segment liabilities						7,540
Captial expenditure	359	794	-	-	-	1,153
Amortisation and depreciation	272	227	-	-	-	499
Non-cash expenses other than depreciation and amortisation	9	8	-	-	-	17
Revenue from sales to external customers by location of customers	7,895	41,240	2,022	-	-	51,157

2007	Malaysia RM'000	Singapore RM'000	Europe RM'000	Others RM'000	Inter-Segment Elimination RM'000	Total RM'000
Revenue from external customers	10,797	41,140	-	-	-	51,937
Inter-segment revenue	1,735	632	-	-	(2,367)	-
Total revenue	12,532	41,772	-	-	(2,367)	51,937
Segment results	5,199	8,271	-	(14)	(4,676)	8,780
Interest income						523
Other income						374
Profit before tax						9,677
Tax expense						(1,475)
Net profit for the financial year						8,202
Segment assets	14,812	22,416	-	4	-	37,232
Unallocated assets						16,719
Total segment assets						53,951
Segment liabilities	1,661	2,312	-	2	-	3,975
Unallocated liabilities						1,886
Total segment liabilities						5,861
Captial expenditure	3,546	172	-	-	-	3,718
Amortisation and depreciation	319	267	-	-	-	586
Non-cash expenses other than depreciation and amortisation	(3)	(58)	-	-	-	(61)
Revenue from sales to external customers by location of customers	10,026	41,140	771	-	-	51,937

Notes to the Financial Statements (cont'd)

30. Financial instruments

(a) Financial Risk Management and Objectives

The Group seeks to manage effectively the various risks namely credit, liquidity, foreign currency and interest rate risks, to which the Group is exposed to in its daily operations.

(i) Credit risk

The management has a credit policy in place to monitor and minimise the exposure of default. Credit evaluations are performed on all customers requiring credit over certain amount.

As at balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk for the Group is represented by the carrying amount of each financial asset.

(ii) Liquidity risk

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash and cash equivalents to meet their working capital requirements.

(iii) Foreign currency risk

During the financial year, the Group incurred foreign currency risk on transactions that were denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily US Dollar, Euro, Sterling Pound and Singapore Dollar. Exposures to foreign currency risks are monitored on an ongoing basis.

(iv) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debts as at 31st December 2008. The investment in financial assets are mainly short term in nature and they are not held for speculative purposes.

Effective interest rates

Group At 31st December 2008	Effective Interest Rate %	Within 1 Year RM'000	1 - 5 Years RM'000	> 5 Years RM'000	Total RM'000
Financial Asset					
Fixed deposits placed with licensed banks	2.8	24,603	-	-	24,603

Effective interest rates

Group At 31st December 2007	Effective Interest Rate %	Within 1 Year RM'000	1 - 5 Years RM'000	> 5 Years RM'000	Total RM'000
Financial Asset					
Fixed deposits placed with licensed banks	3.0	16,401	-	-	16,401
Company					
At 31st December 2008					
Financial Asset					
Fixed deposits placed with a licensed bank	**3.5**	**1,000**	**-**	**-**	**1,000**
At 31st December 2007					
Financial Asset					
Fixed deposits placed with a licensed bank	3.4	1,000	-	-	1,000

(b) Fair Values

(i) Recognised financial instruments

In the opinion of the directors, there were no significant differences between the fair values and book values of the financial assets and financial liabilities of the Group and of the Company.

(ii) Unrecognised financial instruments

There were no unrecognised financial instruments as at 31st December 2008.

Notes to the Financial Statements (cont'd)

31. Comparative figures

The comparative figures have been audited by a firm of Chartered Accountants other than Messrs Baker Tilly Monteiro Heng. Certain comparative figures have been reclassified in order to conform with the presentation in the current year:-

	As Previously Stated RM'000	Reclassification RM'000	As Restated RM'000
Group			
Income Statements			
Administrative expenses	5,847	2,917	8,764
Other operating expenses	2,917	(2,917)	-
Company			
Income Statements			
Administrative expenses	554	875	1,429
Other operating expenses	875	(875)	-

32. Significant event during the financial year

Proposed Share Buy-Back of up to 10% of the Company's Ordinary Share Capital

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting held on 25th April 2007, approved the plan of the Company to buy-back from the open market of up to 10% of the Company's issued and paid-up ordinary share capital at any point in time through Bursa Malaysia Securities Berhad ('Proposed Share Buy-Back'). The authorisation for Share Buy-Back was renewed on 18 June 2008.

During the financial year, the Company repurchased 309,500 of its issued share capital from the open market at an average price of RM0.175 per share. The total consideration paid for the repurchase including transaction costs was RM54,676/-. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Statement by Directors

We, **Khor Chai Moi** and **Wong Ah Chiew** being two of the directors of the Willowglen MSC Berhad, do hereby state that in the opinion of the directors, the financial statements set out on pages 37 to 80 are properly drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31st December 2008 and of the results and cash flows of the Group and of the Company for the financial year ended on that date in accordance with the applicable Financial Reporting Standards and provisions of the Companies Act, 1965 in Malaysia.

On behalf of the Board,

Khor Chai Moi
Director

Wong Ah Chiew
Director

Kuala Lumpur
26 March 2009

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 accompanying financial statements set out on pages 37 to 80 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 26 March 2009

Before me,

Wong Ah Ying (W334)
Commissioner for Oaths
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 balance sheets as at 31st December 2008, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 37 to 80.

The financial statements of the Group and of the Company as at 31st December 2007 were audited by another firm of chartered accountants whose report dated 22nd April 2008 with an unqualified opinion on those financial statements.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 as to 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 control relevant to the Company's preparation and fair presentation of the financial statements 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 control. 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 have been properly drawn up in accordance with Financial Reporting Standards and 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 of 31st December 2008 and of their financial performance and cash flows for the financial year then ended.

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 Act to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of the subsidiary companies of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiary companies 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 auditors' reports on the financial statements of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

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 content of this report.

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

M.J. Monteiro
No. 828/05/10 (J/PH)
Partner

Kuala Lumpur
26 March 2009

Additional Compliance Information

1. Share Buy-Back

The details of shares bought back during the financial year are as follows:-

Monthly Breakdown Bought Back	No. of Shares Purchased	Purchase Price (RM) Lowest	Highest	Average	Total Consideration* (RM)
January 2008	50,000	0.195	0.210	0.201	10,124
February 2008	80,000	0.195	0.210	0.200	16,101
March 2008	49,500	0.180	0.180	0.180	8,975
September 2008	24,000	0.160	0.170	0.168	4,126
October 2008	20,000	0.145	0.145	0.145	2,943
December 2008	86,000	0.135	0.150	0.142	12,407
Total	309,500			0.175	54,676

* Total consideration is inclusive of brokerage, clearing fee and stamp duty.

The total cumulative treasury shares held up to and including 31 December 2008 is 309,500 shares.

The Company has neither made any resale nor any cancellation of its treasury shares.

2. Depository Receipt Programme

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

3. Sanctions and/or Penalities

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.

4. 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 2008 as per the audited financial statements and the unaudited results previously announced.

5. Material Contracts

There were no material contracts of the Company and its subsidiaries, involving the directors and substantial shareholders' interests during the financial year.

6. Revaluation Policy on Landed Properties

The Group's landed properties classified under property, plant and equipment are not revalued, but are reviewed at each balance sheet date to determine if there is any indication of impairment. These landed properties are stated at cost less accumulated depreciation and impairment losses.

For landed properties classified as investment properties, the Group assesses the fair value and the change in fair value is taken as gain or loss in the income statement.

7. 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 RM16,005.

8. 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 2008 are set out in the Notes to the Audited Financial Statements.

Properties

As at 31st December 2008

Description of Property	Existing Use	Age of Building (Years)	Land Area	Tenure	Date of Acquisition	Net Book Value/ Fair Value as at 31 December 2008 (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	Shop office on 2 years lease/ renewable office premise	16	246 sq.m.	93-years leasehold expiring on 19.02.2083	01.06.1999	1,495,000
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	16	490 sq.m.	93-years leasehold expiring on 19.02.2083	30.04.2007	2,987,367

Shareholdings Statistics

As at 5th May 2009

Authorised Capital	:	RM100,000,000.00
Issued And Fully Paid-up Capital	:	RM24,800,000.00 (including 429,800 treasury shares)
Class Of Shares	:	Ordinary shares of RM0.10 each fully paid
Voting Rights	:	One vote per RM0.10 share

Breakdown of Shareholdings

No. of Holders	Holdings	Total Holdings %
13	Less than 100	0.00
655	100-1,000	0.23
1,295	1,001-10,000	3.02
625	10,001-100,000	9.11
114	100,001 to less than 5% of issued shares	19.61
3	5% and above of issued shares	68.03
2,705	**Total**	**100.00**

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:-

	No. of Shares Held			
Substantial Shareholders	Direct Interest	%	Indirect Interest	%
New Advent Sdn Bhd	125,900,237	50.85	-	-
Dindings Consolidated Sdn Bhd	-	-	125,900,237*	50.85
Land Management Sdn Bhd	-	-	125,900,237#	50.85
OSK Venture Equities Sdn Bhd	22,465,000	9.07	-	-
OSK Capital Partners Sdn Bhd	20,054,837	8.10	-	-
OSK Ventures International Berhad	-	-	42,519,837^	17.17
OSK Holdings Berhad	-	-	42,519,837∞	17.17
Ong Leong Huat @ Wong Joo Hwa	-	-	42,519,837●	17.17
Khor Chai Moi	1,468,600	0.59	125,900,237□	50.85
Wong Ah Chiew	1,500,000	0.61	126,797,937°	51.22

Notes :

* Deemed interested through New Advent Sdn Bhd
# Deemed interested through Dindings Consolidated Sdn Bhd
^ Deemed interested through OSK Venture Equities Sdn Bhd and OSK Capital Partners Sdn Bhd
∞ Deemed interested through OSK Ventures International Berhad
● Deemed interested through his interest in OSK Holdings Berhad
□ Deemed interested through her interest in Land Management Sdn Bhd and Dindings Consolidated Sdn Bhd
° Deemed interested through his interest in Dindings Consolidated Sdn Bhd, Elegant Preference Sdn Bhd and Jian Qi Holdings Sdn Bhd, his spouse and son

Shareholdings Statistics (cont'd)

Directors' Shareholdings

	No. of Shares Held			
Name of Directors	Direct Interest	%	Indirect Interest	%
Khor Chai Moi	1,468,600	0.59	125,900,237*	50.85
Wong Ah Chiew	1,500,000	0.61	126,797,937#	51.22

* Deemed interested through her interest in Land Management Sdn Bhd and Dindings Consolidated Sdn Bhd

Deemed interested through his interest in Dindings Consolidated Sdn Bhd, Elegant Preference Sdn Bhd and Jian Qi Holdings Sdn Bhd, his spouse and son

Thirty Largest Registered Shareholders as at 5 May 2009

No.	Name of Shareholders	No. of Shares	%
1	New Advent Sdn Bhd	125,900,237	50.85
2	OSK Venture Equities Sdn Bhd	22,465,000	9.07
3	OSK Capital Partners Sdn Bhd	20,054,837	8.10
4	Aco-Bina Sdn Bhd	5,274,300	2.13
5	Diong King Ewu	4,566,479	1.84
6	Mayban Securities Nominees (Asing) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	2,717,511	1.10
7	Ong Boey Sim	1,541,400	0.62
8	Wong Ah Chiew	1,500,000	0.61
9	Khor Chai Moi	1,468,600	0.59
10	Lee Kok Hoong	1,350,000	0.55
11	Ruben Kelvin Rajadurai	1,110,000	0.45
12	Teh Boon Wee	1,060,000	0.43
13	Devan Linus Rajadurai	1,000,000	0.40
14	Au Yiu Joo	958,200	0.39
15	Chang Tan Chio	800,658	0.32
16	Teo Kwee Hock	724,000	0.29
17	Lai Ong Ang Eng	654,900	0.26
18	Mayban Securities Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd for Chia Kit Seng	640,000	0.26
19	Chan Yan Ping	636,400	0.26
20	Ng Soon Gan	635,000	0.26
21	Tee Bon Peng	601,800	0.24
22	Chew Pick Hon	520,300	0.21
23	Lim Kee Siku	506,800	0.20
24	William Neil Gray	500,000	0.20
25	Leong Keng Yuen	500,000	0.20
26	OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Sui Diong Hoe	497,500	0.20
27	Kok Moh Leng	440,000	0.18
28	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for See Hup Kar	429,500	0.17
29	Jian Qi Holdings Sdn Bhd	409,000	0.17
30	Wong Chu Kee	408,700	0.17

WILLOWGLEN

WILLOWGLEN MSC BERHAD

(Company No. 462648-V)
(Incorporated in Malaysia)

Form of Proxy

No. of Shares Held

I/We, ____

NRIC No./Passport No./Company No. ______________________________

of ____

being a member(s) of WILLOWGLEN MSC BERHAD hereby appoint ______________________

____

NRIC No./Passport No.______________________________

of ____

or failing him/her, ____

NRIC No./Passport No.______________________________

of ____

or failing him/her, the Chairman of the Meeting as my/our proxy, to vote for me/us on my/our behalf at the Eleventh Annual General Meeting of the Company to be held at the Camellia Room, Level Two, Swiss-Garden Hotel Kuala Lumpur, 117 Jalan Pudu, 55100 Kuala Lumpur on Thursday, 18 June 2009 at 10.00 a.m. and at any adjournment thereof, in the manner indicated below:-

NO.	RESOLUTIONS	FOR	AGAINST
1.	Adoption of Audited Financial Statements and Reports		
2.	Declaration of a first and final dividend of 20% tax-exempt		
3.	Re-election of Khor Chai Moi as Director		
4.	Re-election of Mohd Isa Bin Ismail as Director		
5.	Approval of Directors' Fees		
6.	Re-appointment of Messrs Baker Tilly Monteiro Heng as Auditors of the Company and to authorise the Directors to fix their remuneration		
7.	Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965		
8.	Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature		
9.	Proposed Renewal of Share Buy-Back		

(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)

The proportion of my/our holding to be represented by my/our proxy/proxies are as follows:

First Proxy ____________ %

Second Proxy ____________ %

Total 100 %

Signed this __________ day of ________________, 2009. ______________________________

Signature of Shareholder

Notes:-

1. *A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. When a member appoints two or more proxies, 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.*

2. *The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 17th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof.*

3. *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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The Secretary
WILLOWGLEN MSC BERHAD (Company No. 462648-V)
17th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Malaysia

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WILLOWGLEN
WILLOWGLEN MSC BERHAD
(Company No. 462648-V)
(Incorporated in Malaysia)

Questions from Shareholders

The Annual General Meeting ('AGM') of Willowglen MSC Berhad will be held on Thursday, 18 June 2009 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 report 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 Monday, 8 June 2009. Please return the form to our registered office, 17th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur or by facsimile to 03-2161 7782.

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)

17th Floor, Plaza OSK

Jalan Ampang

50450 Kuala Lumpur

Malaysia

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