



WELLCALL HOLDINGS BERHAD  
(Company No. 707346-W)

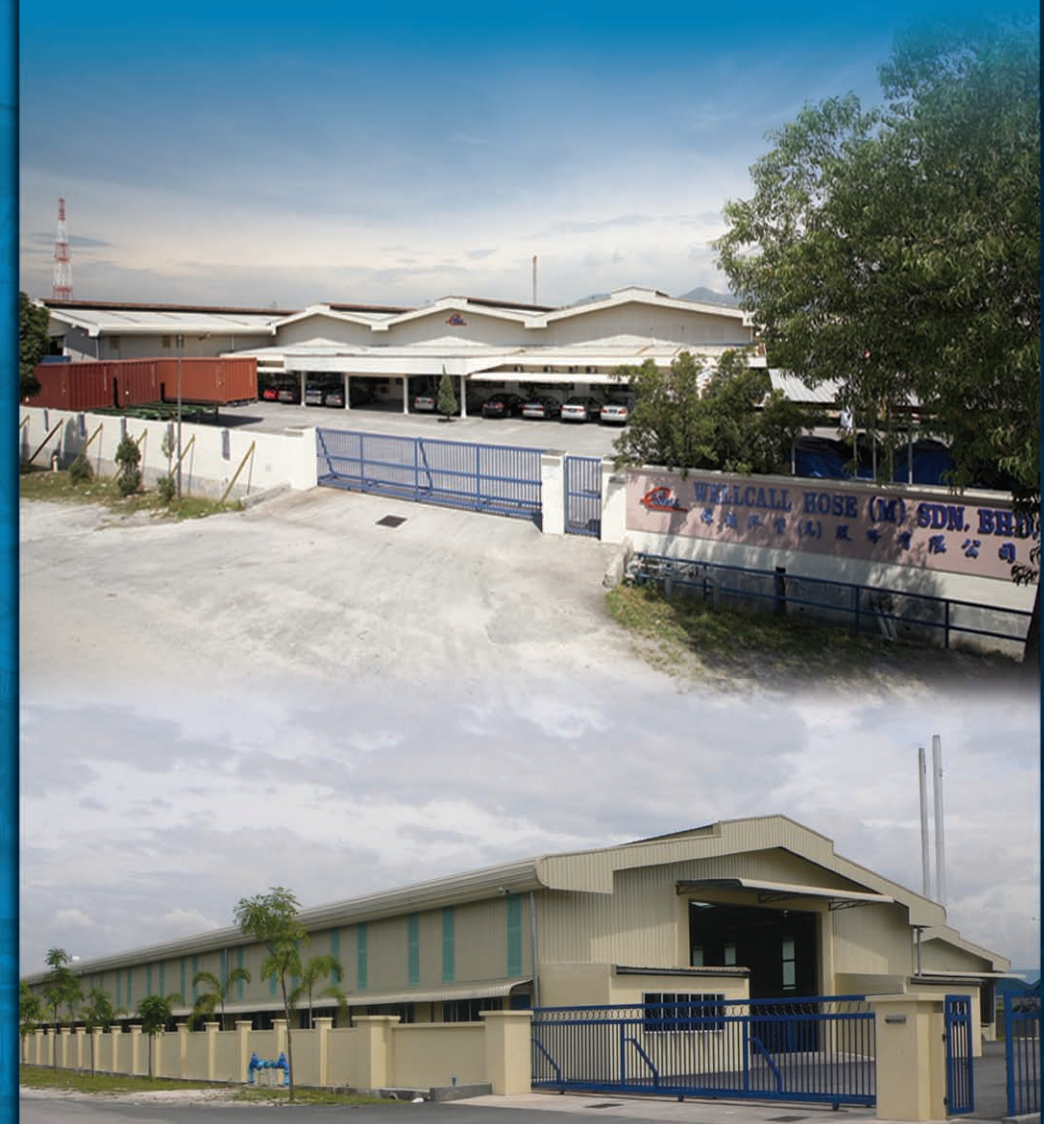
## ANNUAL REPORT 2006

Exporting to 51 Countries Around The World



WELLCALL HOLDINGS BERHAD (Company No. 707346-W)  
Plot 48, Jalan Johan 2/5, Kawasan Perindustrian Pengkalan II  
Fasa II, 31500 Lahat, Ipoh, Perak Darul Ridzuan  
Tel: 605 3668805 / 3668806 / 3668807 / 3668808  
Fax: 605 3668768  
Website: [www.wellcall.com.my](http://www.wellcall.com.my)

WELLCALL HOLDINGS BERHAD | ANNUAL REPORT 2006



# contents

2...	Corporate Information
3...	Corporate Structure
4...	Chairman's Statement
7...	Directors' Profile
17...	Statement on Corporate Governance
23...	Statement on Internal Control
25...	Audit Committee Report
29...	Other Information
32...	Financial Statements
65...	Analysis of Shareholdings as at 19th December, 2006
68...	Summary of Landed Properties and Buildings
69...	Notice of Annual General Meeting
72...	Statement Accompanying Notice of Annual General Meeting
	Proxy Form



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**DATUK NG PENG HONG @ NG PENG HAY**  
(Non-Independent Non-Executive Chairman)

**HUANG SHA**  
(Non-Independent Managing Director)

**LEONG HON CHONG**  
(Non-Independent Executive Director)

**CHEW CHEE CHEK**  
(Non-Independent Executive Director)

**TAN KANG SENG**  
(Non-Independent Non-Executive Director)

**YB DATO' HAJI MOHTAR BIN NONG**  
(Non-Independent Non-Executive Director)

**MAT ZAID BIN IBRAHIM**  
(Alternate Director to YB Dato' Haji Mohtar bin Nong)

**RAZMI BIN ALIAS**  
(Independent Non-Executive Director)

**YANG CHONG YAW, ALAN**  
(Independent Non-Executive Director)

**MOHD KHASAN BIN AHMAD**  
(Independent Non-Executive Director)

## PRINCIPAL PLACE OF BUSINESS

Plot 48, Jalan Johan 2/5  
Kawasan Perindustrian Pengkalan II  
Fasa II  
31500 Lahat  
Ipoh  
Perak Darul Ridzuan  
Tel : 05-366 8805  
Fax : 05-366 8768

## REGISTERED OFFICE

Unit C-6-5, 6th Floor, Block C  
Megan Avenue II  
No. 12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Tel : 03-2161 1000  
Fax : 03-2166 3322

## AUDIT COMMITTEE

**RAZMI BIN ALIAS**  
Chairman  
(Independent Non-Executive Director)

**YANG CHONG YAW, ALAN**  
Member of the committee  
(Independent Non-Executive Director)

**CHEW CHEE CHEK**  
Member of the committee  
(Non-Independent Executive Director)

## REMUNERATION COMMITTEE

**RAZMI BIN ALIAS**  
Chairman  
(Independent Non-Executive Director)

**YANG CHONG YAW, ALAN**  
Member of the committee  
(Independent Non-Executive Director)

**CHEW CHEE CHEK**  
Member of the committee  
(Non-Independent Executive Director)

## NOMINATION COMMITTEE

**DATUK NG PENG HONG @ NG PENG HAY**  
Chairman  
(Non-Independent Non-Executive Chairman)

**RAZMI BIN ALIAS**  
Member of the committee  
(Independent Non-Executive Director)

**YANG CHONG YAW, ALAN**  
Member of the committee  
(Independent Non-Executive Director)

## AUDITORS

**ONG & WONG**  
**CHARTERED ACCOUNTANTS**  
Unit C-20-5, 20th Floor, Block C  
Megan Avenue II  
No. 12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Tel : 03-2161 1000  
Fax : 03-2166 9131

## REGISTRARS

**SYMPHONY SHARE REGISTRARS SDN BHD**  
26th Floor  
Menara Multi-Purpose, Capital Square  
No. 8, Jalan Munshi Abdullah  
50100 Kuala Lumpur  
Tel : 03-2721 2222  
Fax : 03-2721 2530

## PRINCIPAL BANKERS

**MALAYAN BANKING BERHAD**  
**HSBC BANK MALAYSIA BERHAD**

## COMPANY SECRETARIES

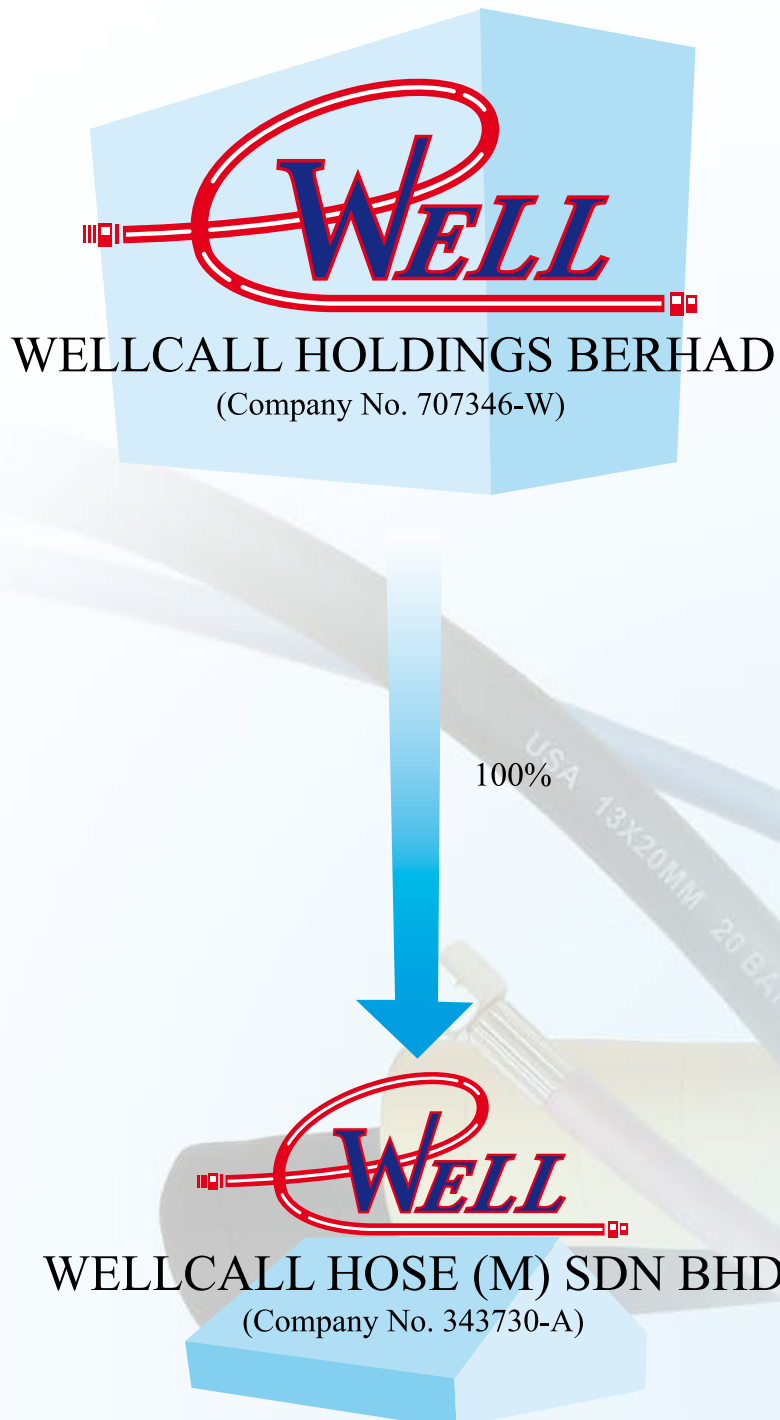
Wong Shan May (LS0008582)  
Chin Woon Li (MAICSA 7008636)

## STOCK EXCHANGE LISTING

Second Board  
Bursa Malaysia Securities Berhad  
Stock Name : Wellcal  
Stock Code : 7231  
Sector : Industrial Products



## CORPORATE STRUCTURE



SUBSIDIARY COMPANY	PRINCIPAL ACTIVITIES
Wellcall Hose (M) Sdn Bhd	Manufacturing of rubber hose and related products

## CHAIRMAN'S STATEMENT

It is my pleasure to now present, the annual report of the Wellcall Holdings Berhad ("Wellcall" or "Company") and its subsidiary company ("Group") for the financial period ended 30 September 2006 on behalf of the Board of Directors.

### CORPORATE DEVELOPMENT

Our Group was established on 17 April 2006 pursuant to the Flotation Exercise, wherein Wellcall, was incorporated on 23 August 2005 under the Companies Act, 1965 as an investment holding company and converted to a public limited company limited by shares in Malaysia on 16 November 2005. The shares made available under the Flotation Exercise were over-subscribed by 3.44 times and the Company was successfully listed on the Second Board of Bursa Malaysia Securities Berhad ("Bursa Securities") on 18 July 2006.

The listing exercise raised a total of approximately RM17.1 million. The status of utilisation of proceeds raised from the public issue is as follows :

	Amount allocated RM'000	Utilisation as at 19.12.2006 RM'000	Balance RM'000
Capital expenditure	7,700	6,874	826
Working capital	6,793	6,793	–
Research and development	1,105	529	576
Defray estimated listing expenses	1,500	1,254	* 246
	17,098	15,450	1,648

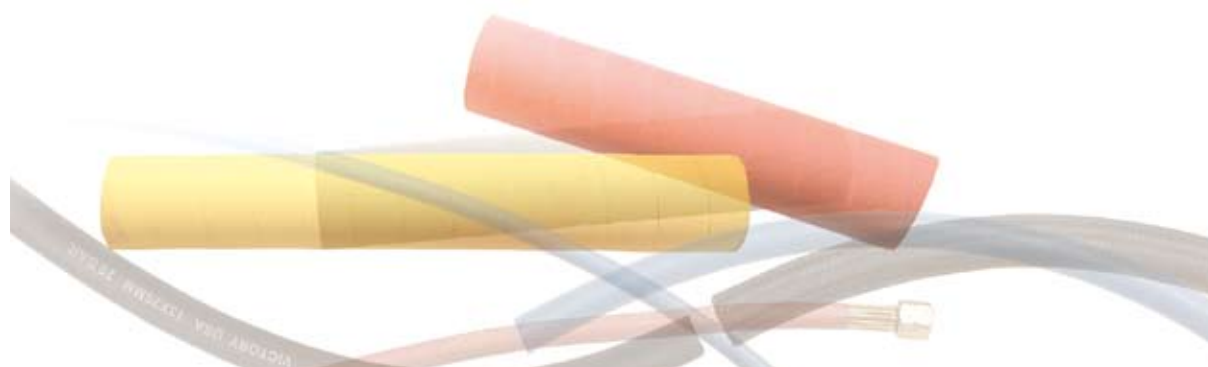
\* utilised as working capital

### OPERATIONS REVIEW

The principal activity of Wellcall is investment holding, while the principal activity of our wholly-owned subsidiary is manufacturing of rubber hose and related products for customers who are mainly in the business of distributing rubber hose to OEM manufacturers and manufacturers.

Our Group started off by manufacturing and selling rubber hose to 3 major application markets and we have since expanded to more than 6 major application markets, which include, the air and water, welding and gas, oil and fuel, automobile, ship building and food and beverage.

Our Group sells to customers in most continents in the world, covering a total of 51 countries. For the financial period ended 30 September 2006, we exported approximately 93.3% of our rubber hose to Middle East, Europe, USA, Canada, Australia, New Zealand, Asia, South Africa and South America.



## CHAIRMAN'S STATEMENT (cont'd)

### PERFORMANCE REVIEW

For the financial period ended 30 September 2006, our Group recorded a revenue and profit after tax of RM32.45 million and RM5.77 million respectively. Assuming that the acquisition of our wholly-owned subsidiary, namely Wellcall Hose (M) Sdn Bhd ("WHSB") has been in effect throughout the financial period of 12 months ended 30 September 2006, our Group would have recorded a revenue and profit after tax of \*RM67.42 million and \*RM12.03 million respectively. The profit after tax represents an increase of 32.34% compared to \*RM9.09 million achieved in the previous financial year. The improvement in profitability correlates with 24.5% growth in revenue from \*RM54.15 million to \*RM67.42 million and also due to the full year effect of the 5 year pioneer status extension granted by Malaysia Industrial Development Authority (MIDA) to WHSB, commencing from 6 June 2005 to 5 June 2010.

I am pleased to mention that the proforma consolidated results (profit and revenue) for the 12 months period ended 30 September 2006 exceeded the forecast figures in the prospectus, which is set out as follows :

#### Proforma Consolidated Results

	12 Months Financial Period Ended 30 September 2006		% Achieved
	RM'000 Forecast	RM'000 Actual	
Consolidated revenue	62,658	67,423	108%
Consolidated profit before taxation	12,837	13,188	103%
Less: Taxation	(1,227)	(1,155)	
Consolidated profit after taxation	11,610	12,033	104%
Less: Pre-acquisition profits	(6,289)	(6,268)	
Consolidated profit for the period	5,321	5,765	108%
Profit attributable to ordinary shareholders	5,321	5,765	108%

The actual consolidated profit for the period exceeded the forecast profit for the period by 8% was mainly attributable to the higher revenue achieved compared to the forecast revenue for our Group. The consolidated revenue exceeded the forecast revenue by approximately 8%. This was mainly driven by overall increase in sales order from existing and new customers.

Furthermore, I am pleased to inform our shareholders that the new factory situated adjacent to the existing factory of our Group has been completed in September 2006 and all the new mandrel production lines are gradually engaged over a period of three (3) weeks since end of September 2006. The new factory has increased our Group's existing factory built-up area from 150,000 sq. ft. to 320,000 sq. ft. with a total land area of 504,573 sq. ft. The new factory will be used to house all new mandrel production lines together with the existing mandrel production lines. In addition, the productivity and efficiency of the new factory are expected to gradually improve over a period of six (6) months ending 31 March 2007 when the learning curve is achieved for the newly installed semi-automated mandrel production lines. The mandrel production division contributes more than 60% of our Group's revenue.

## CHAIRMAN'S STATEMENT (cont'd)

---

The existing factory space will be allocated for the extrusion production lines and accommodate our expansion of the extrusion production lines for the production of smaller diameter rubber hose and additional storage space for our finished goods. The new factory has enabled our Group to optimise and streamline the workflow process and as well as to optimise the layout of our Group's production facility.



*\* on a proforma basis*

### MARKET OUTLOOK

The global rubber hose industry is a RM17 billion industry. Europe, North America and Asia took up 97% of global exports of rubber hose and tubing in 2004. Wellcall's share of the global market is only 0.4%. Asia's revenue from the export of rubber hose expanded from RM1.72 billion (14.2% market share) in 2002 to RM2.52 billion (15.3% market share) in 2004. Asia's market share is rising and this trend is expected to continue over the next few years, supported by the ongoing global trend to outsource production to companies in Asia where the cost base is cheaper.

Our Group is a global industrial rubber hose manufacturer and the largest industrial rubber hose manufacturer in Malaysia. More than 93% of our Group's products are exported to 51 countries and contributing approximately 28% of Malaysia's total export of rubber hose and tubes in 2004, based on relevant statistics. Our Group has consistently been able to attain export market shares in the high twenties in terms of percentages. With the newly expanded capacity coupled with diversified market, the Directors expect our Group continue to ride on the global outsourcing trend, which started in 2002. Our Group will continue to capitalise on the Group's reputation, product quality, efficient service and established network to strengthen our market position locally and abroad. In addition, our Group will continue to explore new potential foreign markets for our products.

Barring unforeseen circumstances, our Group is expected to perform satisfactorily in the coming financial year.

### DIVIDEND

The Board of Directors is not recommending any final dividend payment for the financial period ended 30 September 2006.

### ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I wish to express our sincere appreciation to the management and staff of our Group for their continued dedication, commitment and loyalty to our Group.

Given the joint commitment of the Board of Directors, management and staff, as well as the co-operation and support of customers and shareholders, our Group is poised to meet the new challenges in the years ahead.

I also wish to express our sincere appreciation to our customers, shareholders, business associates, government authorities and bankers for their continued support and co-operation.

### DATUK NG PENG HONG @ NG PENG HAY, D.M.S.M., D.S.M., P.J.K.

**Age** : 54  
**Nationality** : Malaysian  
**Qualification** : Malaysian Certificate of Education  
**Occupation** : Company Director  
**Position** : Non-Independent Non-Executive Chairman  
**Other Directorships of Public Companies** : Bonia Corporation Berhad  
Farm's Best Berhad  
Ta Win Holdings Berhad  
Komarkcorp Berhad  
**The Date He Was First Appointed to the Board** : 17 April 2006

#### The Details of Any Board Committee to Which He Belongs :

Nomination Committee of Wellcall

#### Securities Holding in the Company :

##### Direct :

120,000 ordinary shares

##### Indirect :

9,765,241 ordinary shares

#### Securities Holding in the Subsidiary :

Deemed to have interests in shares of the subsidiary to the extent Wellcall has an interest.

#### Family Relationship With Any Director and / or Major Shareholders of the Company :

Nil

#### Conflict of Interest:

None

#### List of Convictions for Offences Within the Past 10 Years Other Than Traffic Offences :

None

#### Working Experience:

He was appointed to the Board of Wellcall on 17 April 2006. He was the State Assemblyman for Tengkeru Constituency under Barisan Nasional between 1982 and 1986. He then served as a Senator in the Malaysian Parliament from 1987 to 1993. His first involvement in social activities was upon completing his secondary education. He has been appointed as the Investment Co-ordinator of the Malacca State Development Corporation to handle direct investments in the State of Melaka since 1988. Together with his team of officials and his excellent public relations, he has helped in attracting numerous Taiwanese, Singaporean and Chinese investors into the State of Melaka. In recognition of his efforts and dedication, he was conferred the Darjah Mulia Seri Melaka by his Excellency, the Governor of Melaka in 1992. On 17 July 1999, the Taiwanese Government awarded him the Economic Medal. He was the Chairman of MCA, 7th -Branch Melaka since 1982. He was also appointed as Vice Chairman of Melaka State Malaysia Crime Prevention Foundation (MCPF) since 1997 and as Exco Member of National Malaysia Crime Prevention Foundation. He is also a Committee Member of Malacca State's Inspectorate of National Service Training Council.

#### The Number of Board Meetings Attended in the Financial Period :

2 out of 2



## DIRECTORS' PROFILE (cont'd)

---

### HUANG SHA, PMP

**Age** : 51  
**Nationality** : Taiwanese (Malaysian Permanent Resident)  
**Qualification** : Secondary Education, Taiwan  
**Occupation** : Company Director  
**Position** : Non-Independent Managing Director  
**Other Directorships of Public Companies** : Nil  
**The Date He Was First Appointed to the Board** : 17 April 2006

#### The Details of Any Board Committee to Which He Belongs :

Nil

#### Securities Holding in the Company :

##### Direct :

500,000 ordinary shares

##### Indirect :

27,342,679 ordinary shares

#### Securities Holding in the Subsidiary :

Deemed to have interests in shares of the subsidiary to the extent Wellcall has an interest.

#### Family Relationship With Any Director and / or Major Shareholders of the Company :

Nil

#### Conflict of Interest :

None

#### List of Convictions for Offences Within the Past 10 Years Other Than Traffic Offences :

None

#### Working Experience :

He was appointed to the Board of Wellcall on 17 April 2006. Huang Sha began his career in 1972 upon completing his secondary education and worked for various manufacturers of rubber products in Taiwan and Indonesia and progressed to the position of production manager. From 1989 to the mid-1990s, he joined Jetflo Robin (M) Sdn Bhd, a manufacturer of industrial rubber hose, as a General Manager. Subsequently, he established our subsidiary, WHSB, together with 2 other partners. With his in-depth knowledge, skills and expertise in all aspects of the manufacturing of rubber hose for more than 30 years, he has formulated our subsidiary's strategic plans to be in line with the changes in the trends of various industries and customers needs. He has also led WHSB to new heights by diversifying its customer's base and expanding its existing product range in the oil and gas sector as well as developing 3 new rubber hose, namely food and beverage hose, chemical hose and steam hose. As recognition for his achievement in the industry, he was awarded the Winner of the Global Top Enterprise Golden Solid Awards by the Chinese Enterprise Development Association of Taiwan on 2 October 2004. He also heads our R&D division where he plays a pivotal role in the product formulation and development. He is also the Managing Director of our subsidiary, WHSB, where he is currently responsible for the strategic planning and development of our Group.

#### The Number of Board Meetings Attended in the Financial Period :

1 out of 2

## DIRECTORS' PROFILE (cont'd)

---

### LEONG HON CHONG

**Age** : 61  
**Nationality** : Malaysian  
**Qualification** : Bachelor of Commerce (Accountancy),  
University of Otago in New Zealand  
**Occupation** : Company Director  
**Position** : Non-Independent Executive Director  
**Other Directorships of Public Companies** : Nil  
**The Date He Was First Appointed to the Board** : 17 April 2006

**The Details of Any Board Committee to Which He Belongs :**  
Nil

#### **Securities Holding in the Company :**

**Direct :**  
100,000 ordinary shares

**Indirect :**  
27,342,679 ordinary shares

**Securities Holding in the Subsidiary :**  
Deemed to have interests in shares of the subsidiary to the extent Wellcall has an interest.

**Family Relationship With Any Director and / or Major Shareholders of the Company :**  
Nil

**Conflict of Interest :**  
None

**List of Convictions for Offences Within the Past 10 Years Other Than Traffic Offences :**  
None

**Working Experience :**  
He was appointed to the Board of Wellcall on 17 April 2006. He graduated from the University of Otago in New Zealand with a Bachelor of Commerce (Accountancy) in 1970. He started his career as an auditor with Swenry & Co., a public accounting firm in New Zealand. After 2 years, he joined Malaysia Vetsing Sdn Bhd as an Accounts Supervisor till 1975. From 1975 to 1985, he furthered his career with Carter Semiconductor Sdn Bhd as a Controller for the company's administration, finance and marketing divisions. In 1985 he set up a proprietorship providing management consultancy services till mid-1990s. Subsequently, he established our subsidiary, WHSB, together with Huang Sha and Lin Kun Pao and was appointed as an Executive Director of our subsidiary where he is currently responsible for the administration and marketing functions of our Group.

**The Number of Board Meetings Attended in the Financial Period :**  
2 out of 2

## DIRECTORS' PROFILE (cont'd)

---

### CHEW CHEE CHEK

Age	: 36
Nationality	: Malaysian
Qualification	: Diploma In Commerce (Financial Accounting), Kolej Tunku Abdul Rahman, Malaysia Fellow of the Association of Chartered Certified Accountants, UK
Occupation	: Company Director
Position	: Non-Independent Executive Director
Other Directorships of Public Companies	: Komarkcorp Berhad
The Date He Was First Appointed to the Board	: 17 April 2006

#### The Details of Any Board Committee to Which He Belongs :

Audit Committee and Remuneration Committee of Wellcall

#### Securities Holding in the Company :

##### Direct :

Nil

##### Indirect :

27,342,679 ordinary shares

#### Securities Holding in the Subsidiary :

Deemed to have interests in shares of the subsidiary to the extent Wellcall has an interest.

#### Family Relationship With Any Director and / or Major Shareholders of the Company :

Nil

#### Conflict of Interest :

None

#### List of Convictions for Offences Within the Past 10 Years Other Than Traffic Offences :

None

#### Working Experience :

He was appointed to the Board of Wellcall on 17 April 2006. He graduated with a Diploma in Commerce (Financial Accounting) in 1993 from Tunku Abdul Rahman College and is a fellow of the Association of Chartered Certified Accountants. He started his career as an Audit Assistant in BDO Binder, Kuala Lumpur, a public accounting firm, from 1994 to 1995. In 1995, he joined PricewaterhouseCoopers (formerly known as Coopers & Lybrand) as Audit Semi Senior and subsequently promoted to Audit Senior. In 1996, he joined Amanah Merchant Bank Berhad as a Corporate Finance Executive where he acquired extensive experience in corporate restructuring exercise involving initial public offer, merger and acquisition, reverse takeover, back door listing, debt restructuring, rights issue, private placement and bonus issue. Subsequently, he was promoted to the position of Corporate Finance Assistant Manager. In 2000, he joined Komarkcorp Berhad as a Group Financial Controller and in 2003, he was appointed as an Independent Non-Executive Director of Komarkcorp Berhad. During the same time, from 2000 to 2004, he also ventured into management consultancy via WCL Consulting Sdn Bhd ("WCL"), where he was appointed as an Executive Director and later became a Non-Executive Director of the company. He resigned as the Director of WCL in August 2006. He also sits on the board of directors of a private limited company.

#### The Number of Board Meetings Attended in the Financial Period :

2 out of 2

## DIRECTORS' PROFILE (cont'd)

---

### TAN KANG SENG

**Age** : 38  
**Nationality** : Malaysian  
**Qualification** : Malaysian Certificate of Education  
**Occupation** : Company Director  
**Position** : Non-Independent Non-Executive Director  
**Other Directorships of Public Companies** : Nil  
**The Date He Was First Appointed to the Board** : 17 April 2006

**The Details of Any Board Committee to Which He Belongs :**

Nil

**Securities Holding in the Company :**

**Direct :**

Nil

**Indirect :**

9,765,241 ordinary shares

**Securities Holding in the Subsidiary :**

Deemed to have interests in shares of the subsidiary to the extent Wellcall has an interest.

**Family Relationship With Any Director and / or Major Shareholders of the Company :**

Nil

**Conflict of Interest :**

None

**List of Convictions for Offences Within the Past 10 Years Other Than Traffic Offences :**

None

**Working Experience :**

He was appointed to the Board of Wellcall on 17 April 2006. Upon completion of his secondary education in 1984, he was involved in his family business, Poh Huat Chan, which is mainly a wholesaler of religion-related prayer offering products, till todate. In 2000, he became the personal assistant to Datuk Ng Peng Hong @ Ng Peng Hay and subsequently he resigned in September 2006 to focus in his business. Throughout his career spanning more than 18 years, Tan Kang Seng has gained vast experience in the retail and commerce sector. He is also a Non-Executive Director of our subsidiary, WHSB.

**The Number of Board Meetings Attended in the Financial Period :**

2 out of 2



## DIRECTORS' PROFILE (cont'd)

---

### **YB DATO' HAJI MOHTAR BIN NONG, DPMT, ASM, PJC, PJK, BLB**

**Age** : 52  
**Nationality** : Malaysian  
**Qualification** : Bachelor of Economics (Hons),  
Universiti Kebangsaan Malaysia  
Master in Business Administration,  
University of Dubuque, Iowa, USA  
**Occupation** : Company Director  
**Position** : Non-Independent Non-Executive Director  
**Other Directorships of Public Companies** : TDM Berhad  
Permodalan Terengganu Berhad  
PTB Unit Trust Berhad  
Astino Berhad  
**The Date He Was First Appointed to the Board** : 17 April 2006

**The Details of Any Board Committee to Which He Belongs :**  
Nil

**Securities Holding in the Company :**  
Nil

**Securities Holding in the Subsidiary :**  
Nil

**Family Relationship With Any Director and / or Major Shareholders of the Company :**  
Nil

**Conflict of Interest :**  
None

**List of Convictions for Offences Within the Past 10 Years Other Than Traffic Offences :**  
None

**Working Experience :**  
He was appointed to the Board of Wellcall on 17 April 2006. He obtained his Master in Business Administration from University of Dubuque, Iowa, USA in 1994 and a Bachelor of Economics (Hons) from Universiti Kebangsaan Malaysia in 1978. He served in various positions within the Terengganu State from 1978 until 2004 including General Manager of Yayasan Pembangunan Usahawan Terengganu, President of Majlis Perbandaran Kuala Terengganu and Deputy State Financial Officer prior to assuming his current position as Terengganu State Financial Officer in 2004 till 2006. He was appointed as the Terengganu State Secretary in January 2007. He is also currently a director of various private companies.

**The Number of Board Meetings Attended in the Financial Period :**  
1 out of 2

## DIRECTORS' PROFILE (cont'd)

---

### **MAT ZAID BIN IBRAHIM, PJC**

**Age** : 43  
**Nationality** : Malaysian  
**Qualification** : Diploma in Valuation,  
University of Technology, Malaysia  
Bachelor of Surveying in Property Management (Hon),  
University of Technology, Malaysia  
**Occupation** : Company Director  
**Position** : Non-Independent Non-Executive Director  
(Alternate Director to YB Dato' Haji Mohtar bin Nong)  
**Other Directorships of Public Companies** : Nil  
**The Date He Was First Appointed to the Board** : 17 April 2006

**The Details of Any Board Committee to Which He Belongs :**  
Nil

**Securities Holding in the Company :**  
Nil

**Securities Holding in the Subsidiary :**  
Nil

**Family Relationship With Any Director and / or Major Shareholders of the Company :**  
Nil

**Conflict of Interest :**  
None

**List of Convictions for Offences Within the Past 10 Years Other Than Traffic Offences :**  
None

**Working Experience :**  
He was appointed to the Board of Wellcall on 17 April 2006. He graduated from the University of Technology, Malaysia in Bachelor of Surveying in Property Management with Honours and a Diploma in Valuation in 1986 and 1982 respectively. He started his career with Yayasan Islam Terengganu ("YIT") in 1986 as an Assistant Director (Development & Investment) where he is in-charge of YIT's investment and was promoted as Principal Assistant Director (Development & Investment) in 2006. He also sits on the board of directors of other private companies.

**The Number of Board Meetings Attended in the Financial Period :**  
1 out of 2

## DIRECTORS' PROFILE (cont'd)

---

### RAZMI BIN ALIAS

Age	: 49
Nationality	: Malaysian
Qualification	: Diploma in Business Studies, Universiti Teknologi Mara Bachelor in Business Administration, Western Michigan University, Michigan, USA Masters in Business Administration, Central Michigan University, Michigan, USA
Occupation	: Company Director
Position	: Independent Non-Executive Director
Other Directorships of Public Companies	: Can-One Berhad
The Date He Was First Appointed to the Board	: 17 April 2006

#### The Details of Any Board Committee to Which He Belongs :

Audit Committee, Nomination Committee and Remuneration Committee of Wellcall

#### Securities Holding in the Company :

Nil

#### Securities Holding in the Subsidiary :

Nil

#### Family Relationship With Any Director and / or Major Shareholders of the Company :

Nil

#### Conflict of Interest :

None

#### List of Convictions for Offences Within the Past 10 Years Other Than Traffic Offences :

None

#### Working Experience :

He was appointed to the Board of Wellcall on 17 April 2006. He graduated from Universiti Teknologi Mara in 1977 with a Diploma in Business Studies before obtaining a Bachelor in Business Administration from Western Michigan University, Michigan, USA in 1981 and a Masters in Business Administration from the Central Michigan University, Michigan, USA in 1982. He worked with a local financial institution in 1998 and since 1999 till present, he holds directorships in Iska Tenaga Sdn Bhd and other private companies.

#### The Number of Board Meetings Attended in the Financial Period :

2 out of 2

## DIRECTORS' PROFILE (cont'd)

### MOHD KHASAN BIN AHMAD

Age	: 44
Nationality	: Malaysian
Qualification	: Diploma in Accountancy, University Teknologi Mara, Malaysia Degree in Accountancy, University Teknologi Mara Member of Malaysian Institute of Accountants
Occupation	: Company Director
Position	: Independent Non-Executive Director
Other Directorships of Public Companies	: Farm's Best Berhad Ta Win Holdings Berhad Crest Builder Holdings Berhad MOL AccessPortal Berhad
The Date He Was First Appointed to the Board	: 17 April 2006

#### The Details of Any Board Committee to Which He Belongs :

Nil

#### Securities Holding in the Company :

Nil

#### Securities Holding in the Subsidiary :

Nil

#### Family Relationship With Any Director and / or Major Shareholders of the Company :

Nil

#### Conflict of Interest :

None

#### List of Convictions for Offences Within the Past 10 Years Other Than Traffic Offences :

None

#### Working Experience :

He was appointed to the Board of Wellcall on 17 April 2006. He obtained a diploma in Accountancy and later graduated with a degree in Accountancy from University Teknologi Mara in 1985. He is also a member of the Malaysian Institute of Accountants. He served Bank Negara Malaysia for a period of about 7 years, the last 2 years of which he was seconded to the Capital Issues Committee as its Principal Assistant Secretary. Subsequently, he joined the SC for a period of about 6 years and his last capacity was an Assistant Manager in its Issues and Investment Division. During the tenure of his above appointments, he was involved in various corporate exercises ranging from initial public offerings, mergers and acquisitions, reverse take-overs, issuance of bonds and other capital raising exercises. He joined the private sector in 1997 and held various senior management positions.

#### The Number of Board Meetings Attended in the Financial Period :

2 out of 2



## DIRECTORS' PROFILE (cont'd)

---

### **YANG CHONG YAW, ALAN**

<b>Age</b>	: 37
<b>Nationality</b>	: Malaysian
<b>Qualification</b>	: Bachelor of Economics (Accounting and Finance), Macquarie University, Sydney, Australia Master in Business Administration, Macquarie Graduate School of Management, Sydney, Australia Member of the Australian Society of Certified Practising Accountants
<b>Occupation</b>	: Company Director
<b>Position</b>	: Independent Non-Executive Director
<b>Other Directorships of Public Companies</b>	: Nil

**The Date He Was First Appointed to the Board** : 17 April 2006

**The Details of Any Board Committee to Which He Belongs :**

Audit Committee, Nomination Committee and Remuneration Committee of Wellcall

**Securities Holding in the Company :**

Nil

**Securities Holding in the Subsidiary :**

Nil

**Family Relationship With Any Director and / or Major Shareholders of the Company :**

Nil

**Conflict of Interest:**

None

**List of Convictions for Offences Within the Past 10 Years Other Than Traffic Offences :**

None

**Working Experience :**

He was appointed to the Board of Wellcall on 17 April 2006. He obtained his Master in Business Administration from Macquarie Graduate School of Management, Sydney, Australia in 1999 and a Bachelor of Economics (Accounting and Finance) from Macquarie University, Sydney, Australia in 1992. He is also a member of the Australian Society of Certified Practising Accountants. He began his career as an auditor with Coopers & Lybrand (presently known as PricewaterhouseCoopers) in 1993 before joining Amanah Merchant Bank Berhad's Corporate Finance Division as an Executive in 1996. In 1999, he joined Kurnia Insurance Berhad as a Deputy Manager and subsequently moved to Malaysian International Merchant Bankers Berhad as an Assistant Manager in the Corporate Finance Department in 2000. He then joined TGN Dataworks Sdn Bhd from 2001 to 2004, as a Vice-President, and later, AVIC Tech Corporation Sdn Bhd in 2005 as a Financial Controller till today.

**The Number of Board Meetings Attended in the Financial Period :**

2 out of 2

## STATEMENT ON CORPORATE GOVERNANCE

---

The Board of Directors ("Board") of the Company is pleased to report that for the financial period under review, the Company has continued to apply good governance practices in managing and directing the business affairs of the Group, by adopting the substance and spirit of the principles advocated by the Malaysian Code on Corporate Governance ("Code") wherever possible.

In this Statement, the Board has considered the manner in which the principles of the Code have been applied, the extent of compliance with the Best Practices and the alternatives for departure from such best practices.

### BOARD OF DIRECTORS

#### Board Composition and Balance

The Group is controlled and led by a dynamic Board which is primarily entrusted with the responsibility of charting the direction of the Group. In addition, the Board oversees the conduct of the Group businesses and established and maintained an adequate system of internal controls. Due to limitations inherent to any system of internal controls, the Board focused primarily on the mitigation of any foreseeable or potential risks facing the Group.

In the management and day-to-day operations of the Group, the Board, through the Executive Directors, is fully assisted by the Management. The Board outlines the policies and objectives of the Group, which are carried out by the Management through the supervision of the Executive Directors.

The Board members consist of one (1) Non-Independent Non-Executive Chairman, one (1) Non-Independent Managing Director, two (2) Non-Independent Executive Directors, two (2) Non-Independent Non-Executive Directors and three (3) Independent Non-Executive Directors.

The profiles of individual Directors are set out on pages 7 to 16 of the Annual Report.

The composition of the Board not only reflects the broad range of experience, skills and knowledge required to successfully direct and supervise the Group business activities, but also the importance of independence in decision-making at the Board level.

There is also balance in the Board because of the presence of Independent Non-Executive Directors with the necessary caliber to carry sufficient weight in the Board's decision making process. All the Non-Executive Directors are independent of the management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement. They have the capability to ensure that the strategies proposed by the Management are fully deliberated and examined in the long-term interest of the Group, as well as the shareholders, employees, customers, suppliers and the many communities in which the Group conducts its businesses.

In discharging its duties, the Board met a total of two (2) times during the financial period ended 30 September 2006.

## STATEMENT ON CORPORATE GOVERNANCE (cont'd)

### Board Composition and Balance (cont'd)

The record of attendance at the meetings of the Board of Directors for the financial period ended 30 September 2006 is as follows :

Directors	No. of Board Meetings Attended
Datuk Ng Peng Hong @ Ng Peng Hay	2/2
Huang Sha	1/2
Leong Hon Chong	2/2
Chew Chee Chek	2/2
Tan Kang Seng	2/2
YB Dato' Haji Mohtar Bin Nong	1/2
Mat Zaid Bin Ibrahim ( <i>Alternate Director to YB Dato' Haji Mohtar Bin Nong</i> )	1/2
Razmi Bin Alias	2/2
Mohd Khasan Bin Ahmad	2/2
Yang Chong Yaw, Alan	2/2

### Board Responsibilities

The Board is primarily responsible for the Group's overall corporate governance, strategic plans, business performance, succession planning, risk management, as well as reviewing the adequacy and integrity of its internal control and management information systems.

The Board meets regularly to review the Group's corporate strategies, business operations and financial performance.

### Directors' Training

During the period, all new members of the Board have also attended the Mandatory Accreditation Programme ("MAP") conducted by Bursatra Sdn. Bhd., the training arm of Bursa Malaysia Securities Berhad.

Moving forward, the Directors will undergo relevant training programmes and seminars to keep abreast with the development in the market place and further enhance their skills, knowledge and experience in order to fulfill their duties as Directors.

### Appointment and Re-election of Directors

In accordance with the Company's Articles of Association, the Board can appoint any person to be a Director as and when it is deemed necessary. Any person so appointed shall hold office until the next Annual General Meeting ("AGM") and shall then be eligible for re-election. At the first AGM, all the Directors shall retire from office, and at the AGM in every subsequent year one-third of the Directors shall retire from office and eligible for re-election. An election of Directors takes place every year and all the Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

## STATEMENT ON CORPORATE GOVERNANCE (cont'd)

### Information and External Advice

The Board is provided with comprehensive board papers on a timely basis prior to board meetings. This is to ensure and to enable the Directors to discharge their duties and responsibilities competently and in a well-informed manner. All members of the Board have access to the advice and services of the Company Secretary. The Directors meet, review and approve all corporate announcements, including the announcement of the quarterly financial results, prior to releasing them to Bursa Securities.

Directors are also empowered to seek such external independent professional advice as they may require, at the expense of the Group, to enable them to make well-informed decisions.

### Directors' Remuneration

Directors' remuneration is decided in line with the objective recommended by the Code to determine the remuneration for Directors so as to attract and retain Directors of the caliber needed to run the Company successfully. In general, the component parts of remuneration are structured so as to link rewards to performance, in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and responsibilities undertaken by the particular non-executive concerned. Directors do not participate in decisions regarding their own remuneration packages and Directors fees must be approved by shareholders at the AGM.

The details of the remuneration of the Directors of the Company for the financial period under review are as follows :

Category	Fees* (RM'000)	Salaries & Other Emoluments* (RM'000)	Benefit in Kind* (RM'000)
Executive Director	–	704	–
Non-Executive Director	115	–	–

The number of Directors of the Company whose total remuneration during the financial period under review that fall within the following bands are as follows :

Range of Remuneration	Executive Director*	Non-Executive Director*
Below RM50,000	–	6
RM50,001 – RM100,000	1	–
RM100,001 – RM150,000	1	–
RM150,001 – RM200,000	–	–
RM500,001 – RM550,000	1	–

*\* from 17 April 2006 (being the date of formation of the Group) to 30 September 2006*

The Company has opted not to disclose each Director's remuneration as the Board considers the information to be sensitive and proprietary.

### Board Committees

In order to ensure the effective discharge of its fiduciary duties, the Board has established various Board Committees to assist the Board in the running of the Group. This is to allow the members of the Board Committees to deliberate and examine issues within their terms of reference in greater detail and subsequently recommend and report to the Board. The functions and terms of reference of the committees, as well as the authority delegated by the Board to these committees, have been clearly defined and approved by the Board. All Board Committees do not have executive powers but only the power to make recommendations to the Board.



## STATEMENT ON CORPORATE GOVERNANCE (cont'd)

The Board Committees for the financial period under review are as follows :

### (a) Audit Committee

The Audit Committee was established pursuant to a resolution of the Board of Directors on 18 April 2006. The Audit Committee is responsible for the recommendation to our Board regarding the selection of the external auditors, reviewing the results and scope of the audit and other services provided by the Group's external auditors and reviews and evaluates the Group's internal audit and control functions. The Audit Committee is also responsible for the assessment of financial risk and matters relating to related party transactions and conflict of interests. The Audit Committee may obtain advice from independent parties and other professionals in the performance of its duties. The current members of our Audit Committee are as follows :

Name	Designation	Directorship
Razmi bin Alias	Chairman	Independent Non-Executive Director
Yang Chong Yaw, Alan	Member	Independent Non-Executive Director
Chew Chee Chek	Member	Non-Independent Executive Director

The Terms of Reference of the Committee are as stated on pages 25 to 27 of this Annual Report. A summary of the activities of the Audit Committee during the period is set out in the Audit Committee Report on page 28.

The Committee met a total of one (1) time during the financial period ended 30 September 2006.

### (b) Remuneration Committee

The Remuneration Committee, established on 18 April 2006, was appointed by our Board and consist of 3 members, a majority of whom are Independent Non-Executive Directors. The Chairman is an Independent Non-Executive Director. The Remuneration Committee is primarily charged with the responsibility of recommending to our Board the policy and framework for our Directors' remuneration including the remuneration and terms of service of our Executive Directors in all its forms, drawing from outside advice, if necessary.

The determination of remuneration of our Executive and Non-Executive Directors shall be a matter to be determined by our Board as a whole after taking into consideration of the Remuneration Committee's recommendations. The current members of our Remuneration Committee are set forth below :

Name	Designation	Directorship
Razmi bin Alias	Chairman	Independent Non-Executive Director
Yang Chong Yaw, Alan	Member	Independent Non-Executive Director
Chew Chee Chek	Member	Non-Independent Executive Director

## STATEMENT ON CORPORATE GOVERNANCE (cont'd)

### (c) Nomination Committee

The Nomination Committee, established on 18 April 2006, was appointed by our Board and consist of 3 members, a majority of whom are Independent Non-Executive Directors. The Nomination Committee is primarily responsible for proposing new nominees for our Board as well as the Directors to fill the seats on board committees, and assessing the Directors on an ongoing basis.

In particular, the Board through this Committee would review on an annual basis the required mix of skills and experience and other core qualities, including core competencies, which the Non-Executive Directors should bring to the Board. The current members of the Nomination Committee are set forth below :

Name	Designation	Directorship
Datuk Ng	Chairman	Non-Independent Non-Executive Chairman
Razmi bin Alias	Member	Independent Non-Executive Director
Yang Chong Yaw, Alan	Member	Independent Non-Executive Director

### INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION

The Board clearly recognises the importance of transparency and accountability to all its stakeholders, particularly its shareholders and investors as it ensures that market credibility and investors' confidence are maintained. Through extensive disclosures of appropriate and relevant information, using various channels of communication on a timely basis, the Group aims to effectively provide shareholders and investors with information to fulfill transparency and accountability objectives. At this juncture, the channel of communication to shareholders, stakeholders and general public for the overall performance and operations of the Group's business activities are press releases, public announcements on quarterly basis, annual report and disclosures to the Bursa Securities. Meetings with institutional investors, fund managers and analysts from time to time provide an additional avenue for the Board and management to convey information about Group performance, strategy and other matters affecting shareholders' interests.

### ANNUAL GENERAL MEETING

The upcoming AGM represents the principal forum for dialogue and interaction with shareholders. Shareholders are accorded both the opportunity and time to raise questions on the agenda items of the general meeting. The Audit Committee is available at the AGM to answer questions and consider suggestion. The notice of meeting and the annual report are sent out to shareholders at least 21 days before the date of the meeting in accordance with the Company's Articles of Association.

### ACCOUNTABILITY AND AUDIT

#### Financial Reporting

The Board aims to present a balanced, insightful and timely assessment of the Group's financial position and prospects by ensuring quality financial reporting through the annual audited financial statements and quarterly financial results to its stakeholders, in particular, shareholders, investors and the regulatory authorities. The Audit Committee assists the Board in scrutinising information for disclosure to ensure the quality of financial reporting and adequacy of such information, prior to submission to the Board for its approval. As required by the Companies Act, 1965 ("Act"), the Directors are responsible for the preparation of financial statements in accordance with applicable approved accounting standards and to give a true and fair view of the state of affairs of the Group and Company at the end of each financial period/year and of the results and cash flows of the Group and Company for the financial period.

## STATEMENT ON CORPORATE GOVERNANCE (cont'd)

---

### **Statement of Directors' Responsibility in Preparing the Financial Statements**

In preparing the financial statements, the Directors have :

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are prudent and reasonable;
- ensured that applicable accounting standards have been followed; and
- prepared the financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have responsibility for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Group and Company and to enable them to ensure that the financial statements comply with the Act and applicable approved accounting standards. In addition, the Directors are also responsible for taking reasonable steps to safeguard the assets for the Group and Company and to prevent and detect fraud as well as other irregularities.

### **Internal Control**

The Board acknowledges its overall responsibility for maintaining a sound system of internal controls that provides reasonable assessment of effective and efficient operations, internal financial controls and compliance with laws and regulations as well as with internal procedures and guidelines. The effectiveness of the systems of internal controls of the Group is reviewed periodically by the Audit Committee. Further details of the Group's system of internal controls are set out in the Statement on Internal Control section of this Annual Report.

### **Relationship with Auditors**

The Board maintains a transparent and professional relationship with the external auditors. The Audit Committee meets with the external auditors at least once a year to discuss their audit plan, audit findings and the financial statements. The Audit Committee also meets the external auditors without the presence of the Executive Directors and the management whenever deemed necessary. From time to time, the auditors highlight to the Audit Committee and the Board on matters that require the Board's attention. The role of the Audit Committee in relation to both the internal and external auditors is described in the Audit Committee Report of this Annual Report.

## STATEMENT OF INTERNAL CONTROL

---

The Board of Directors is ultimately responsible for the Group's system of internal control and for reviewing the effectiveness of the internal control system during the year pursuant to paragraph 15.27 (b) of the Bursa Securities Listing Requirements. Internal control system is primarily designed to cater for the business needs and manage the potential business risks of the Group.

The Board has overall responsibility for the Group's system of internal control, which aims to:

- safeguard shareholders' investments and the Group's assets;
- ensure that proper accounting records are maintained; and
- ensure that the financial information provided within the business and for publication is reliable.

In view of the limitations that are inherent in any systems of internal control, such systems are designed to mitigate rather than eliminate the likelihood of fraud and error. Accordingly, these systems can provide only reasonable and not absolute assurance against material misstatement or loss. The concept of reasonable assurance also recognizes that the cost of control procedures should not exceed the expected benefits.

There are always opportunities to further improve the current internal control systems of the Group. A programme of actions to enhance the internal control system was undertaken in line with the corporate governance compliances. In the absense of the internal audit unit, the Board of Directors has engaged a professional firm to carry out the internal audit function for the Group's subsidiary after considering the underlying operation risk of a business operations.

In seeking to achieve the objectives of the internal control systems, the following key elements have been considered :

### CONTROL ENVIRONMENT AND ACTIVITIES

It is imperative that the Group should operate on a sound system of internal control. In general, the overall line of communications across the business is well defined and there is an appropriate integrity in risk management.

There is also a limit on authority that clearly defines authorization limit to ensure proper identification of accountabilities and segregation of duties. Operation Control procedures have been established according to ISO9001:2000 standard. This will ensure that the business process flow is accordingly and properly executed.



## STATEMENT OF INTERNAL CONTROL (cont'd)

---

### **RISK MANAGEMENT**

The Board fully supports the contents of the Statement on Internal Control and Guidance for Directors of Public Listed Companies. The Board together with the assistance of a professional firm will undertake to review the existing risk management process in place within the various business operations, with the aim of formalizing the risk management functions across the Group.

As an ongoing process, significant business risks faced by the Group are identified and evaluated and consideration is given on the potential impact of achieving the business objectives. This includes examining principal business risks in critical areas, assessing the likelihood of material exposures and identifying the measures taken to mitigate, avoid or eliminate these risks.

### **GOING CONCERN**

The Board, based on the current business activities and facilities available as well as the stable economic environment, have a reasonable expectations that the Group is in a position to continue its operational presence and existence in the foreseeable future. Hence the Group financial statements have been prepared on the going concern basis.

## AUDIT COMMITTEE REPORT

---

### COMPOSITION

#### **RAZMI BIN ALIAS**

*Chairman/Independent Non-Executive Director*

#### **YANG CHONG YAW, ALAN**

*Member/Independent Non-Executive Director*

#### **CHEW CHEE CHEK**

*Member/Non-Independent Executive Director*

### TERMS OF REFERENCE

#### **1. MEMBERSHIP**

- (a) The Audit Committee shall be appointed by the Board from amongst the Directors of the Company and shall consist of not less than three (3) members of whom the majority shall be Independent Directors. At least one (1) member of the Audit Committee :
  - (i) must be a member of the Malaysian Institute of Accountants; or
  - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and :
    - (aa) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
    - (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.
- (b) No alternate Director shall be appointed as a member of the Audit Committee.
- (c) In the event of any vacancy in the Audit Committee resulting in the non-compliance of item (a) above, the vacancy must be filled within three (3) months of that event.
- (d) The Board must review the term of office and performance of an Audit Committee and each of its members at least once every three (3) years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

#### **2. QUORUM**

A quorum of two (2) members and the majority of members present shall be Independent Directors.

#### **3. CHAIRMAN**

The members of the Audit Committee shall elect a Chairman from among their numbers who shall be an Independent Director.

## AUDIT COMMITTEE REPORT (cont'd)

---

### 4. MEETINGS

Meetings shall be held at least four (4) times a year. Additional meetings may be called at any time at the discretion of the Chairman of the Audit Committee.

The Audit Committee may invite any other Directors, management and staff to be in attendance during meetings to assist in its deliberation.

The Company Secretary or his representatives shall be responsible for sending out notices of meetings, preparing and keeping minutes of meetings and circulating the minutes of meetings to committee members and to all members of the Board.

### 5. OBJECTIVES

- (a) To recommend to the Board regarding the selection of the external auditors, reviewing the results and scope of the audit and other services provided by the Group's external auditors;
- (b) To review and evaluate the Group's internal audit and control functions;
- (c) To be responsible for the assessment of financial risk and matters relating to related party transactions and conflict of interests;
- (d) To assist the Board in discharge its responsibilities by reviewing the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- (e) To reinforce the independence of the external auditors and thereby help assure that they will have free rein in the audit process;
- (f) To provide, by way of regular meetings, a line of communication between the Board and the external auditors;
- (g) To provide a forum for discussion that is independent of the management; and
- (h) To review the quality of the audits conducted by the external auditors of the Company.

### 6. DUTIES AND RESPONSIBILITIES

The functions of the Audit Committee are as follows :

- (a) to review the following and report the same to the Board of Directors :
  - (i) with the external auditors, the audit plan;
  - (ii) with the external auditors, his evaluation of the system of internal controls;
  - (iii) with the external auditor, his audit report;
  - (iv) the assistance given by the Company's employees to the external auditors;
  - (v) the adequacy of the scope, the functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;

## AUDIT COMMITTEE REPORT (cont'd)

---

- (vi) the internal audit programmes, processes, the results of the internal audit programmes, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  - (vii) the quarterly and year-end financial statements of the Company, prior to the approval by the Board, focusing particularly on :
    - Changes in or implementation of major accounting policy changes;
    - Significant and unusual events;
    - The going concern assumption;
    - Compliance with accounting standards and other legal requirements;
  - (viii) any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity;
  - (ix) any letter of resignation from the external auditors of the Company;
  - (x) whether there is reason (supported by grounds) to believe that the Company's external auditors is not suitable for re-appointment; and
  - (xi) review the list of eligible employees and the allocation of Employees' Share Option Scheme ("ESOS") to be offered to them.
- (b) to consider the following and report the same to the Board of Directors :
- (i) the major findings of internal investigations and management's response;
  - (ii) other topics as defined by the Board; and
  - (iii) the nomination of a person or persons as external auditors together with such other functions as may be agreed by the Audit Committee and the Board.
- (c) to discuss problems and reservations arising from the interim and final audits, and any matter that the external auditor may wish to raise (in the absence of management, where necessary).

### 7. RIGHTS OF THE AUDIT COMMITTEE

The Audit Committee shall, wherever necessary and reasonable for the Company to the performance of its duties, in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company :

- (a) investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- (e) obtain advice from independent parties and other professionals in the performance of its duties; and
- (f) convene meetings with the external auditors, excluding the attendance of the executive members of the Audit Committee, whenever deemed necessary.

## AUDIT COMMITTEE REPORT (cont'd)

---

### DETAILS OF ATTENDANCE AT AUDIT COMMITTEE MEETINGS DURING THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2006

Number of Audit Committee Meetings held for the financial period: One (1) Attendance of the Audit Committee members is shown below :

Name of Audit Committee Member	Attendance
Razmi bin Alias	1/1
Yang Chong Yaw, Alan	1/1
Chew Chee Chek	1/1

### HIGHLIGHTS OF ACTIVITIES

During the financial period, the activities of the Audit Committee included :

1. Reviewed the unaudited quarterly financial statements of the Group and the Company for the third quarter ended 30 June 2006 and recommend the same for approval by the Board;
2. Reviewed the Group's compliance with the Listing Requirements of Bursa Securities , applicable approved accounting standards approved by the Malaysia Accounting Standards Board and other relevant legal and regulatory requirements;
3. Reviewed the Company's ESOS defined in page 27, which was established in conjunction with the Company's listing on the Second Board of Bursa Securities on 18 July 2006. However, as at 14 July 2006, the Company has granted ESOS options to its eligible employees to subscribe for up to a maximum of 7,320,000 new shares at an exercise price of RM1.00 per share. The said allocation of ESOS options was verified by the Audit Committee in terms of the compliance with the criteria of allocation established pursuant to the ESOS; and
4. Decision is made on the outsourcing of internal audit function to an external professional firm, namely Matrix Consultancy Sdn Bhd on 17 November 2006. Pending the commencement of this outsourced internal audit function, the Committee took into cognizance the existence of key elements of internal control at the management and operational levels and the contribution to internal control by the existing internal quality system established under the ISO 9001:2000 standard, which cover a significant section of the overall internal control objectives and which are regularly audited by internal as well as external quality auditors.

## OTHER INFORMATION

### SHARE BUYBACKS

During the financial period, there were no share buybacks by the Company.

### OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The amount of ESOS options granted and exercised in respect of the financial period is presented in the Directors' Report.

The following set out the ESOS options offered to and exercised by non-executive directors pursuant to the ESOS in respect of the financial period ended 30 September 2006 :

Name of Director	Amount of ESOS options offered	Amount of ESOS options exercised
Datuk Ng Peng Hong @ Ng Peng Hay	300,000	–
Tan Kang Seng	300,000	–

No warrants or convertible securities were issued by the Company during the financial period.

### AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR")

The Company did not sponsor any ADR or GDR programme during the financial period.

### IMPOSITION OF SANCTIONS/PENALTIES

There were no public sanctions and/or penalties imposed on the Company and its subsidiary company, Directors or management by the relevant regulatory bodies during the financial period.

### NON-AUDIT FEES

The non-audit fees paid or payable to external auditors and their affiliated company for the financial period ended 30 September 2006 are as follows :

	RM'000
Ong & Wong, Chartered Accountants	60
O & W Tax Consultants Sdn Bhd	4
	<hr/>
	64
	<hr/>

### PROFIT GUARANTEES

During the financial period, there were no profit guarantees given by the Company.



## OTHER INFORMATION (cont'd)

---

### MATERIAL CONTRACTS

Save as disclosed below, there were no material contracts (not being contracts entered into the ordinary course of business) entered into by the Company and/or its subsidiary involving Directors' and major shareholders' interests either still subsisting at the end of the financial period ended 30 September 2006 :

1. Sale and purchase agreement between the Company and Lifewise Alliance Sdn Bhd ("LASB"), Tan Kang Yong and Maximum Perspective Sdn Bhd ("MPSB") dated 1 December 2005 for the sale and purchase of 4,062,500 ordinary shares of RM1.00 each representing 62.5% equity interest in our subsidiary, WHSB for a total purchase consideration of RM20,344,251, which was wholly satisfied through the issuance of 40,688,502 new shares at par value of RM0.50 each;
2. Sale and purchase agreement between the Company and PTB Ventures Sdn Bhd ("PTB Ventures") dated 1 December 2005 for the sale and purchase of 1,137,500 ordinary shares of RM1.00 each representing 17.5% equity interest in our subsidiary, WHSB for a total purchase consideration of RM5,696,390.50, which was wholly satisfied through the issuance of 11,392,781 new shares at par value of RM0.50 each; and
3. Sale and purchase agreement between the Company and Yayasan Islam Terengganu ("YIT") dated 1 December 2005 for the sale and purchase of 1,300,000 ordinary shares of RM1.00 each representing 20% equity interest in our subsidiary, WHSB for a total purchase consideration of RM6,510,160.60, which was wholly satisfied through the issuance of 13,020,321 new shares at par value of RM0.50 each.

The major shareholders and directors who have an interest, direct or indirect, in the above transaction 1 are as follows :

- i. LASB, Tan Kang Yong and MPSB by virtue of their major shareholding in the Company;
- ii. Huang Sha, the Non-Independent Managing Director of the Company, who is also a Director and shareholder of LASB;
- iii. Chew Chee Chek, the Non-Independent Executive Director of the Company, who is also a Director and shareholder of LASB;
- iv. Leong Hon Chong, the Non-Independent Executive Director of the Company, who is also a Director and shareholder of LASB;
- v. Datuk Ng Peng Hong @ Ng Peng Hay, the Non-Independent Non-Executive Chairman of the Company, who is also a Director and shareholder of MPSB;
- vi. Tan Kang Seng, the Non-Independent Non-Executive Director of the Company, who is also a Director and shareholder of MPSB;

The major shareholders and directors who have an interest, direct or indirect, in the above transaction 2 are as follows :

- i. PTB Ventures by virtue of its direct major shareholding in the Company;
- ii. PTB Bakti Holdings Sdn Bhd by virtue of its indirect major shareholding in the Company;
- iii. Permodalan Terengganu Berhad by virtue of its indirect major shareholding in the Company;
- iv. Lembaga Tabung Amanah Warisan Negeri Terengganu by virtue of its indirect major shareholding in the Company; and
- v. Terengganu State Government by virtue of its indirect major shareholding in the Company.

## OTHER INFORMATION (cont'd)

The major shareholders and directors who have an interest, direct or indirect, in the above transaction 3 are as follows :

- i. YIT by virtue of its direct major shareholding in the Company; and
- ii. Terengganu State Government by virtue of its indirect major shareholding in the Company.

### REVALUATION POLICY

During the financial period, the Company and its subsidiary do not have any revaluation policy on its landed properties.

### UTILISATION OF PROCEEDS FROM PUBLIC ISSUE

The status of utilisation of proceeds raised from the public issue is as follows :

	Amount allocated RM'000	Utilisation as at 19.12.2006 RM'000	Balance RM'000
Capital expenditure	7,700	6,874	826
Working capital	6,793	6,793	–
Research and development	1,105	529	576
Defray estimated listing expenses	1,500	1,254	* 246
	17,098	15,450	1,648

\* utilised as working capital

# financial statements

33...	Directors' Report
39...	Statement by Directors and Statutory Declaration
40...	Report of the Auditors
41...	Balance Sheets
42...	Income Statements
43...	Statements of Changes in Equity
44...	Cash Flow Statements
47...	Notes to the Financial Statements



## DIRECTORS' REPORT

for the period from 23rd August, 2005  
(Date of Incorporation) to 30th September, 2006

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial period from 23rd August, 2005 to 30th September, 2006.

### PRINCIPAL ACTIVITIES

The Company has commenced business on 17th April, 2006 and is principally engaged as an investment holding company. The principal activity of the subsidiary company is disclosed in note 5 to the financial statements. There have been no significant changes in these activities during the financial period.

### RESULTS

	Group RM	Company RM
Profit for the period	5,765,162	3,129,592
Dividends	(3,000,300)	(3,000,300)
Retained profit carried forward	2,764,862	129,292

### DIVIDENDS

The Company declared and paid an interim tax exempt dividend of 3.65 sen per share amounting to RM3,000,300 in respect of the current financial period ended 30th September, 2006 on 16th August, 2006 and 29th September, 2006 respectively.

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial period.

### ISSUE OF SHARES

During the financial period, the authorised share capital of the Company was increased from RM100,000 to RM50,000,000 by the creation of 99,800,000 ordinary shares of RM0.50 each ranking pari passu with the existing shares of the Company.

## DIRECTORS' REPORT (cont'd)

for the period from 23rd August, 2005

(Date of Incorporation) to 30th September, 2006

During the financial period, the following ordinary shares were issued by the Company :

Class	Number of Shares	Term of Issue	Purpose of Issue
Ordinary	2*	Cash	Subscribers' shares
Ordinary	65,101,606#	Other than cash	New ordinary shares issued at RM0.50 each for the acquisition of the entire equity interest in the subsidiary company
Ordinary	17,098,400#	Cash	Public issue of shares in conjunction with the flotation of the Company on the Second Board of Bursa Malaysia Securities Berhad ("Bursa Securities")

During the financial period, the 2 subscribers' shares of RM1.00 each were subdivided into 4 ordinary shares of RM0.50 each.

\* Ordinary shares of RM1.00 each

# Ordinary shares of RM0.50 each

### SHARE OPTION

During the financial period, the Company did not grant any option to any person to take up the unissued shares of the Company, apart from the issue of shares pursuant to the Employees' Share Option Scheme ("ESOS").

The ESOS of the Company is governed by the By-Laws approved by the shareholders at an Extraordinary General Meeting held on 15th November, 2005. It grants options to eligible directors and employees of the Group to subscribe for up to 15% of the issued and paid-up share capital of the Company.

The salient features of the ESOS are as follows :

- i) Eligible directors and employees are those who attained the age of at least 18 years old and are employed full-time by and on the payroll of a company within the Group and have served in the employment of the Group.
- ii) Each offer shall be made in writing and is personal to the eligible grantee and shall be incapable of being assigned, transferred, encumbered or otherwise disposed of in any manner whatsoever.
- iii) The subscription price of each ordinary share comprised in any option shall be as follows :
  - a) In respect of any offer which is made in conjunction with the Company's listing on Bursa Securities, the initial public offer price; and
  - b) In respect of any offer which is made subsequent to the Company's listing on Bursa Securities, the weighted average market price of the shares for the five (5) market days immediately preceding the date of offer with a discount of not more than 10% (or such other pricing mechanism as may be permitted by the relevant authorities) at the ESOS committee's discretion, provided that the subscription price shall in no event be less than the par value of the shares.
- iv) The ESOS shall be implemented for a period of 10 years from the date of full compliance with all relevant requirements governing the ESOS.
- v) The number of new shares that may be offered to an eligible grantee shall be determined at the discretion of the ESOS committee after taking into consideration the performance, seniority and length of service of the eligible grantee.

## DIRECTORS' REPORT (cont'd)

for the period from 23rd August, 2005  
(Date of Incorporation) to 30th September, 2006

- vi) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company except that the shares so issued will not be entitled to any dividends, rights, allotments and/or any distributions which may be declared, made or paid to shareholders prior to the date of allotment of the new ordinary shares.

A total of 7,320,000 ESOS options were granted to eligible directors and employees on 14th July, 2006. The Company has been granted exemption by the Companies Commission of Malaysia for having to disclose the names of employees who have been granted ESOS options to subscribe for less than 100,000 ordinary shares of RM0.50 each.

The list of employees granted ESOS options to subscribe for 100,000 or more ordinary shares of RM0.50 each during the financial period is disclosed in note 28 to the financial statements. Details of ESOS options granted to directors are disclosed in the section on Directors' Interests in Shares in this report.

At the end of the financial period, no ESOS option has been exercised or lapsed.

### DATE OF INCORPORATION AND LISTING

The Company was incorporated on 23rd August, 2005 under the name of Wellcall Holdings Sdn. Bhd. The Company was converted to a public limited liability company and assumed the name of Wellcall Holdings Berhad on 16th November, 2005 and listed on the Second Board of Bursa Securities on 18th July, 2006.

### SIGNIFICANT EVENTS

Significant events during the financial period are disclosed in note 26 to the financial statements.

### SUBSEQUENT EVENT

Event subsequent to the balance sheet date is disclosed in note 27 to the financial statements.

### DIRECTORS

The directors who served since the date of incorporation are:

Cheng Yew Leak (named in the Articles; resigned on 17.04.06)  
Ainiyanti Binti Hud (named in the Articles; resigned on 17.04.06)  
Huang Sha, PMP (appointed on 17.04.06)  
Datuk Ng Peng Hong @ Ng Peng Hay (appointed on 17.04.06)  
Leong Hon Chong (appointed on 17.04.06)  
Chew Chee Chek (appointed on 17.04.06)  
Dato' Haji Mohtar Bin Nong (appointed on 17.04.06)  
Tan Kang Seng (appointed on 17.04.06)  
Yang Chong Yaw Alan (appointed on 17.04.06)  
Razmi Bin Alias (appointed on 17.04.06)  
Mohd Khasan Bin Ahmad (appointed on 17.04.06)  
Mat Zaid Bin Ibrahim  
(alternate director to Dato' Haji Mohtar Bin Nong; appointed on 17.04.06)



## DIRECTORS' REPORT (cont'd)

for the period from 23rd August, 2005  
(Date of Incorporation) to 30th September, 2006

### DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' shareholdings, particulars of directors' interests in the shares of the Company and its related corporations at the end of the financial period are as follows :

	Number of Ordinary Shares of RM1 Each at Beginning of Period/RM0.50 at End of Period			
	Date of Incorporation 23.08.05	Allotted	Sold	Balance at 30.09.06
Indirect interest in ordinary shares of the Company				
<b>Lifewise Alliance Sdn. Bhd.</b>				
Huang Sha, PMP	–	27,342,679	–	27,342,679
Leong Hon Chong	–	27,342,679	–	27,342,679
Chew Chee Chek	–	27,342,679	–	27,342,679
<b>Maximum Perspective Sdn. Bhd.</b>				
Datuk Ng Peng Hong @ Ng Peng Hay	–	9,765,241	–	9,765,241
Tan Kang Seng	–	9,765,241	–	9,765,241

	Options over Number of Ordinary Shares of RM0.50 Each			
	Date of Incorporation 23.08.05	Granted on 14.07.06	Exercised	Balance at 30.09.06
Direct interest in ESOS options of the Company				
Huang Sha, PMP	–	1,000,000	–	1,000,000
Datuk Ng Peng Hong @ Ng Peng Hay	–	300,000	–	300,000
Leong Hon Chong	–	600,000	–	600,000
Chew Chee Chek	–	600,000	–	600,000
Tan Kang Seng	–	300,000	–	300,000

By virtue of their interests in the shares of the Company, Huang Sha, PMP, Datuk Ng Peng Hong @ Ng Peng Hay, Leong Hon Chong, Chew Chee Chek and Tan Kang Seng are also deemed interested in shares of the subsidiary company to the extent that Wellcall Holdings Berhad has an interest.

None of the other directors holding office at 30th September, 2006 had any interest in the ordinary shares of the Company and its related corporations during the financial period.

## DIRECTORS' REPORT (cont'd)

for the period from 23rd August, 2005  
(Date of Incorporation) to 30th September, 2006

### DIRECTORS' BENEFITS

Since the date of incorporation, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial period was the Company a party to any arrangements whose object was to enable the directors to acquire benefits by means of the acquisition of shares or debentures of the Group and of the Company or any other body corporate.

### OTHER STATUTORY INFORMATION

Before the Income Statements and Balance Sheets of the Group and of the Company were made out, the directors took reasonable steps :

- i) to ascertain that proper action had been taken in relation to the writing off of bad debts and, the making of allowance for doubtful debts, and have satisfied themselves that there were no known bad or doubtful debts; and
- ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business their value as shown in the accounting records of which were written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances :

- i) which would require any amount to be written off as bad debts, or provided for as doubtful debts;
- ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading;
- iii) which have arisen which render adherence to the existing methods of valuation of assets or liabilities in the financial statements of the Group and of the Company misleading or inappropriate; and
- iv) not otherwise dealt with in this report or in the financial statements of the Group and of the Company, that would render any amount stated in the respective financial statements misleading.

## **DIRECTORS' REPORT (cont'd)**

for the period from 23rd August, 2005

(Date of Incorporation) to 30th September, 2006

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 period 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 period.

No contingent liability or other liabilities 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 period 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.

In the opinion of the directors :

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

### **AUDITORS**

The Auditors, ONG & WONG, have indicated their willingness to continue in office.

Signed in accordance with a resolution of the directors

**HUANG SHA, PMP**  
Director

**CHEW CHEE CHEK**  
Director

Kuala Lumpur  
Dated : 15th December, 2006

## STATEMENT BY DIRECTORS

Pursuant to Section 169[15] of the Companies Act, 1965

We, HUANG SHA, PMP and CHEW CHEE CHEK, two of the directors of WELLCALL HOLDINGS BERHAD, state that, in the opinion of the directors, the financial statements set out on pages 41 to 64 are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the states of affairs of the Group and of the Company as at 30th September, 2006 and of the results of their operations, changes in equity and cash flows of the Group and of the Company for the financial period ended on that date.

Signed in accordance with a resolution of the directors

**HUANG SHA, PMP**

Director

**CHEW CHEE CHEK**

Director

Kuala Lumpur

Dated : 15th December, 2006

## STATUTORY DECLARATION

Pursuant to Section 169[16] of the Companies Act, 1965

I, CHEW CHEE CHEK, the director primarily responsible for the financial management of WELLCALL HOLDINGS BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 41 to 64 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declaration Act, 1960.

Subscribed and solemnly declared by )  
the abovenamed at Kuala Lumpur in )  
Wilayah Persekutuan on )  
15th December, 2006 )  
)

**CHEW CHEE CHEK**

Before me,

## REPORT OF THE AUDITORS

to the Members of Wellcall Holdings Berhad

We have audited the financial statements set out on pages 41 to 64. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We have conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia, so as to give a true and fair view of:
  - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
  - (ii) the state of affairs of the Group and of the Company at 30th September, 2006 and of the results of the operations and of the cash flows of the Group and of the Company for the financial period ended on that date;

and

- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary company for which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiary company 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 consolidated financial statements and we have received satisfactory information and explanations as required by us for these purposes.

The auditors' report on the financial statements of the subsidiary company was not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Companies Act 1965.

**ONG & WONG**  
AF 0241  
Chartered Accountants

**ONG KONG LAI**  
494/06/08(J/PH)  
Partner of Firm

Kuala Lumpur  
Dated : 15th December, 2006

## BALANCE SHEETS

as at 30th September, 2006

	Note	Group 30.09.06 RM	Company 30.09.06 RM
<b>NON CURRENT ASSETS</b>			
Property, plant & equipment	4	26,201,123	–
Investment in subsidiary company	5	–	32,550,803
Other investment	6	10,000	–
		<hr/>	<hr/>
		26,211,123	32,550,803
<b>CURRENT ASSETS</b>			
Inventories	7	8,774,588	–
Trade receivables	8	3,583,373	–
Other receivables, deposits & prepayments	9	426,208	–
Amount due from subsidiary company	10	–	15,296,422
Deposits with licensed banks	11	19,460,591	600,000
Cash & bank balances		4,062,265	819,750
		<hr/>	<hr/>
		36,307,025	16,716,172
<b>CURRENT LIABILITIES</b>			
Trade payables	12	3,153,437	–
Other payables & accruals	13	4,435,573	742,898
Taxation		68,423	–
		<hr/>	<hr/>
		7,657,433	742,898
<b>NET CURRENT ASSETS</b>			
		<hr/>	<hr/>
		28,649,592	15,973,274
		<hr/>	<hr/>
		54,860,715	48,524,077
<b>REPRESENTED BY:</b>			
SHARE CAPITAL	14	41,100,005	41,100,005
SHARE PREMIUM	15	7,294,780	7,294,780
RETAINED PROFIT		2,764,862	129,292
RESERVE ON CONSOLIDATION		3,268,068	–
		<hr/>	<hr/>
		54,427,715	48,524,077
<b>NON-CURRENT LIABILITY</b>			
Deferred taxation	16	433,000	–
		<hr/>	<hr/>
		54,860,715	48,524,077
		<hr/>	<hr/>

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



## INCOME STATEMENTS

for the period from 23rd August, 2005  
(Date of Incorporation) to 30th September, 2006

	Note	Group 23.08.05 to 30.09.06 RM	Company 23.08.05 to 30.09.06 RM
Revenue		32,445,879	3,200,000
Cost of sales		(22,991,346)	–
Gross profit		9,454,533	3,200,000
Other operating income	17	325,133	20,140
		9,779,666	3,220,140
Administrative expenses		(1,912,037)	(90,548)
Selling & distribution costs		(1,506,365)	–
Profit from operations		6,361,264	3,129,592
Finance costs		(93,515)	–
Profit before taxation	18	6,267,749	3,129,592
Taxation	19	(502,587)	–
Profit for the period	20	5,765,162	3,129,592
Earnings per share (sen) :	21		
– Basic		19.06	
– Diluted		18.84	
Dividend per share (sen)	22	3.65	

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

## STATEMENTS OF CHANGES IN EQUITY

for the period from 23rd August, 2005  
(Date of Incorporation) to 30th September, 2006

	Note	Share Capital RM	Share Premium RM	Reserve on Consolidation RM	Retained Profit RM	Total RM
<b>Group</b>						
At 23rd August, 2005		2	–	–	–	2
Issue of shares pursuant to acquisition of subsidiary company		32,550,803	–	3,268,068	–	35,818,871
Issue of shares pursuant to public issue		8,549,200	8,549,200	–	–	17,098,400
Listing expenses		–	(1,254,420)	–	–	(1,254,420)
Profit for the period		–	–	–	5,765,162	5,765,162
Dividends	22	–	–	–	(3,000,300)	(3,000,300)
At 30th September, 2006		41,100,005	7,294,780	3,268,068	2,764,862	54,427,715

	Note	Share Capital RM	Share Premium RM	Reserve on Consolidation RM	Retained Profit RM	Total RM
<b>Company</b>						
At 23rd August, 2005		2	–	–	–	2
Issue of shares pursuant to acquisition of subsidiary company		32,550,803	–	–	–	32,550,803
Issue of shares pursuant to public issue		8,549,200	8,549,200	–	–	17,098,400
Listing expenses		–	(1,254,420)	–	–	(1,254,420)
Profit for the period		–	–	–	3,129,592	3,129,592
Dividends	22	–	–	–	(3,000,300)	(3,000,300)
At 30th September, 2006		41,100,005	7,294,780	–	129,292	48,524,077

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

## CASH FLOW STATEMENTS

for the period from 23rd August, 2005  
(Date of Incorporation) to 30th September, 2006

	Note	Group 23.08.05 to 30.09.06 RM	Company 23.08.05 to 30.09.06 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		6,267,749	3,129,592
Adjustments for :			
Depreciation of property, plant & equipment		779,116	–
Unrealised gain on foreign exchange		(8,934)	–
Interest expense		93,515	–
Interest income		(313,714)	(20,140)
Operating profit before working capital changes		6,817,732	3,109,452
Increase in inventories		(3,173,146)	–
Decrease/(increase) in receivables		4,842,489	(15,296,422)
Increase in payables		2,018,661	742,898
Cash generated from/(used in) operations		10,505,736	(11,444,072)
Tax paid		(87,864)	–
Interest paid		(93,515)	–
Interest received		313,714	20,140
Net cash generated from/(used in) operating activities		10,638,071	(11,423,932)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant & equipment		(15,383,221)	–
Acquisition of subsidiary company	A(iii)	(17,126,479)	(32,550,803)
Net cash used in investing activities		(32,509,700)	(32,550,803)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		48,394,785	48,394,785
Dividend paid		(3,000,300)	(3,000,300)
Net cash generated from financing activities		45,394,485	45,394,485
Cash and cash equivalents at end of period	B	23,522,856	1,419,750

## CASH FLOW STATEMENTS (cont'd)

for the period from 23rd August, 2005  
(Date of Incorporation) to 30th September, 2006

### NOTE

#### A. ACQUISITION OF SUBSIDIARY COMPANY

##### i) Effects on financial results

The effects of this acquisition on the financial results of the Group during the financial period are shown below :

	23.08.05 to 30.09.06 RM
Revenue	32,445,879
Cost of sales	(22,991,346)
Gross profit	9,454,533
Other operating income	304,993
Administrative expenses	9,759,526
Selling & distribution expenses	(1,821,489)
Profit from operations	6,431,672
Finance costs	(93,515)
Profit before taxation	6,338,157
Taxation	(502,587)
Increase in Group profit for the period	5,835,570

##### ii) Effects on financial position

The effects of this acquisition on the financial position of the Group at balance sheet date are as follows :

	30.09.06 RM
Property, plant & equipment	14,604,105
Inventories	3,173,146
Trade receivables	(344,591)
Other receivables, deposits & prepayments	(3,596,446)
Cash & bank balances	6,678,782
Trade payables	(844,846)
Other payables & accruals	(1,334,495)
Taxation	(53,043)
Deferred taxation	(350,620)
Increase in Group net assets	17,931,992

## CASH FLOW STATEMENTS (cont'd)

for the period from 23rd August, 2005

(Date of Incorporation) to 30th September, 2006

### NOTE (CONT'D)

#### A. ACQUISITION OF SUBSIDIARY COMPANY (cont'd)

##### iii) Effects on cash flow statement

The effects of this acquisition on the cash flow statement of the Group during the financial period are as follows :

	23.08.05 to 30.09.06 RM
Property, plant & equipment	11,597,018
Other investment	10,000
Inventories	5,601,442
Trade receivables	3,927,964
Other receivables, deposits & prepayments	864,851
Deposits for machineries	3,157,803
Cash & bank balances	15,424,324
Trade payables	(2,308,591)
Other payables & accruals	(2,358,180)
Taxation	(15,380)
Deferred taxation	(82,380)
Fair value of net asset acquired on 17th April, 2006	35,818,871
Reserve on consolidation	(3,268,068)
Purchase consideration discharged by cash	32,550,803
Less: Cash & cash equivalents in subsidiary acquired	(15,424,324)
	17,126,479

#### B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts :

	Group 30.09.06 RM	Company 30.09.06 RM
Deposits with licensed banks	19,460,591	600,000
Cash & bank balances	4,062,265	819,750
	23,522,856	1,419,750

# NOTES TO THE FINANCIAL STATEMENTS

30th September, 2006

## 1. GENERAL INFORMATION

The Company is principally engaged as an investment holding company. The principal activity of the subsidiary company is disclosed in note 5 to the financial statements.

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

The registered office is located at Unit C-6-5, 6th Floor, Block C, Megan Avenue II, No. 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur.

The principal place at which business is carried on is located at Plot No. 48, Jalan Johan 2/5, Kawasan Perindustrian Pengkalan II, Fasa II, 31500 Lahat, Ipoh, Perak Darul Ridzuan.

## 2. FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial risk management policies seek to ensure that adequate financial resources are available for development of the Group's businesses whilst managing its risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policies are not to engage in speculative transactions.

The main areas of the financial risks faced by the Group and the policies in respect of the major areas of treasury activities are set out as follows :

### a. Foreign Currency Risk

The Group is exposed to foreign currency risk as a result of its normal trading activities, where the currency denomination differs from the local currency, Ringgit Malaysia (RM).

The Group has a natural hedge to the extent that payments for foreign currency payables are matched against receivables denominated in the same foreign currency. The Group also enters into forward foreign currency exchange contracts to limit its exposure on foreign currency receivables and payables, and on cash flows generated from anticipated transactions denominated in foreign currencies.

### b. Interest Rate Risk

The interest rate exposure arises from the Group's deposits.

### c. Credit Risk

The credit risk is controlled by the application of credit approvals, limits and monitoring procedures. An internal credit review is conducted if the credit risk is material.

### d. Liquidity and Cash Flow Risks

The Group monitors and maintains sufficient liquid assets to meet its financial commitments and obligations when they fall due at a reasonable cost.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30th September, 2006

## 3. ACCOUNTING POLICIES

### a. Basis of Accounting

The financial statements of the Group and of the Company are prepared under the historical cost convention unless specifically stated otherwise and comply with applicable approved accounting standards issued by the Malaysian Accounting Standards Board in material respects, and the provisions of the Companies Act, 1965.

### b. Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary company made up to the end of the financial period. The results of the subsidiary company are accounted for under the acquisition method of accounting.

At the date of acquisition, the fair values of the net assets of the subsidiary company are determined and these values are incorporated in the consolidated balance sheet. Any difference between the cost of investments and the fair value of net assets of the subsidiary company is retained in the consolidated balance sheet as reserve on consolidation.

Inter-company transactions and balances are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

### c. Investment in Subsidiary Company

Investment in subsidiary company is stated at cost less impairment losses.

A subsidiary company is a company in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

### d. Property, Plant & Equipment and Depreciation

Property, plant & equipment are stated at cost less accumulated depreciation and impairment losses.

Other property, plant & equipment are depreciated on a straight line basis at rates calculated to write off the cost of the assets over their estimated useful lives. The principal annual rates are :

Leasehold land	51 - 60 years
Factory buildings	60 years
Electrical installation	15%
Fire fighting installation	15%
Furniture & fittings	15%
Motor vehicles	15%
Office equipment	15%
Plant & machinery	15%

Gain or loss arising from disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of an asset, and is recognised in the income statement.



## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30th September, 2006

**e. Other Investment**

Other investment is stated at cost less allowance for diminution in value. A diminution in value is recognised as an expense in the period when, in the opinion of the directors, there is a permanent decline in value of such investment.

**f. Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis.

Cost of finished goods and work-in-progress includes direct materials, direct labour, other direct costs and appropriate production overheads.

Net realisable value represents the estimated selling prices less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Where obsolete or damaged inventories can be positively identified, an allowance for obsolete and damaged inventories is made.

**g. Receivables**

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified.

**h. 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.

**i. Revenue**

Revenue relating to sales of goods is recognised net of sales taxes and discounts upon the transfer of risks and rewards.

Interest income is recognised on a time proportion basis that reflects the effective yield on the asset.

Dividend income is recognised when shareholders' right to receive payment is established.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30th September, 2006

### j. Income Tax

Income tax on the profit or loss for the period comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the period and is measured using the tax rates that have been enacted at the balance sheet date.

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 only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unabsorbed capital allowances and unabsorbed tax losses 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 the 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 negative goodwill.

### k. Foreign Currencies

Transactions arising in foreign currencies are converted into Ringgit Malaysia at the exchange rates prevailing at the transaction dates. Assets and liabilities in foreign currencies are translated into Ringgit Malaysia at the approximate rates prevailing at the balance sheet date. All exchange differences are dealt in the income statement.

The principal exchange rates for every unit of foreign currency ruling at balance sheet date used are as follow :

	30.09.06 RM
United States Dollar	3.65
Euro	4.65

### l. Employee Benefits

#### (i) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the period in which the associated services are rendered by employees of the Company. 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, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30th September, 2006

### **(ii) Defined Contribution Plans**

Obligations for contribution to defined contribution plans such as Employee Provident Fund are recognised as expenses in the income statement as incurred.

### **(iii) Equity Compensation Benefits**

The Wellcall Holdings Berhad ESOS allows the Group's directors and employees to acquire shares of the Company. No compensation cost or obligation is recognised. When the options are exercised, the proceeds received are credited to share capital and share premium.

### **m. Statement of Cash Flows**

The statement of cash flows classifies changes in cash and cash equivalents according to operating, investing and financing activities. The Company does not consider any of the assets other than cash & bank balances and short term investments, reduced by bank overdrafts to meet the definition of cash and cash equivalents. The statement of cash flow is prepared using the indirect method.

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts, 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.

### **n. Impairment of Assets**

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of an asset's net selling price and its value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash-generating unit.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

### **o. Financial Instruments**

Financial instruments carried on the balance sheet include other investment, deposits with licensed banks, cash & bank balances, receivables and payables. 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 Company 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.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30th September, 2006

## 4. PROPERTY, PLANT & EQUIPMENT

	As at 23.08.05 RM	Acquisition of Subsidiary Company RM	Addition RM	Disposal/ Retirement RM	As at 30.09.06 RM
<b>Group</b>					
<b>2006</b>					
<b>COST</b>					
Leasehold land	–	1,301,063	1,274,585	–	2,575,648
Factory buildings	–	4,863,594	4,847,407	–	9,711,001
Electrical installation	–	1,210,637	992,000	–	2,202,637
Fire fighting installation	–	300,680	341,185	–	641,865
Furniture & fittings	–	97,837	2,741	–	100,578
Motor vehicles	–	1,730,636	332,933	–	2,063,569
Office equipment	–	212,852	55,608	–	268,460
Plant & machinery	–	15,698,361	7,536,762	–	23,235,123
	–	25,415,660	15,383,221	–	40,798,881
	As at 23.08.05 RM	Acquisition of Subsidiary Company RM	Charge for the Period RM	Disposal/ Retirement RM	As at 30.09.06 RM
<b>ACCUMULATED DEPRECIATION</b>					
Leasehold land	–	180,165	23,006	–	203,171
Factory buildings	–	539,628	32,089	–	571,717
Electrical installation	–	966,417	10,710	–	977,127
Fire fighting installation	–	221,072	1,899	–	222,971
Furniture & fittings	–	74,470	3,565	–	78,035
Motor vehicles	–	814,208	136,145	–	950,353
Office equipment	–	156,653	7,989	–	164,642
Plant & machinery	–	10,866,029	563,713	–	11,429,742
	–	13,818,642	779,116	–	14,597,758
					<b>As at 30.09.06 RM</b>
<b>NET BOOK VALUE</b>					
Leasehold land					2,372,477
Factory buildings					9,139,284
Electrical installation					1,225,510
Fire fighting installation					418,894
Furniture & fittings					22,543
Motor vehicles					1,113,216
Office equipment					103,818
Plant & machinery					11,805,381
					26,201,123

No depreciation is charged for certain factory building, electrical installation and plant & machinery during the financial period.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30th September, 2006

### 4. PROPERTY, PLANT & EQUIPMENT (cont'd)

Certain leasehold land and factory building of the Group have been pledged as security to financial institution for banking facilities granted with net book value as follows :

	<b>30.09.06 RM</b>
Leasehold land	856,197
Factory building	3,309,094
	<b>4,165,291</b>

The depreciation was charged to the followings :

	<b>30.09.06 RM</b>
Factory overhead	599,348
Administrative expenses	179,768
	<b>779,116</b>

### 5. INVESTMENT IN SUBSIDIARY COMPANY

	<b>Company 30.09.06 RM</b>
Unquoted shares, at cost	32,550,803

The subsidiary company is :

	<b>Country of Incorporation</b>	<b>Principal Activity</b>	<b>Effective Equity Interest 30.09.06</b>
Wellcall Hose (M) Sdn. Bhd.	Malaysia	Manufacturing of rubber hose and related products	100%

### 6. OTHER INVESTMENT

	<b>Group 30.09.06 RM</b>
Unquoted shares in Malaysia, at cost	10,000

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30th September, 2006

### 7. INVENTORIES

	Group 30.09.06 RM
Raw materials	5,787,508
Work-in-progress	1,090,657
Inventories in transit	371,626
Finished goods	1,524,797
	<hr/> 8,774,588 <hr/>

### 8. TRADE RECEIVABLES

The Group's normal trade credit terms range from 30 to 120 days.

### 9. OTHER RECEIVABLES, DEPOSITS & PREPAYMENTS

	Group 30.09.06 RM
Other receivables	372,422
Deposits	49,236
Prepayments	4,550
	<hr/> 426,208 <hr/>

### 10. AMOUNT DUE FROM SUBSIDIARY COMPANY

This balance is unsecured, interest free and has no fixed term of repayment.

### 11. DEPOSITS WITH LICENSED BANKS

	Group 30.09.06 RM	Company 30.09.06 RM
Fixed deposits	17,492,791	–
Short term deposits	1,967,800	600,000
	<hr/> 19,460,591 <hr/>	<hr/> 600,000 <hr/>

Deposits with licensed banks comprise of fixed deposits and short term deposits. The maturity of the fixed deposits and short term deposits of the Group and of the Company as at the end of the financial period is from 1 to 352 days and 2 to 5 days, respectively.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30th September, 2006

### 12. TRADE PAYABLES

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

### 13. OTHER PAYABLES & ACCRUALS

	Group 30.09.06 RM	Company 30.09.06 RM
Other payables	3,194,712	740,168
Accruals	1,240,861	2,730
	4,435,573	742,898

### 14. SHARE CAPITAL

	Company 30.09.06
Authorised :	
Number of ordinary shares	
At date of incorporation at RM1 each	100,000
Share split into RM0.50 each	100,000
Created during the period at RM0.50 each	99,800,000
At end of period at RM0.50 each	100,000,000
	RM
Ordinary shares	
At date of incorporation at RM1 each	100,000
Created during the period at RM0.50 each	49,900,000
At end of period at RM0.50 each	50,000,000
Issued and fully paid :	
Number of ordinary shares	
At date of incorporation at RM1 each	2
Share split into RM0.50 each	2
Issued during the period at RM0.50 each	82,200,006
At end of period at RM0.50 each	82,200,010
	RM
Ordinary shares	
At date of incorporation at RM1 each	2
Issued during the period at RM0.50 each	41,100,003
At end of period at RM0.50 each	41,100,005



## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30th September, 2006

### 15. SHARE PREMIUM

	<b>Company 30.09.06 RM</b>
Arising from issue of shares pursuant to public issue	8,549,200
Listing expenses	(1,254,420)
	<hr/> 7,294,780 <hr/>

### 16. DEFERRED TAXATION

	<b>Group 30.09.06 RM</b>
At beginning of period	
- Acquisition of subsidiary company	74,000
Transferred from income statement	
- Before acquisition of subsidiary company	217,142
- After acquisition of subsidiary company (Note 19)	141,858
	<hr/> 433,000 <hr/>
At end of period	433,000
The net deferred tax liabilities is in respect of the following temporary differences:	
- Property, plant & equipment	<hr/> 433,000 <hr/>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30th September, 2006

### 17. OTHER OPERATING INCOME

	Group 23.08.05 to 30.09.06 RM	Company 23.08.05 to 30.09.06 RM
Interest income		
- Deposits	279,103	–
- Repo	14,716	245
- Other	19,895	19,895
Unrealised gain on foreign exchange	8,934	–
Others	2,485	–
	325,133	20,140

### 18. PROFIT BEFORE TAXATION

	Group 23.08.05 to 30.09.06 RM	Company 23.08.05 to 30.09.06 RM
Profit before taxation is arrived at after charging :		
Auditors' remuneration	10,112	2,320
Depreciation of property, plant & equipment	779,116	–
Directors' remuneration		
- Fees		
- Directors of the Company	115,000	60,000
- Other emoluments		
- Directors of the Company	704,343	–
- Directors of subsidiary company	397,084	–
Finance costs		
- Bank charges, commission & commitment	93,070	–
- Bank overdraft interest	445	–
Preliminary expenses	2,500	2,500
Rental of hostel	7,260	–
Rental of office equipment	1,650	–
Staff costs		
- Salaries, wages & others	2,270,098	–
- E.P.F.	90,826	–
- Socso	12,734	–

The total employees of the Group and of the Company (including directors) as at end of the financial period amounted to 372 and 9 respectively.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30th September, 2006

### 19. TAXATION

	Group 23.08.05 to 30.09.06 RM	Company 23.08.05 to 30.09.06 RM
Current period's provision	360,729	–
Deferred taxation (Note 16)	141,858	–
	502,587	–
	%	%
Applicable tax rate	28	28
Tax effect of :		
- Exempt dividend income	–	(28)
- Income exempted under pioneer status	(20)	–
Average effective tax rate	8	–

Subject to agreement with the Inland Revenue Board, the Company has the following balances :

	30.09.06 RM
Tax exempt account	199,700
Unabsorbed tax losses	60,100

The Company has tax exempt account to frank the payment of dividends out of its entire retained profits.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30th September, 2006

### 20. PROFIT FOR THE PERIOD

The complete proforma results of the Group for the financial period from 23 August, 2005 (date of incorporation) to 30th September, 2006 are set out as follows :

	Pre- acquisition 23.08.05 to 30.09.05 RM	Pre- acquisition 01.10.05 to 16.04.06 RM	Post- acquisition 17.04.06 to 30.09.06 RM	Proforma total 23.08.05 to 30.09.06 RM
Revenue	6,702,160	34,976,635	32,445,879	74,124,674
Cost of sales	(4,552,242)	(24,505,017)	(22,991,346)	(52,048,605)
Gross profit	2,149,918	10,471,618	9,454,533	22,076,069
Other operating income	41,426	237,491	325,133	604,050
Administrative expenses	(456,998)	(2,498,149)	(1,912,037)	(4,867,184)
Selling & distribution expenses	(268,006)	(1,194,454)	(1,506,365)	(2,968,825)
Profits from operations	1,466,340	7,016,506	6,361,264	14,844,110
Finance costs	(20,972)	(96,026)	(93,515)	(210,513)
Profit before taxation	1,445,368	6,920,480	6,267,749	14,633,597
Taxation	(320,256)	(652,412)	(502,587)	(1,475,255)
Profit for the period	1,125,112	6,268,068	5,765,162	13,158,342

The acquisition of Wellcall Hose (M) Sdn. Bhd. was completed on 17th April, 2006.

### 21. EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the Group's net profit for the financial period of RM5,765,162 by the weighted average number of shares in issue during the financial period of approximately 30,249,425.

The fully diluted earnings per share has been calculated based on the net profit for the financial period of RM5,765,162 and on the adjusted weighted average number of shares in issue and issuable during the financial period of approximately 30,592,892.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30th September, 2006

### 22. DIVIDENDS

	23.08.05 to 30.09.06	
	Net dividend per share Sen	Amount RM
Interim tax exempt dividend paid	3.65	3,000,300

The Company declared and paid an interim tax exempt dividend of 3.65 sen per share amounting to RM3,000,300 in respect of the current financial period ended 30th September, 2006 on 16th August, 2006 and 29th September, 2006 respectively.

### 23. FINANCIAL INSTRUMENTS

#### a. Financial Risks

##### (i) Interest Rate Risk

The interest rate risk that financial instruments' values will fluctuate as a result of changes in market interest rates, and the interest rates on classes of financial assets as at financial period end, are as follows :

	30.09.06 Carrying amount RM	Interest rate %
<b>Group</b>		
Financial Assets		
- Deposits with licensed banks	17,492,791	2.70 - 4.00
<b>Company</b>		
Financial Assets		
- Deposits with licensed banks	600,000	2.30

##### (ii) Credit Risk

The maximum credit risk associated with recognised financial assets is the carrying amount shown in the balance sheet.

The Group has no significant concentration of credit risk that may arise from exposures to single debtor or to group of debtors.

As at 30th September, 2006, the Group had no significant credit risk associated with its exposure to potential counterparty failure to settle outstanding foreign currency transactions.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30th September, 2006

### 23. FINANCIAL INSTRUMENTS (cont'd)

#### *b. Fair Values*

The fair values of financial assets and financial liabilities which are not carried at fair value on the balance sheets of the Group and of the Company are presented as follows :

	30.09.06	
	Carrying amount RM	Fair value RM
<b>Group</b>		
Financial Assets		
- Other investment		
- Unquoted shares	10,000	(1)
<b>Company</b>		
Financial Assets		
- Amount due from subsidiary company	15,296,422	(2)

(1) It is not practical to estimate the fair value of the non-current unquoted shares because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

(2) It is not practical to estimate the fair value of amount due from subsidiary company due principally to the lack of fixed repayment term entered into by the parties involved and without incurring excessive costs. However, the Company does not anticipate the carrying amount recorded at the balance sheet date to be significantly different from the value that would eventually be received.

The following methods and assumptions were used to estimate the fair value at each class of financial instruments for which it is practicable to estimate the value :

*(i) Cash and Cash Equivalents, Trade and Other Receivables/Payables*

The carrying amounts approximate fair values due to the short maturity periods of these instruments.

*(ii) Other Financial Assets and Liabilities*

The fair value of other financial assets and liabilities of the Group and of the Company is deemed to be equal to their carrying value unless stated otherwise in the relevant notes to the financial statements.

### 24. SIGNIFICANT INTER-COMPANY TRANSACTION

	Company 23.08.05 to 30.09.06 RM
Dividend received from subsidiary company	3,200,000

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30th September, 2006

## 25. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is 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 mainly comprise interest-earning assets & revenue and corporate assets & expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

### Business Segments

The Group's business segments mainly comprise the manufacture and sale of rubber hose and related products.

Business segmental information has therefore not been prepared as all the Group's revenue, operating profit, assets employed, liabilities, depreciation and amortisation, and non cash expenses are mainly confined to one business segment.

### Geographical Segments

The manufacturing and investment holding segments are operated solely in Malaysia. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers while segment assets are based on the geographical location of assets.

	< ----- Revenue from external customers ----- >					
	Pre- acquisition 23.08.05 to 30.09.05 RM'000	Pre- acquisition 01.10.05 to 16.04.06 RM'000	Pre- acquisition 17.04.06 to 30.09.06 RM'000	Proforma total 23.08.05 to 30.09.06 RM'000	Carrying amount of segment assets RM'000	Capital expenditure RM'000
<b>2006</b>						
Geographical location:						
Malaysia	415	2,801	1,691	4,907	62,508	18,666
Middle East	960	6,839	5,670	13,469	–	–
Europe	2,261	8,578	9,099	19,938	–	–
USA/Canada	1,104	6,756	6,819	14,679	–	–
Australia/New Zealand	750	3,324	3,403	7,477	–	–
Asia	798	4,504	3,971	9,273	–	–
South America	414	2,175	1,793	4,382	–	–
<b>Total</b>	<b>6,702</b>	<b>34,977</b>	<b>32,446</b>	<b>74,125</b>	<b>62,508</b>	<b>18,666</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30th September, 2006

### 26. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

During the financial period, the Company submitted an application to Bursa Securities for the listing and quotation of the entire enlarged issued and paid up capital of the Company on the Second Board of Bursa Securities.

In connection with the listing and quotation of the shares of the Company on the Second Board of Bursa Securities, the Company implemented the following flotation scheme, which had been approved by the Securities Commission on 23rd March, 2006 :

#### i) Share Split

The share split which involved a change in the par value of ordinary shares from RM1.00 each to RM0.50 each, by way of sub-division of the par value for each existing ordinary share of RM1.00 each in the Company.

#### ii) Acquisition of Wellcall Hose (M) Sdn. Bhd. ("WHSB")

The Company had on 1st December, 2005 entered into a Conditional Sale and Purchase Agreement for the acquisition of 6,500,000 ordinary shares of RM1.00 each of WHSB through the issuance of 65,101,606 new ordinary shares of RM0.50 each at an issue price of RM0.50 per share.

On 17th April, 2006, the Company completed the acquisition of 100% equity interest in WHSB for a total consideration of RM32,550,803.

#### iii) Transfer of Subscribers' Shares

The subscribers of the Company transferred 4 shares of RM0.50 each held by them to Lifewise Alliance Sdn. Bhd. for a total cash consideration of RM2.00.

#### iv) Public Issue

The Company undertook a public issue of 17,098,400 new ordinary shares of RM0.50 each at an issue price of RM1.00 per share.

#### v) Offer for Sale

Tan Kang Yong to offer 3,452,400 existing ordinary shares of RM0.50 each to identified public investors by way of private placement.

#### vi) Listing and Quotation

On 18th July, 2006, the entire issued and paid-up shares of the Company comprising of 82,200,010 ordinary shares of RM0.50 each were admitted to the Official list and quoted on the Second Board of Bursa Securities.

#### vii) ESOS

The scheme was established on 15th November, 2005 and on 14th July, 2006, 7,320,000 of the ESOS options were granted to the eligible directors and employees.



## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30th September, 2006

### 27. EVENT SUBSEQUENT TO THE FINANCIAL PERIOD

Subsequent to the balance sheet date, 1,617,000 of ESOS options were exercised at an exercise price of RM1.00 per share.

### 28. LIST OF EMPLOYEES GRANTED ESOS OPTIONS

Name	Options over number of ordinary shares of RM0.50 each			
	Exercise Price RM	Granted on 14.07.06	Exercised	Balance at 30.09.06
Ting Chao Yung	1.00	400,000	–	400,000
Lin Kun Pao	1.00	350,000	–	350,000
Hsu An Jen	1.00	350,000	–	350,000
Lin Kun Cheng	1.00	300,000	–	300,000
Soo Seong Mook	1.00	200,000	–	200,000
Liew Kean Peng	1.00	200,000	–	200,000
Tan Thien Soo	1.00	150,000	–	150,000
Yap Hong Ming	1.00	150,000	–	150,000
Chow Phooi Wei	1.00	100,000	–	100,000
Foo Lai Bee	1.00	100,000	–	100,000
Huang Yu Fen	1.00	100,000	–	100,000
Lee Woon Bin	1.00	100,000	–	100,000
Mazlan Bin Muhamad Yusof	1.00	100,000	–	100,000
Muhammed Zuhair Syafiq Lai	1.00	100,000	–	100,000

### 29. COMPARATIVES

No comparative figures are available as this is the first period of presentation.

### 30. AUTHORISATION FOR ISSUE

The financial statements of the Company for the financial period ended 30th September, 2006 were authorised for issue in accordance with a resolution of the Board of Directors on 15th December, 2006.

## ANALYSIS OF SHAREHOLDINGS

as at 19th December, 2006

Authorised share capital	: RM100,000,000
Issued and paid-up share capital	: RM83,817,010
Class of shares	: Ordinary shares of RM0.50 each
Voting rights	: One vote per share

### DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	2	0.23	100	0.00
100 - 1,000	280	31.53	191,100	0.23
1,000 - 10,000	426	47.97	2,111,800	2.52
10,001 - 100,000	137	15.43	4,001,300	4.77
100,001 to less than 5% of issued shares	38	4.28	25,350,572	30.25
5% and above of issued shares	5	0.56	52,162,138	62.23
	888	100.00	83,817,010	100.00

### SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct		Indirect		Total	
	No. of Shares Held	% of Issued Share Capital	No. of Shares Held	% of Issued Share Capital	No. of Shares Held	% of Issued Share Capital
Lifewise Alliance Sdn Bhd ("LASB")	27,342,679	32.62	–	–	27,342,679	32.62
Maximum Perspective Sdn Bhd ("MPSB")	9,765,241	11.65	–	–	9,765,241	11.65
- 9,765,241 Shares Held through HLG Nominee (Tempatan) Sdn Bhd						
PTB Ventures Sdn. Bhd. ("PTB Ventures")	9,392,781	11.21	–	–	9,392,781	11.21
Yayasan Islam Terengganu	7,829,321	9.34	–	–	7,829,321	9.34
Huang Sha	500,000	0.6	27,342,679	32.62 (a)	27,842,679	33.22
Leong Hon Chong	100,000	0.12	27,342,679	32.62 (a)	27,442,679	32.74
Chew Chee Chek	–	–	27,342,679	32.62 (a)	27,342,679	32.62
Datuk Ng Peng Hong @ Ng Peng Hay	120,000	0.14	9,765,241	11.65 (b)	9,885,241	11.79
Tan Kang Seng	–	–	9,765,241	11.65 (b)	9,765,241	11.65
PTB Bakti Holdings Sdn Bhd ("PTB Bakti")	–	–	9,392,781	11.21 (c)	9,392,781	11.21
Permodalan Terengganu Berhad ("Permodalan Terengganu")	–	–	9,392,781	11.21 (d)	9,392,781	11.21
Lembaga Tabung Amanah Warisan Negeri Terengganu	–	–	9,392,781	11.21 (e)	9,392,781	11.21

- (a) Deemed interest by virtue of Section 6A of the Companies Act, 1965, through his shareholding in LASB  
 (b) Deemed interest by virtue of Section 6A of the Companies Act, 1965, through his shareholding in MPSB  
 (c) Deemed interest by virtue of Section 6A of the Companies Act, 1965, through its shareholding in PTB Ventures  
 (d) Deemed interest by virtue of Section 6A of the Companies Act, 1965, through its shareholding in PTB Bakti  
 (e) Deemed interest by virtue of Section 6A of the Companies Act, 1965, through its shareholding in Permodalan Terengganu

## ANALYSIS OF SHAREHOLDINGS (cont'd)

as at 19th December, 2006

### DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct		Indirect		Total	
	No. of Shares Held	% of Issued Share Capital	No. of Shares Held	% of Issued Share Capital	No. of Shares Held	% of Issued Share Capital
Datuk Ng Peng Hong @ Ng Peng Hay *	120,000	0.14	9,765,241 (a)	11.65	9,885,241	11.79
Huang Sha *	500,000	0.60	27,342,679 (b)	32.62	27,842,679	33.22
Leong Hon Chong *	100,000	0.12	27,342,679 (b)	32.62	27,442,679	32.74
Chew Chee Chek *	–	–	27,342,679 (b)	32.62	27,342,679	32.62
Tan Kang Seng *	–	–	9,765,241 (a)	11.65	9,765,241	11.65
YB Dato' Haji Mohtar bin Nong	–	–	–	–	–	–
Mat Zaid Bin Ibrahim (Alternate Director to YB Dato' Haji Mohtar bin Nong)	–	–	–	–	–	–
Razmi Bin Alias	–	–	–	–	–	–
Mohd Khasan Bin Ahmad	–	–	–	–	–	–
Yang Chong Yaw, Alan	–	–	–	–	–	–

(a) Deemed interest by virtue of Section 6A of the Companies Act, 1965, through his shareholding in MPSB

(b) Deemed interest by virtue of Section 6A of the Companies Act, 1965, through his shareholding in LASB

\* By virtue of their interest in shares of the Company, the Directors are also deemed to have an interest in all the shares held by the Company in the subsidiary company to the extent that the Company has an interest

## ANALYSIS OF SHAREHOLDINGS (cont'd)

as at 19th December, 2006

### THIRTY (30) LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shares Held	% of Issued Share Capital
1. Lifewise Alliance Sdn Bhd	20,832,517	24.85
2. HLG Nominee (Tempatan) Sdn Bhd <i>A/C for Maximum Perspective Sdn Bhd (CCTS)</i>	9,765,241	11.65
3. PTB Ventures Sdn. Bhd.	9,392,781	11.21
4. Yayasan Islam Terengganu	7,829,321	9.34
5. Lifewise Alliance Sdn. Bhd.	4,342,278	5.18
6. Cimsec Nominees (Asing) Sdn Bhd <i>ING Asia Private Bank Ltd for Cleveland Management Limited</i>	2,700,000	3.22
7. Lifewise Alliance Sdn. Bhd.	2,167,884	2.59
8. Citigroup Nominees (Asing) Sdn Bhd <i>Exempt AN for American International Assurance Company Limited</i>	2,139,800	2.55
9. HLG Nominee (Tempatan) Sdn Bhd <i>A/C for Cho Kim Wing (CCTS)</i>	2,000,000	2.39
10. HSBC Nominees (Asing) Sdn Bhd <i>Exempt AN for The HongKong And Shanghai Banking Corporation Limited (HBFS-B CLT 500)</i>	1,800,000	2.15
11. Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Public Islamic Opportunities Fund</i>	1,799,800	2.15
12. RHB Capital Nominees (Tempatan) Sdn Bhd <i>A/C for Ting Siew Pin (CEB)</i>	1,480,400	1.77
13. Amanah Raya Nominees (Tempatn) Sdn Bhd <i>PB Balanced Fund</i>	1,358,000	1.62
14. Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Public Smallcap Fund</i>	1,094,000	1.31
15. Cimsec Nominees (Asing) Sdn Bhd <i>ING Asia Private Bank Ltd for Oceanna Victory Ltd</i>	1,000,000	1.19
16. Cartaban Nominees (Asing) Sdn Bhd <i>SSBT Fund VLA1 for International Small Cap Equity Fund (VALIC CD II)</i>	661,400	0.79
17. Woo Chiew Loong	550,000	0.66
18. Huang Sha	500,000	0.60
19. RHB Capital Nominees (Tempatan) Sdn Bhd <i>A/C for Susy Ding (CEB)</i>	498,000	0.59
20. Choy Swee Heong	460,000	0.55
21. Cartaban Nominees (Asing) Sdn Bhd <i>State Street London Fund U8T8 for AIG South East Asia Small Companies Fund</i>	420,900	0.50
22. HLG Nominee (Tempatan) Sdn Bhd <i>A/C for Teo Lia Eng (CCTS)</i>	414,500	0.49
23. Cimsec Nominees (Asing) Sdn Bhd <i>ING Asia Private Bank Ltd for Fortune Great Capital Ltd</i>	400,000	0.48
24. Cartaban Nominees (Asing) Sdn Bhd <i>SSBT Fund MF60 for San Bernardino County Employees Retirement Association</i>	341,000	0.41
25. Cimsec Nominees (Tempatan) Sdn Bhd <i>CIMB Bank Berhad (ETP)</i>	300,000	0.36
26. Kuala Lumpur City Nominees (Tempatan) Sdn Bhd <i>A/C for Wong Yee Hui</i>	299,600	0.36
27. Cheng Shu Nu	284,400	0.34
28. Yoong Yew Foon	239,900	0.29
29. Lee Chean Seong	215,000	0.26
30. Mayban Nominees (Tempatan) Sdn Bhd <i>Mayban Trustees Berhad for Avenue Versatileextra Fund (220197)</i>	200,000	0.24

## SUMMARY OF LANDED PROPERTIES AND BUILDINGS

Registered Owner	Title No./Location	Age of Building (years)	Existing Usage	Land Area (sq. ft)	Built-up Area (sq. ft)	Tenure/ Date of Expiry of Lease	Net Book Value as at 30 September 2006 (RM)	Date of acquisition <sup>^</sup>
Wellcall Hose (M) Sdn Bhd	PT8290, Jalan Johan 2/5 Kawasan Perindustrian Pengkalan II, Fasa II 31500 Lahat Ipoh, Perak Held under: HSD 48717 for P.T. 8290 in the Mukim of Sungai Terap, District Kinta, State of Perak	10	Industrial land erected with a block of factory/office building including a canteen and workers' hostel, which is currently used by WHSB for the purpose of carrying out manufacturing activities	217,600	150,000	60 years/ expiring on 6 May 2056	4,165,292	24 August 1995
Wellcall Hose (M) Sdn Bhd	PT8300, Jalan Johan 2/5 Kawasan Perindustrian Pengkalan II, Fasa II 31500 Lahat Ipoh, Perak Held under: HS(D) 48727 PT No. 8300 in the Mukim Sungai Terap, District of Kinta, State of Perak	Less than 1 *	Industrial land erected with a block of factory, a canteen and workers' hostel, for the purpose of carrying out manufacturing activities	286,973	170,000	60 years/ expiring on 6 May 2056	7,346,469	6 September 2006

\* completed in September 2006

<sup>^</sup> in respect of industrial land

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the First Annual General Meeting ("AGM") of Wellcall Holdings Berhad (707346 W) ("the Company") will be held at Langkawi Room, Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000, Kuala Lumpur on Friday, 9 February 2007 at 10.00 a.m. for the following purposes :

### AS ORDINARY BUSINESS

1. To consider and receive the Audited Financial Statements together with the Reports of the Directors and Auditors thereon for the financial period ended 30 September 2006. **(Resolution 1)**
2. To approve Directors' Fees of RM60,000.00 for the financial period ended 30 September 2006. **(Resolution 2)**
3. To re-elect the following Directors who retire pursuant to Article 94 of the Company's Articles of Association:
  - (a) Datuk Ng Peng Hong @ Ng Peng Hay **(Resolution 3)**
  - (b) Huang Sha, PMP **(Resolution 4)**
  - (c) Leong Hon Chong **(Resolution 5)**
  - (d) Chew Chee Chek **(Resolution 6)**
  - (e) Tan Kang Seng **(Resolution 7)**
  - (f) Dato' Haji Mohtar Bin Nong **(Resolution 8)**
  - (g) Razmi Bin Alias **(Resolution 9)**
  - (h) Mohd Khasan Bin Ahmad **(Resolution 10)**
  - (i) Yang Chong Yaw, Alan **(Resolution 11)**
4. To re-appoint Messrs Ong & Wong as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. **(Resolution 12)**

### AS SPECIAL BUSINESS

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

5. **AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** **(Resolution 13)**

"THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant government/regulatory authorities, the Directors be and they are hereby authorised, pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10 per centum of the issued share capital of the Company for the time being."

## NOTICE OF ANNUAL GENERAL MEETING (cont'd)

**6. PROPOSED OFFER AND GRANT OF OPTIONS TO RAZMI BIN ALIAS**

**(Resolution 14)**

" THAT the Board of Directors is hereby authorised at any time, and from time to time, to offer and grant to Razmi bin Alias, being an Independent Non-Executive Director of the Company, in accordance with and subject to the provisions of the By-Laws governing the Company's Employees' Share Option Scheme ("ESOS"), option or options to subscribe for up to a maximum of 80,000 ordinary shares of RM0.50 each in the Company under the ESOS."

**7. PROPOSED OFFER AND GRANT OF OPTIONS TO MOHD KHASAN BIN AHMAD**

**(Resolution 15)**

"THAT the Board of Directors is hereby authorised at any time, and from time to time, to offer and grant to Mohd Khasan bin Ahmad, being an Independent Non-Executive Director of the Company, in accordance with and subject to the provisions of the By-Laws governing the Company's ESOS, option or options to subscribe for up to a maximum of 40,000 ordinary shares of RM0.50 each in the Company under the ESOS."

**8. PROPOSED OFFER AND GRANT OF OPTIONS TO YANG CHONG YAW, ALAN**

**(Resolution 16)**

"THAT the Board of Directors is hereby authorised at any time, and from time to time, to offer and grant to Yang Chong Yaw Alan, being an Independent Non-Executive Director of the Company, in accordance with and subject to the provisions of the By-Laws governing the Company's ESOS, option or options to subscribe for up to a maximum of 80,000 ordinary shares of RM0.50 each in the Company under the ESOS."

### **OTHER ORDINARY BUSINESS**

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

By Order of the Board

**CHIN WOON LI** (F) (MAICSA 7008636)

**WONG SHAN MAY** (F) (LS0008582)

Company Secretaries

Dated : 18th January, 2007

Kuala Lumpur

## NOTICE OF ANNUAL GENERAL MEETING (cont'd)

### NOTES :

#### (A) PROXY

- (a) A Member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a Member of the Company. The provisions of Section 149(1)(a) and 149(1)(b) of the Companies Act, 1965 ("the Act") shall not apply to the Company.
- (b) The instrument appointing a proxy must be deposited at the registered office of the Company at Unit C-6-5, 6th Floor, Block C, Megan Avenue II, No. 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for the meeting or at any adjournment thereof.
- (c) A Member shall not be entitled to appoint more than one (1) proxy to attend and vote at the same meeting. The provision of Section 149(1)(c) of the Act shall not apply to the Company.
- (d) In the case of a corporate member, the instrument appointing a proxy must be executed under its common seal or under the hand of its attorney.
- (e) Where a Member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one proxy in respect of each Securities Account it holds with shares of the Company standing to the credit of the said Securities Account.

#### (B) EXPLANATORY NOTE TO SPECIAL BUSINESS:

1. **Ordinary Resolution No. 13** - Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.

The effect of the resolution under item 5 of the agenda, if passed will empower the Directors to allot and issue new shares up to 10% of the issued capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority will commence from the date of this Annual General Meeting and unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

2. **Ordinary Resolution No. 14, No. 15 and No. 16** – Proposed Offer and Grant of Options to Razmi Bin Alias, Proposed Offer and Grant of Options to Mohd Khasan Bin Ahmad and Proposed Offer and Grant of Options to Yang Chong Yaw, Alan

The explanatory notes on the resolutions under items 6, 7, and 8 of the agenda are set out in the Circular to Shareholders dated 18 January 2007.



## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

The Directors who are standing for re-election at the First Annual General Meeting are as follows:

(a)	Datuk Ng Peng Hong @ Ng Peng Hay	<b>(Resolution 3)</b>
(b)	Huang Sha, PMP	<b>(Resolution 4)</b>
(c)	Leong Hon Chong	<b>(Resolution 5)</b>
(d)	Chew Chee Chek	<b>(Resolution 6)</b>
(e)	Tan Kang Seng	<b>(Resolution 7)</b>
(f)	Dato' Haji Mohtar Bin Nong Encik	<b>(Resolution 8)</b>
(g)	Razmi Bin Alias	<b>(Resolution 9)</b>
(h)	Mohd Khasan Bin Ahmad	<b>(Resolution 10)</b>
(i)	Yang Chong Yaw, Alan	<b>(Resolution 11)</b>

Further details of the Directors who are standing for re-election and their attendance at each Board Meeting held during the financial period are set out in page 7 to page 16 and page 18 respectively of the Annual Report.

The First Annual General Meeting of the Company will be held at at Langkawi Room, Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000, Kuala Lumpur on Friday, 9 February 2007 at 10.00 a.m.

## PROXY FORM

\*I/We ..... NRIC/Company No. ....  
(full name in capital letters)

of .....  
(full address)

being a shareholder of **Wellcall Holdings Berhad** ("Company"), hereby appoint.....  
(full name in capital letters)

NRIC No. .... of .....  
(full address)

failing \*him/her.....NRIC No. ....  
(full name in capital letters)

of .....  
(full address)

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the First Annual General Meeting of the Company and act for me/us on my/our behalf, at the First Annual General Meeting of the Company to be held at Langkawi Room, Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000, Kuala Lumpur on Friday, 9 February 2007 at 10.00 a.m. and at any adjournment thereof.

Please indicate with an "x" in the appropriate space how you wish your votes to be cast. Unless otherwise instructed, the proxy will vote as he thinks fit.

No.	Resolutions	For	Against
1.	<b>ORDINARY BUSINESS</b> To consider and receive the Audited Financial Statements together with the Reports of the Directors and Auditors thereon for the financial period ended 30 September 2006.		
2.	To approve Directors' Fees of RM60,000.00 for the financial period ended 30 September 2006.		
3.	To re-elect as Director, Datuk Ng Peng Hong @ Ng Peng Hay who retires pursuant to Article 94 of the Company's Articles of Association.		
4.	To re-elect as Director, Huang Sha, PMP who retires pursuant to Article 94 of the Company's Articles of Association.		
5.	To re-elect as Director, Leong Hon Chong who retires pursuant to Article 94 of the Company's Articles of Association.		
6.	To re-elect as Director, Chew Chee Chek who retires pursuant to Article 94 of the Company's Articles of Association.		
7.	To re-elect as Director Tan Kang Seng who retires pursuant to Article 94 of the Company's Articles of Association.		
8.	To re-elect as Director, Dato' Haji Mohtar Bin Nong who retires pursuant to Article 94 of the Company's Articles of Association.		
9.	To re-elect as Director, Razmi Bin Alias who retires pursuant to Article 94 of the Company's Articles of Association.		
10.	To re-elect as Director, Mohd Khasan Bin Ahmad who retires pursuant to Article 94 of the Company's Articles of Association.		
11.	To re-elect as Director, Yang Chong Yaw, Alan who retires pursuant to Article 94 of the Company's Articles of Association.		
12.	To re-appoint Messrs Ong & Wong as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.		
13.	<b>SPECIAL BUSINESS</b> Authority to allot shares pursuant to Section 132D of the Companies Act, 1965.		
14.	Proposed Offer and Grant of Options to Encik Razmi Bin Alias.		
15.	Proposed Offer and Grant of Options to Encik Mohd Khasan Bin Ahmad.		
16.	Proposed Offer and Grant of Options to Mr Yang Chong Yaw Alan.		

Dated this \_\_\_\_\_ day of \_\_\_\_\_

Signature of Member (s)/Common Seal

- (a) A Member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a Member of the Company. The provisions of Section 149(1)(a) and 149(1)(b) of the Companies Act, 1965 (the Act) shall not apply to the Company.
- (b) The instrument appointing a proxy must be deposited at the registered office of the Company at Unit C-6-5, 6th Floor, Block C, Megan Avenue II, No. 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for the meeting or at any adjournment thereof.
- (c) A Member shall not be entitled to appoint more than one (1) proxy to attend and vote at the same meeting. The provision of Section 149(1)(c) of the Act shall not apply to the Company.
- (d) In the case of a corporate member, the instrument appointing a proxy must be executed under its common seal or under the hand of its attorney.
- (e) Where a Member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one proxy in respect of each Securities Account it holds with shares of the Company standing to the credit of the said Securities Account.



PLEASE FOLD HERE

PLEASE  
AFFIX  
STAMP

THE COMPANY SECRETARY  
WELLCALL HOLDINGS BERHAD (707346-W)  
Unit C-6-5, 6th Floor, Block C  
Megan Avenue II  
No. 12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur

PLEASE FOLD HERE