



WELLCALL HOLDINGS BERHAD
(Company No: 707346-W)



WELLCALL HOLDINGS BERHAD (707346-W)

ANNUAL REPORT 2007



*THE WORLD IS
OUR MARKET*



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
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ANNUAL REPORT 2007

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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)

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

AUDITORS

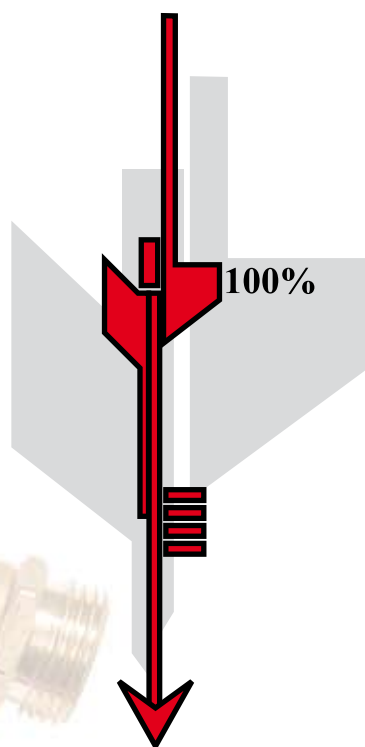
ONG & WONG
Chartered Accountants
Unit C-20-5, 20th Floor, Block C
Megan Avenue II
No. 12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel : 03-2161 1000
Fax : 03-2166 9131





WELLCALL HOLDINGS BERHAD

(Company No. 707346-W)

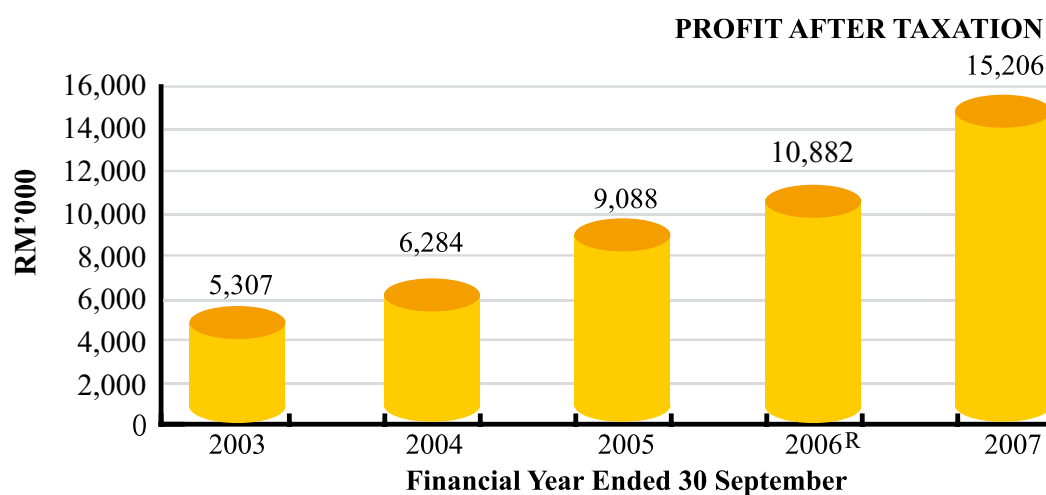
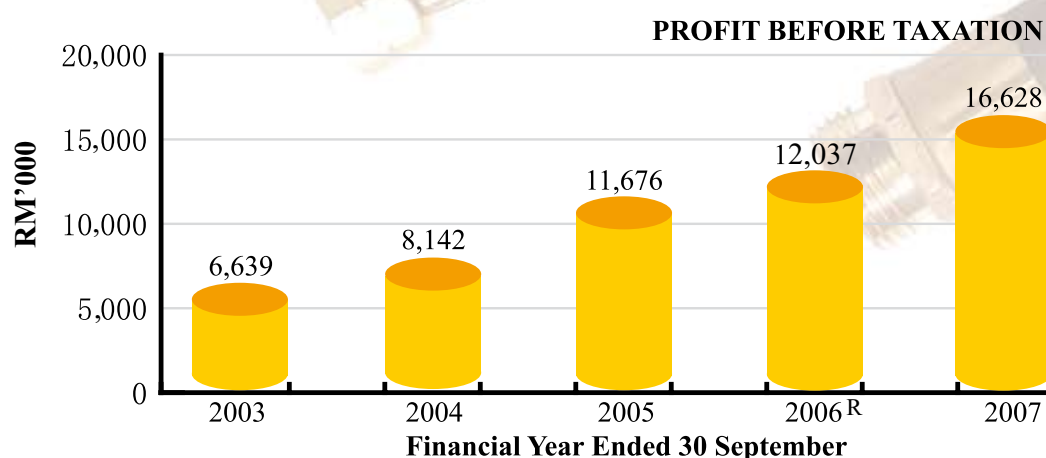
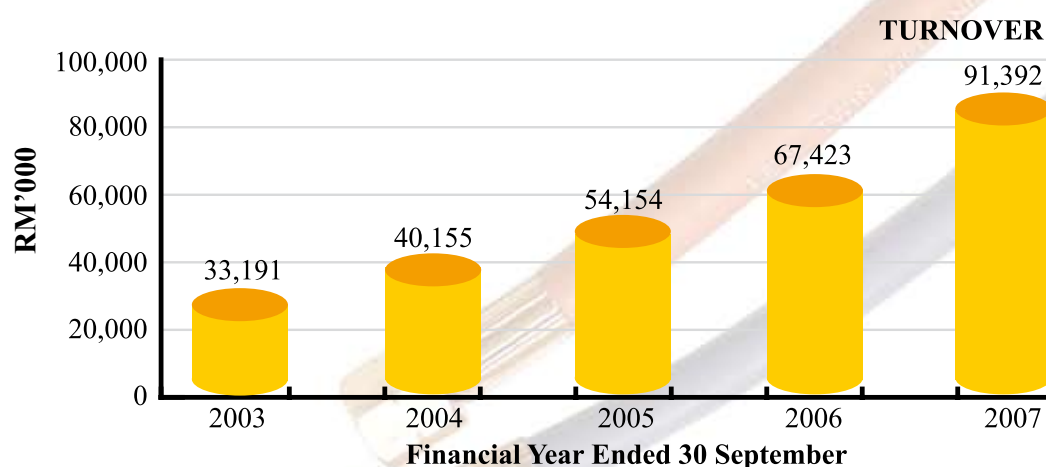


WELLCALL HOSE (M) SDN BHD

(Company No. 707346-W)

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

Five Year Group Financial Review



R - restated

Five Year Group Financial Review (Cont'd)

| | 2003 RM'000 | Financial year ended 30 September | | | 2007 RM'000 |
|--|----------------|-----------------------------------|----------------|--|----------------|
| | | 2004 RM'000 | 2005 RM'000 | 2006 ^{N3} RM'000 (Restated) | |
| Revenue | 33,191 | 40,155 | 54,154 | 67,423 | 91,392 |
| Earnings before interest, depreciation and taxation | 8,272 | 9,255 | 12,953 | 12,172 | 19,068 |
| Interest expenses | 0 | (135) | (169) | (200) | (246) |
| Interest income | 79 | 128 | 326 | 522 | 604 |
| Depreciation | (1,712) | (1,106) | (1,431) | (1,608) | (2,796) |
| Profit before tax | 6,639 | 8,142 | 11,679 | 12,037 | 16,630 |
| Taxation | (1,332) | (1,858) | (2,588) | (1,155) | (1,424) |
| Profit attributable to equity holders | 5,307 | 6,284 | 9,091 | 10,882 | 15,206 |
| Net Assets | 19,126 | 23,460 | 32,551 | 54,428 | 66,169 |
| Net EPS | 8.15 | 9.65 | 13.96 | 17.52 | 18.10 |
| Net dividend rate (tax exempt) (%) | 3.99 | 5.99 | 0.00 | 17.48 | 19.00 |
| Number of shares in issue ('000) | 65,102 | 65,102 | 65,102 | 68,664 | 83,999 |
| Par Value of Ordinary Share (RM) | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 |
| Net assets per share (RM) | 29.38 | 36.04 | 50.00 | 79.27 | 78.77 |

Note:

1. The figures for financial years ended 30 September 2003, 2004, 2005 and 2006 are prepared based on a proforma consolidated basis on the assumption that the current structure of the Group has been in existence since financial year ended 30 September 2003.
2. Issuance of 17,098,400 ordinary shares pursuant to the public issue was completed on 18 July 2006.
3. During the financial year 2007, the Group change its accounting policy in compliance with Financial Reporting Standards 2 (Share-based Payment). The comparative amount in the financial year ended 30 September 2006 have been reinstated.

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 year ended 30 September 2007 on behalf of the Board of Directors.

PERFORMANCE REVIEW

For the financial year ended 30 September 2007, our Group achieved another year of strong earnings growth. The Group recorded a revenue of RM91.39 million, representing an increase of RM23.97 million or approximately 35.6% compared to RM67.42 million* achieved in the previous financial period ended 30 September 2006 ("FPE 2006"). The increase in revenue was attributable to the increase in sales in all product range, which is mainly driven by the increase in export sales to Australia/New Zealand and countries in Europe, South America, Asia and the Middle East. The aforesaid export markets have recorded double digit growth in turnover ranging from 28% to 72% compared to FPE 2006.

The Group reported a profit after taxation of RM15.21 million for the current quarter ended 30 September 2007 compared to RM10.9 million* recorded in the previous FPE 2006, representing an increase of RM4.31 million or 39.5%. The increase in PAT was higher in proportion to the increase in turnover and was mainly attributable to a lower staff cost (share-based compensation arising from employees' share option scheme) amounted to RM0.279 million compared to RM1.151 million incurred in FPE 2006.

* Assuming that the acquisition of its 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 on a proforma basis and after the reinstatement of profit for comparative purpose arising from the change in accounting policy by the Group to comply with Financial Reporting Standards 2 (share-based compensation) amounted to RM1.151 million

OPERATIONS REVIEW

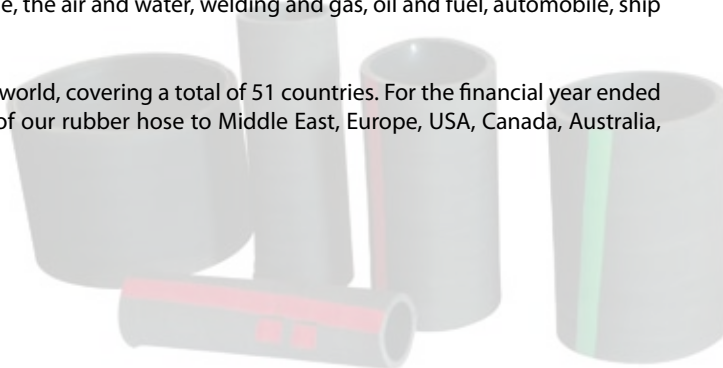
The principal activity of Wellcall is investment holding, while the principal activity of our wholly-owned subsidiary is manufacturing industrial rubber hose for customers who are mainly in the business of distributing rubber hose to OEM manufacturers and manufacturers.

With the completion of the new factory situated adjacent to the existing factory of our Group in September 2006, we are putting continuous endeavour to improve the utilization of production capacity via a more aggressive marketing strategies. During the year, we have participated in three (3) international exhibitions, which include Canton Fair 2007 held at Guangzhou, Province of China, Tubetech 2007 held at Sao Paulo, Brazil and International Plastic and Rubber Fair held at Dusseldorf, Germany with the view to secure more sales orders and further diversify our customer base. We have also increased our customer base to 134 customers from 97 customers in May 2006, representing an increase of 38%, which has contributed positively towards the growth in revenue for this financial year.

We have also expanded our extrusion capacity in the second half of the year by addition of seven (7) new lines to 16 lines, representing an increase of approximately 80% in extrusion production capacity.

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 year ended 30 September 2007, we exported approximately 94% of our rubber hose to Middle East, Europe, USA, Canada, Australia, New Zealand, Asia, South Africa and South America.



CORPORATE DEVELOPMENT

On 22 November 2007, the Company proposed to undertake the following corporate proposals:

- (i) Proposed bonus issue of up to 44,511,005 new ordinary shares of RM0.50 each in Wellcall ("Wellcall Shares" or "Shares") ("Bonus Shares") on the basis of 1 Bonus Share for every 2 existing Shares held in the Company ("Proposed Bonus Issue");
- (ii) Proposed increase in the authorised share capital of Wellcall from RM50,000,000 comprising 100,000,000 Shares to RM100,000,000 comprising 200,000,000 Shares ("Proposed Increase in Authorised Share Capital"); and
- (iii) Proposed transfer of the listing of and quotation for the entire issued and paid-up share capital of Wellcall from the Second Board to the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities") upon completion of the Proposed Bonus Issue and Proposed Increase in Authorised Share Capital ("Proposed Transfer Listing").

(collectively referred to as the "Proposals").

The Proposed Transfer Listing is expected to enhance the Group's prestige and reputation as well as the confidence of our customers, suppliers, employees and bankers. It is also expected to further enhance Wellcall's standing amongst its investors and improve the marketability of the Wellcall Shares. The Proposals are expected to be completed by the first quarter of 2008.

MARKET OUTLOOK

Our Group is a global industrial rubber hose manufacturer and the largest industrial rubber hose manufacturer in the country. More than 94% of our Group's products are exported to 51 countries and our Group has consistently been able to attain Malaysia's export market shares in the high twenties in terms of percentages. With the newly expanded capacity coupled with diversified market, we expect our Group continue to ride on the global outsourcing trend, which started in 2002. Our Group will continue to capitalise on our Group 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 via the participation in international exhibition fairs 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 year ended 30 September 2007. For the financial year ended 30 September 2007, the Company had:

- i) On 15 March 2007, paid a first tax exempt interim dividend of 3.6 sen per ordinary share amounted to RM3,024,792;
- ii) On 28 September 2007, paid a second tax exempt interim dividend of 4.4 sen per ordinary share amounted to RM3,751,309; and
- iii) On 18 December 2007, paid a third tax exempt interim dividend of 1.5 sen per ordinary share amounted to RM1,279,308.19.

The total tax exempt dividend of 9.5 sen per ordinary share declared and paid for the financial year ended 30 September 2007 representing an increase of approximately 160% compared to the tax exempt dividend of 3.65 sen per ordinary share declared and paid for the financial period ended 30 September 2006. The total dividend declared and paid represents a distribution to shareholders of approximately 53% of the Group's net profit for this financial year.

Chairman's Statement (Cont'd)

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
Chairman

Directors' Profile

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

| | | |
|---|---|--|
| Age | : | 55 |
| 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 Dunham-Bush Holding Bhd (formerly known as Dunham-Bush (Malaysia) Bhd) |
| 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 :

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. 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 investment 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 the Chairman of Malacca State's Inspectorate of National Service Training Council.

The Number of Board Meetings Attended in the Financial Year :

4 out of 4

Directors' Profile (cont'd)

HUANG SHA, *PMP*

| | | |
|---|---|--|
| Age | : | 52 |
| 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 :

1,000,000 ordinary shares

Indirect :

27,372,679 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 Year :

4 out of 4

LEONG HON CHONG

| | | |
|---|---|---|
| Age | : | 62 |
| 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 :

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. 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 Year :

3 out of 4

Directors' Profile (cont'd)

CHEW CHEE CHEK

| | | |
|---|---|--|
| Age | : | 37 |
| 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 Year :

4 out of 4

TAN KANG SENG

| | | |
|---|---|--|
| Age | : | 39 |
| 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 :

300,000 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. 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 today. 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 Year :

3 out of 4

Directors' Profile (cont'd)

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

| | | |
|---|---|--|
| Age | : | 53 |
| 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 Year :

3 out of 4

Directors' Profile (cont'd)

MAT ZAID BIN IBRAHIM, PJC

| | | |
|---|---|--|
| Age | : | 44 |
| 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 Year :

4 out of 4

Directors' Profile (cont'd)

RAZMI BIN ALIAS

| | | |
|---|---|--|
| Age | : | 50 |
| 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 Year :

4 out of 4

Directors' Profile (cont'd)

YANG CHONG YAW, ALAN

| | | |
|---|---|--|
| Age | : | 38 |
| Nationality | : | Malaysian |
| Qualification | : | 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 |
| Occupation | : | Company Director |
| Position | : | 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 :

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. Mr Yang has more than 15 years of experience in corporate finance and accounting. He is presently the Chief Operating Officer of WB Research Sdn Bhd, a company that markets financial analytics products.

The Number of Board Meetings Attended in the Financial Year :

4 out of 4

Directors' Profile (cont'd)

MOHD KHASAN BIN AHMAD

| | | |
|---|---|---|
| Age | : | 45 |
| 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 Access Portal Berhad Ralco Corporation 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 Securities Commission 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 takeovers, 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 Year :
4 out of 4

Statement on Corporate Governance

The Board of Directors ("Board") of the Company is pleased to report that for the financial year 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 9 to 18 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 four (4) times during the financial year ended 30 September 2007. The record of attendance at the meetings of the Board of Directors for the financial year ended 30 September 2007 is as follows:-

| Directors | No. of Board Meetings Attended |
|--|--------------------------------|
| Datuk Ng Peng Hong @ Ng Peng Hay | 4/4 |
| Huang Sha | 4/4 |
| Leong Hon Chong | 3/4 |
| Chew Chee Chek | 4/4 |
| Tan Kan Seng | 3/4 |
| YB Dato' Hj Mohtar Bin Nong | 3/4 |
| Mat Zaid bin Ibrahim (Alternate Director to YB Dato' Hj Mohtar Bin Nong) | 4/4 |
| Razmi Bin Alias | 4/4 |
| Mohd Khasan Bin Ahmad | 4/4 |
| Yang Chong Yaw, Alan | 4/4 |

Statement on Corporate Governance (cont'd)

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

The Group acknowledges the fact that continuous education is vital for the Board members to gain insight into the state of economy, technological advances in our core business, latest regulatory developments and management strategies. Therefore, the Directors are encouraged to evaluate their own training needs on a continuous process and to determine the relevant programmes, seminars and briefings that would enhance their knowledge to enable the Directors to discharge their responsibilities more effectively.

Statement on Continuing Education Programme

For the financial year ended 30 September 2007, the Board of Directors, except Mr Leong Hon Chong and Tan Kang Seng who was on medical leave and overseas business trip respectively, had on 17 August 2007 attended a talk organized by the external auditors, namely Ong & Wong, Chartered Accountants on the changes made to the Financial Reporting Standards 2004.

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.

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.

Statement on Corporate Governance (cont'd)

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

| Category | Fees (RM'000) | Salaries & Other Emoluments (RM'000) | Benefit in Kind (RM'000) |
|------------------------|------------------|--|-----------------------------|
| Executive Director | – | 1,784 | 47 |
| Non-Executive Director | 240 | – | – |

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

| Range of Remuneration | Executive Director | Non-Executive Director |
|---------------------------|-----------------------|---------------------------|
| Below RM50,000 | – | 4 |
| RM50,001 – RM100,000 | – | 2 |
| RM150,001 – RM200,000 | 1 | – |
| RM400,001 – RM450,000 | 1 | – |
| RM1,200,001 – RM1,250,000 | 1 | – |

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.

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

(a) Audit Committee

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 |

*Note: * In compliance with the revised Code of Corporate Governance which took effect on 1 October 2007, Chew Chee Chek resigned on 22 November 2007 and Tan Kang Seng has been appointed as the new Audit Committee member on the even date*

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

The Committee met a total of four (4) times during the financial year ended 30 September 2007.

Statement on Corporate Governance (cont'd)

(b) Remuneration Committee

The Remuneration Committee was appointed by our Board and consists 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 |

(c) Nomination Committee

The Nomination Committee was appointed by our Board and consists 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 SHAREHOLDER 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, analysts, research houses and members of the media 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 Annual General Meeting 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 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.

Statement on Corporate Governance (cont'd)

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 year and of the results and cash flows of the Group and Company for the financial year.

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.

CORPORATE SOCIAL RESPONSIBILITY

The Company has involved in various activities as part of its Corporate Social Responsibility (CSR) efforts:-

(a) Occupational Safety and Health

The Company is committed to maintain high safety and health standards at work place. A committee has been set up to monitor the compliance of the safety and health standards. A series of in-house programmes on safety and health are regularly conducted with the assistance of external experts and committee members. This includes training on handling chemical, flammable materials and machineries in work place.

(b) Contribution to charitable causes

The Company has been contributing regularly to schools with an objective to provide the less fortunate an opportunity to pursue further education.

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. The Company has on 17 November 2006 outsourced the internal audit function of the Group to Matrix Consultancy Sdn Bhd ("Matrix Consultancy"). Matrix Consultancy reports direct to the Audit Committee. Its role is to provide the Audit Committee with independent and objective reports on the state of internal controls of the operating units within the Group and the extent of compliance by such units with the Group's established policies and procedures and the regulatory requirements of the relevant authorities.

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.

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

The Audit Committee of Wellcall Holdings Bhd is pleased to present the Audit Committee Report for the financial year ended 30 September 2007.

1. MEMBERSHIP AND ATTENDANCE

| Composition of Audit Committee | Number of Audit Committee Meetings | |
|--|---------------------------------------|----------|
| | Held | Attended |
| Razmi bin Alias <i>Chairman/Independent Non-Executive Director</i> | 4 | 4 |
| Yang Chong Yaw, Alan <i>Member/Independent Non-Executive Director</i> | 4 | 4 |
| Chew Chee Chek* <i>Member/Non-Independent Executive Director</i> | 4 | 4 |

Note: * In compliance with the revised Code of Corporate Governance which took effect on 1 October 2007, Chew Chee Chek resigned on 22 November 2007 and Tan Kang Seng has been appointed as the new Audit Committee member on the even date

2. COMPOSITION AND TERMS OF REFERENCE

2.1 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 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.

2.2 QUORUM

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

Audit Committee Report (Cont'd)

2.3 CHAIRMAN

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

2.4 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 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.

2.5 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.

2.6 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).

2.7 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)

3. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee has discharged its duties as set out in its Terms of Reference. During the financial year, the activities of the Audit Committee included:-

1. Reviewed the Quarterly Reports and the Annual Report to ensure adherence to legal and regulatory reporting requirements and appropriate resolution of all accounting matters requiring significant judgment;
2. Reviewed and deliberated the significant risk areas, internal control and financial matters brought to the attention of the external auditors in the course of their work;
3. Deliberated the emerging financial reporting issues pursuant to the introduction of new accounting standards and additional statutory/regulatory disclosure requirements;
4. Deliberated the best Board practices for meeting market expectations and protecting shareholders' interests that were highlighted by the external auditors; and
5. Verified the allocation of option shares pursuant to the ESOS to eligible employees had been made in accordance with the criteria of allocation of option shares as set out in the Bye-Laws of the ESOS.

4. SUMMARY OF ACTIVITIES OF THE OUTSOURCED INTERNAL AUDIT DEPARTMENT

The Company has on 17 November 2006 outsourced the internal audit function of the Group to Matrix Consultancy. Matrix Consultancy reports direct to the Audit Committee. Its role is to provide the Committee with independent and objective reports on the state of internal controls of the operating units within the Group and the extent of compliance by such units with the Group's established policies and procedures and the regulatory requirements of the relevant authorities. The Audit Committee reviews and approves the internal audit plan of the Group submitted by Matrix Consultancy. During the financial year ended 30 September 2007, the areas audited included audits of the various departments covering the subsidiary of the Group. Internal audit reports were issued to the Audit Committee regularly and tabled in the Audit Committee meetings. The reports are also issued to the respective operations management, incorporating audit recommendations and management responses with regards to any audit findings on the weaknesses in the systems and controls of the operations. Matrix Consultancy also follows up with management on the implementation of the agreed audit recommendations.

SHARE BUYBACKS

There were no share buyback exercise undertaken by the Company during the financial year under review.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

During the current financial year ended 30 September 2007, a total of 3,092,000 new ordinary shares were issued and allotted pursuant to the exercise of ESOS options. Except for ESOS options being granted to the following non-executive directors during the financial year ended 30 September 2007, there is no ESOS options being granted to other eligible employees of Wellcall Group:

| Name of Director | Amount of ESOS options offered | Amount of ESOS options exercised |
|-----------------------|--------------------------------|----------------------------------|
| Razmi bin Alias | 80,000 | - |
| Yang Chong Yaw, Alan | 80,000 | - |
| Mohd Khasan bin Ahmad | 40,000 | - |

Other than above, there were no issuances of warrants or convertible securities during the financial year.

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

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

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 year.

NON-AUDIT FEES

The non-audit fees paid or payable to external auditors and their affiliated company for the financial year ended 30 September 2007 are as follows:

| | RM'000 |
|-------------------------------|--------|
| O & W Tax Consultants Sdn Bhd | 5 |

PROFIT GUARANTEES

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

MATERIAL CONTRACTS

During the financial year, there were no material contracts (not being contracts entered into the ordinary course of business) entered into by the Company and its subsidiaries involving Directors' and/or substantial shareholders' interests.

Other Information (Cont'd)

REVALUATION POLICY

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

UTILISATION OF PROCEEDS FROM PUBLIC ISSUE

The proceeds raised from the public issue have been fully utilised, which is set out as follows:

| | Amount allocated RM'000 | Utilisation as at 7/12/2007 RM'000 | Balance RM'000 |
|-----------------------------------|--|---|---------------------------|
| Capital expenditure | 7,700 | 7,700 | – |
| Working capital | 6,793 | 6,793 | – |
| Research and development | 1,105 | 1,105 | – |
| Defray estimated listing expenses | 1,500 | 1,254 | * 246 |
| | 17,098 | 16,852 | 246 |

* *utilized as working capital*

financial statements

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Directors' Report

for the year ended 30th September, 2007

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30th September, 2007.

PRINCIPAL ACTIVITIES

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. There have been no significant changes in these activities during the financial year.

RESULTS

| | Group RM | Company RM |
|------------------------|-------------|---------------|
| Profit before taxation | 16,630,396 | 21,077,242 |
| Taxation | (1,424,297) | – |
| Profit for the year | 15,206,099 | 21,077,242 |

DIVIDENDS

Dividends declared and paid by the Company since the end of the previous financial year were:

- a first interim tax exempt dividend of 3.60 sen per share amounting to RM3,024,792 in respect of the financial year ended 30th September, 2007 was paid on 15th March, 2007.
- a second interim tax exempt dividend of 4.40 sen per share amounting to RM3,751,309 in respect of the financial year ended 30th September, 2007 was paid on 28th September, 2007.
- on 22nd November, 2007, the directors declared and approved a third interim tax exempt dividend of 1.50 sen per share in respect of the financial year ended 30th September, 2007.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES

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

| Class | Number of shares | Term of issue | Purpose of issue |
|----------|------------------|---------------|------------------|
| Ordinary | 3,092,000 | Cash | Exercise of ESOS |

SHARE OPTION

During the financial year, 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.

Directors' Report (Cont'd)

for the year ended 30th September, 2007

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 year 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.
- 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.

Details of the ESOS options granted to eligible directors and employees are set out in the section on Directors' interests in shares in this report and Note 11 to the financial statements.

SUBSEQUENT EVENT

Event subsequent to the financial year is disclosed in Note 24.

DIRECTORS

The directors who served since the date of the last report are:

Huang Sha, PMP
Datuk Ng Peng Hong @ Ng Peng Hay, DMSM, DSM, PJK
Leong Hon Chong
Chew Chee Chek
Dato' Haji Mohtar Bin Nong, DPMT, ASM, PJC, PJK, BLB
Tan Kang Seng
Yang Chong Yaw Alan
Razmi Bin Alias
Mohd Khasan Bin Ahmad
Mat Zaid Bin Ibrahim, PJC (*alternate director to Dato' Haji Mohtar Bin Nong, DPMT, ASM, PJC, PJK, BLB*)

Directors' Report (Cont'd)

for the year ended 30th September, 2007

DIRECTORS' INTERESTS IN SHARES

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

| | Number of ordinary shares of RM0.50 each | | | |
|--|--|-----------|-----------|------------------------|
| | Balance at 01.10.06 | Allotted | Sold | Balance at 30.09.07 |
| Direct interest in ordinary shares of the Company | | | | |
| Huang Sha, PMP | – | 1,000,000 | – | 1,000,000 |
| Datuk Ng Peng Hong @ Ng Peng Hay, DMSM, DSM, PJK | – | 300,000 | (300,000) | – |
| Leong Hon Chong | – | 500,000 | – | 500,000 |
| Tan Kang Seng | – | 300,000 | – | 300,000 |
| Deemed interest in ordinary shares of the Company | | | | |
| Huang Sha, PMP* | – | 30,000 | – | 30,000 |
| Indirect interest in ordinary shares of the Company | | | | |
| Lifewise Alliance Sdn. Bhd. | | | | |
| 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 |
| Maximum Perspective Sdn. Bhd. | | | | |
| Datuk Ng Peng Hong @ Ng Peng Hay, DMSM, DSM, PJK | 9,765,241 | – | – | 9,765,241 |
| Tan Kang Seng | 9,765,241 | – | – | 9,765,241 |

* Deemed interested in shares by virtue of Section 134(12)(c) of the Companies (Amendment) Act, 2007.

| | Options over number of ordinary shares of RM0.50 each | | | |
|---|---|---------|-------------|------------------------|
| | Balance at 01.10.06 | Granted | Exercised | Balance at 30.09.07 |
| Direct interest in ESOS options of the Company | | | | |
| Huang Sha, PMP | 1,000,000 | – | (1,000,000) | – |
| Datuk Ng Peng Hong @ Ng Peng Hay, DMSM, DSM, PJK | 300,000 | – | (300,000) | – |
| Leong Hon Chong | 600,000 | – | (500,000) | 100,000 |
| Chew Chee Chek | 600,000 | – | – | 600,000 |
| Tan Kang Seng | 300,000 | – | (300,000) | – |
| Yang Chong Yaw Alan | – | 80,000 | – | 80,000 |
| Razmi Bin Alias | – | 80,000 | – | 80,000 |
| Mohd Khasan Bin Ahmad | – | 40,000 | – | 40,000 |

Directors' Report (Cont'd)

for the year ended 30th September, 2007

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

Save as disclosed above, none of the other directors holding office at 30th September, 2007 had any interest in the ordinary shares of the Company and its subsidiary company during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial period, 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 year 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.

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

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

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

In the opinion of the directors:

- i) the results of the operations of the Group and of the Company for the financial year 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 year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Directors' Report (Cont'd)

for the year ended 30th September, 2007

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: 5th December, 2007

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 39 to 67 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB approved accounting standards in Malaysia for entities other than private entities 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, 2007 and of the results of their operations, changes in equity and cash flows of the Group and of the Company for the financial year ended on that date.

Signed in accordance with a resolution of the directors

HUANG SHA, PMP
Director

CHEW CHEE CHEK
Director

Kuala Lumpur
Dated: 5th December, 2007

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 39 to 67 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)
5th December, 2007)

CHEW CHEE CHEK

Before me,

KOK POH HIM
No. W386
Commissioner for Oaths

Report of the Auditors

to the Members of Wellcall Holdings Berhad (Incorporated in Malaysia)

We have audited the financial statements set out on pages 39 to 67. 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 MASB approved accounting standards in Malaysia for entities other than private entities, 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, 2007 and of the results of the operations and of the cash flows of the Group and of the Company for the financial year 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: 5th December, 2007

Balance Sheets

as at 30th September, 2007

| | Note | 2007 RM | Group 2006 RM (Restated) | 2007 RM | Company 2006 RM |
|---|------|-------------------|-----------------------------------|-------------------|-----------------------|
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 3 | 26,438,983 | 23,828,646 | - | - |
| Prepaid lease payments for land | 4 | 2,325,001 | 2,372,477 | - | - |
| Investments in subsidiary company | 5 | - | - | 32,550,803 | 32,550,803 |
| Other investment | 6 | 10,000 | 10,000 | - | - |
| | | 28,773,984 | 26,211,123 | 32,550,803 | 32,550,803 |
| Current assets | | | | | |
| Inventories | 7 | 12,121,602 | 8,774,588 | - | - |
| Trade and other receivables | 8 | 7,646,246 | 4,009,581 | 29,851 | - |
| Amount due from subsidiary company | 9 | - | - | 23,639,625 | 15,296,422 |
| Deposits with licensed banks | 10 | 22,492,791 | 19,460,591 | 10,000,000 | 600,000 |
| Cash and bank balances | | 3,189,685 | 4,062,265 | 59,829 | 819,750 |
| | | 45,450,324 | 36,307,025 | 33,729,305 | 16,716,172 |
| TOTAL ASSETS | | 74,224,308 | 62,518,148 | 66,280,108 | 49,266,975 |
| EQUITY AND LIABILITIES | | | | | |
| Equity attributable to equity holders of the Company | | | | | |
| Share capital | 11 | 42,646,005 | 41,100,005 | 42,646,005 | 41,100,005 |
| Share premium | | 9,971,678 | 7,294,780 | 9,971,678 | 7,294,780 |
| Reserves | 12 | 13,552,239 | 6,032,930 | 13,519,744 | 129,292 |
| Total equity | | 66,169,922 | 54,427,715 | 66,137,427 | 48,524,077 |
| Non-current liabilities | | | | | |
| Deferred taxation | 13 | 478,909 | 433,000 | - | - |
| Current liabilities | | | | | |
| Trade and other payables | 14 | 7,313,959 | 7,589,010 | 142,681 | 742,898 |
| Tax payable | | 261,518 | 68,423 | - | - |
| | | 7,575,477 | 7,657,433 | 142,681 | 742,898 |
| Total liabilities | | 8,054,386 | 8,090,433 | 142,681 | 742,898 |
| TOTAL EQUITY AND LIABILITIES | | 74,224,308 | 62,518,148 | 66,280,108 | 49,266,975 |

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

Income Statements

for the year ended 30th September, 2007

| | Note | Group 01.10.06 to 30.09.07 RM (Restated) | 23.08.05 to 30.09.06 RM (Restated) | Company 01.10.06 to 30.09.07 RM (Restated) | 23.08.05 to 30.09.06 RM (Restated) |
|------------------------------|------|--|---|--|---|
| Revenue | | 91,391,822 | 32,445,879 | 21,530,000 | 3,200,000 |
| Cost of sales | | (66,975,987) | (22,991,346) | – | – |
| Gross profit | | 24,415,835 | 9,454,533 | 21,530,000 | 3,200,000 |
| Other operating income | 15 | 1,196,427 | 325,133 | 54,740 | 20,140 |
| Administrative expenses | | 25,612,262 | 9,779,666 | 21,584,740 | 3,220,140 |
| Selling & distribution costs | | (5,409,019) | (3,063,289) | (507,498) | (1,241,800) |
| | | (3,326,484) | (1,506,365) | – | – |
| Profit from operations | | 16,876,759 | 5,210,012 | 21,077,242 | 1,978,340 |
| Finance costs | | (246,363) | (93,515) | – | – |
| Profit before taxation | 16 | 16,630,396 | 5,116,497 | 21,077,242 | 1,978,340 |
| Taxation | 17 | (1,424,297) | (502,587) | – | – |
| Profit for the year/period | 18 | 15,206,099 | 4,613,910 | 21,077,242 | 1,978,340 |
| Earnings per share (sen) | 19 | | | | |
| - Basic | | 18.10 | 15.25 | | |
| - Diluted | | 17.61 | 15.08 | | |
| Dividend per share (sen) | 20 | 8.00 | 3.65 | | |

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

Statements of Changes in Equity

for the year ended 30th September, 2007

| | Note | < ----- Attributable to Equity Holders of the Company ----- > | | | | Total equity RM |
|---|------|---|------------------|-----------------------------|--|-----------------|
| | | Share capital RM | Share premium RM | Reserve on consolidation RM | < ----- Non-distributable ----- > Distributable Retained profit RM | |
| Group | | | | | | |
| 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 |
| ESOS options - granted | | – | – | – | 1,151,252 | 1,151,252 |
| Listing expenses | | – | (1,254,420) | – | – | (1,254,420) |
| Profit for the period | | – | – | – | – | 4,613,910 |
| Dividends | 20 | – | – | – | – | (3,000,300) |
| | | | | | | |
| At 30th September, 2006 | | | | | | |
| - as previously reported | 25 | 41,100,005 | 7,294,780 | 3,268,068 | – | 2,764,862 |
| - prior year adjustment | | – | – | – | 1,151,252 | (1,151,252) |
| - as restated | | 41,100,005 | 7,294,780 | 3,268,068 | 1,151,252 | 1,613,610 |
| Effects of adopting FRS 3 | 25 | – | – | (3,268,068) | – | 3,268,068 |
| | | 41,100,005 | 7,294,780 | – | 1,151,252 | 4,881,678 |
| | | | | | | |
| ESOS options | | | | | | |
| - granted | | – | – | – | 279,422 | – |
| - exercised | | 1,546,000 | 2,736,111 | – | (1,190,111) | – |
| Listing expenses | | – | (59,213) | – | – | – |
| Profit for the year | | – | – | – | – | 15,206,099 |
| Dividends | 20 | – | – | – | – | (6,776,101) |
| At 30th September, 2007 | | 42,646,005 | 9,971,678 | – | 240,563 | 13,311,676 |

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

Statements of Changes in Equity (Cont'd)

for the year ended 30th September, 2007

| | | | Non-distributable | | Distributable | |
|---|------|---------------------|---------------------|----------------------|--|--------------------|
| | Note | Share capital RM | Share premium RM | Option reserve RM | Retained profit/ (Accumulated loss) RM | Total equity RM |
| Company | | | | | | |
| 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 |
| ESOS options - granted | | – | – | 1,151,252 | – | 1,151,252 |
| Listing expenses | | – | (1,254,420) | – | – | (1,254,420) |
| Profit for the period | | – | – | – | 1,978,340 | 1,978,340 |
| Dividends | 20 | – | – | – | (3,000,300) | (3,000,300) |
| At 30th September, 2006 | | | | | | |
| - as previously reported | | 41,100,005 | 7,294,780 | – | 129,292 | 48,524,077 |
| - prior year adjustment | 25 | – | – | 1,151,252 | (1,151,252) | – |
| - as restated | | 41,100,005 | 7,294,780 | 1,151,252 | (1,021,960) | 48,524,077 |
| ESOS options | | | | | | |
| - granted | | – | – | 279,422 | – | 279,422 |
| - exercised | | 1,546,000 | 2,736,111 | (1,190,111) | – | 3,092,000 |
| Listing expenses | | – | (59,213) | – | – | (59,213) |
| Profit for the year | | – | – | – | 21,077,242 | 21,077,242 |
| Dividends | 20 | – | – | – | (6,776,101) | (6,776,101) |
| At 30th September, 2007 | | 42,646,005 | 9,971,678 | 240,563 | 13,279,181 | 66,137,427 |

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

Cash Flow Statements

for the year ended 30th September, 2007

| | Note | 01.10.06 to 30.09.07 RM (Restated) | Group 23.08.05 to 30.09.06 RM | 01.10.06 to 30.09.07 RM (Restated) | Company 23.08.05 to 30.09.06 RM |
|--|--------|---|--|---|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Profit before taxation | | 16,630,396 | 5,116,497 | 21,077,242 | 1,978,340 |
| Adjustments for: | | | | | |
| Amortisation of prepaid lease payments | | 47,476 | 23,006 | - | - |
| Depreciation of property, plant & equipment | | 2,795,730 | 756,110 | - | - |
| Share-based compensation | | 279,422 | 1,151,252 | 279,422 | 1,151,252 |
| Unrealised gain on foreign exchange | | (562,702) | (8,934) | - | - |
| Gain on disposal of property, plant & equipment | | (9,999) | - | - | - |
| Interest expense | | 246,363 | 93,515 | - | - |
| Interest income | | (604,219) | (313,714) | (54,644) | (20,140) |
| Operating profit before working capital changes | | 18,822,467 | 6,817,732 | 21,302,020 | 3,109,452 |
| Increase in inventories | | (3,347,014) | (3,173,146) | - | - |
| (Increase)/Decrease in receivables | | (3,073,963) | 4,842,489 | (8,373,054) | (15,296,422) |
| (Decrease)/Increase in payables | | (275,051) | 2,018,661 | (600,217) | 742,898 |
| Cash generated from/(used in) operations | | 12,126,439 | 10,505,736 | 12,328,749 | (11,444,072) |
| Tax paid | | (1,185,293) | (87,864) | - | - |
| Interest paid | | (246,363) | (93,515) | - | - |
| Interest received | | 604,219 | 313,714 | 54,644 | 20,140 |
| Net cash generated from/(used in) operating activities | | 11,299,002 | 10,638,071 | 12,383,393 | (11,423,932) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Proceeds from disposal of property, plant & equipment | | 10,000 | - | - | - |
| Purchase of property, plant & equipment | | (5,406,068) | (14,108,636) | - | - |
| Acquisition of leasehold land | | - | (1,274,585) | - | - |
| Acquisition of subsidiary company | A(iii) | - | (17,126,479) | - | (32,550,803) |
| Net cash used in investing activities | | (5,396,068) | (32,509,700) | - | (32,550,803) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Proceeds from issue of shares | | 3,092,000 | 49,649,205 | 3,092,000 | 49,649,205 |
| Payment of listing expenses | | (59,213) | (1,254,420) | (59,213) | (1,254,420) |
| Dividend paid | | (6,776,101) | (3,000,300) | (6,776,101) | (3,000,300) |
| Net cash (used in)/generated from financing activities | | (3,743,314) | 45,394,485 | (3,743,314) | 45,394,485 |
| Net increase in cash and cash equivalents | | 2,159,620 | 23,522,856 | 8,640,079 | 1,419,750 |
| Cash and cash equivalents at beginning of year | | 23,522,856 | - | 1,419,750 | - |
| Cash and cash equivalents at end of year/period | B | 25,682,476 | 23,522,856 | 10,059,829 | 1,419,750 |

Cash Flow Statements (Cont'd)

for the year ended 30th September, 2007

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 previous 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 |
| | 9,759,526 |
| Administrative expenses | (1,821,489) |
| Selling & distribution expenses | (1,506,365) |
| 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 year | 5,835,570 |

ii) Effects on financial position

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

| | 2006 RM |
|---|-------------|
| Property, plant & equipment | 13,352,526 |
| Prepaid lease payments for land | 1,251,579 |
| 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 year ended 30th September, 2007

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 previous financial period are as follows:

| | 23.08.05 to 30.09.06 RM |
|--|-------------------------------|
| Property, plant & equipment | 10,476,120 |
| Prepaid lease payments for land | 1,120,898 |
| 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 | | Company | |
|------------------------------|------------|------------|------------|------------|
| | 2007 RM | 2006 RM | 2007 RM | 2006 RM |
| Deposits with licensed banks | 22,492,791 | 19,460,591 | 10,000,000 | 600,000 |
| Cash & bank balances | 3,189,685 | 4,062,265 | 59,829 | 819,750 |
| | 25,682,476 | 23,522,856 | 10,059,829 | 1,419,750 |

Notes to the Financial Statements

- 30th September, 2007

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 is listed on the Second Board of Bursa Malaysia Securities Berhad ("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. ACCOUNTING POLICIES

The accounting policies adopted by the Group and the Company are consistent with those adopted in the previous years except for the adoption of the following new/revised FRSs effective for financial year beginning 1st October, 2006:

| | |
|---------|--|
| FRS 2 | Share-based Payment |
| FRS 3 | Business Combinations |
| FRS 101 | Presentation of Financial Statements |
| FRS 102 | Inventories |
| FRS 108 | Accounting Policies, Changes in Estimates and Errors |
| FRS 110 | Events after the Balance Sheet Date |
| FRS 116 | Property, Plant and Equipment |
| FRS 117 | Leases |
| FRS 121 | The Effects of Changes in Foreign Exchange Rates |
| FRS 124 | Related Party Disclosures |
| FRS 127 | Consolidated and Separate Financial Statements |
| FRS 132 | Financial Instruments: Disclosure and Presentation |
| FRS 133 | Earnings Per Share |
| FRS 136 | Impairment of Assets |

For this set of financial statements, the Group and the Company have chosen not to early adopt the following FRS:

| FRS | | Effective for financial periods beginning on or after |
|---------|--|---|
| FRS 139 | Financial Instruments: Recognition and Measurement | Deferred |

The Group and the Company are not required to disclose the possible impact of applying FRS 139 on these financial statements by virtue of exemptions provided under this FRS.

The adoption of the new/revised FRSs does not have significant financial impact on the Group and the Company other than FRS 2, FRS 3 and FRS 117. The effects of the changes in accounting policies resulting from the adoption of the new/revised FRSs are disclosed in Note 25.

Notes to the Financial Statements (Cont'd)

- 30th September, 2007

2. ACCOUNTING POLICIES (CONT'D)

a. Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia for entities other than private entities issued by the Malaysian Accounting Standards Board ("MASB"). The financial statements have been prepared under the historical cost convention, except where otherwise stated in the respective accounting policies.

The financial statements are presented in Ringgit Malaysia ("RM") which is also the Company's functional currency.

b. Subsidiary Company and Basis of Consolidation

(i) Subsidiary Company

Subsidiary Company is an entity over which the Group has the power, directly or indirectly, to exercise control over the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investment in subsidiary company is stated at cost less impairment losses, if any. On disposal of such investment, the difference between the net disposal proceeds and its carrying amount is included in the income statement. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(f).

(ii) 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 year. The results of the subsidiary company is consolidated using the acquisition method.

Under the acquisition method, subsidiary company are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The cost of acquisition is measured as the aggregate of fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. Any difference between the cost of acquisition and the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill or negative goodwill.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered. Consistent accounting policies are applied for transactions and events in similar circumstances.

c. Foreign Currencies

The individual financial statements of each entity in the Group are measured using their respective functional currency.

In preparing the individual financial statements, transactions in currencies other than the entity's functional currency ("foreign currencies") are translated into the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the exchange rate prevailing at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated at exchange rates at the date when the fair value is determined. Exchange differences arising on the settlement of monetary items or on translating monetary items at balance sheet date are recognised in the income statement except for those arising on monetary items that form part of the Group's net investment in foreign operation.

Notes to the Financial Statements (Cont'd)

- 30th September, 2007

2. ACCOUNTING POLICIES (CONT'D)

c. Foreign Currencies (Cont'd)

The closing rates used in the translation of foreign currency monetary assets and liabilities are as follows:

| | 2007 RM | 2006 RM |
|--------------------------------|------------|------------|
| 1 United States Dollar ("USD") | 3.35 | 3.65 |
| 1 EURO | 4.82 | 4.65 |

d. Property, Plant and Equipment and Depreciation

Property, plant & equipment are stated at cost less accumulated depreciation and any 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:

| | |
|----------------------------|---------------|
| Factory building | 51 - 60 years |
| Electrical installation | 10% - 15% |
| Fire fighting installation | 10% - 15% |
| Furniture & fittings | 15% |
| Motor vehicles | 15% |
| Office equipment | 15% |
| Plant and machinery | 10% - 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.

e. Leased Assets

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted as prepaid lease payments that are amortised over the lease term ranging from 51 to 60 years.

The Group had previously classified a lease of land as finance lease and had recognised the amount of prepaid lease payments as property within its property, plant and equipment. The Group treats such a lease as an operating lease, with the unamortised carrying amount classified as prepaid lease payments for land.

f. Impairment of Assets

The carrying amount of the Group's assets, other than inventories, deferred tax assets and financial assets are reviewed at each balance sheet date to determine whether there are any indications of impairment. If any such indications exist, the asset's recoverable amount is estimated to determine the amount of impairment loss. The policies on impairment of assets are summarised as follows:

Property, plant and equipment and investment in subsidiary company are reviewed for objective indications of impairment at each balance sheet date or whenever there is any indication that these assets may be impaired.

Where such indications exist, impairment loss is determined as the excess of the asset's carrying value over its recoverable amount (greater of value in use or fair value less costs to sell) and is recognised in the income statement. Any reversal of an impairment loss for these assets is recognised in the income statement. The carrying amount is increased to its revised recoverable amount, provided that the amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

If an asset is carried at a revalued amount, impairment loss is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset. Any subsequent reversal is treated as a revaluation increase.

Notes to the Financial Statements (Cont'd)

- 30th September, 2007

2. ACCOUNTING POLICIES (CONT'D)

g. 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.

h. Financial Instruments

Financial instruments comprise financial assets, financial liabilities and off-balance sheet financial instruments. Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instruments.

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

(i) Cash and Cash Equivalents

Cash and cash equivalents comprise bank balances, cash in hand and short term highly liquid assets that are readily convertible to cash without significant risk of changes in value net of outstanding bank overdrafts.

(ii) 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.

(iii) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

(iv) Payables

Payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

(v) Equity Instruments

Ordinary shares are classified as equity in the balance sheet. Costs directly attributable to the issuance of new equity shares are taken to equity as a deduction from the proceeds.

Dividends on ordinary shares are accounted for as an appropriation of retained profits in the period in which they are approved.

Notes to the Financial Statements (Cont'd)

- 30th September, 2007

2. ACCOUNTING POLICIES (CONT'D)

i. **Income Tax**

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

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at 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.

j. **Revenue Recognition**

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) **Sales of Goods**

Revenue from sales of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the customers.

(ii) **Interest Income**

Interest is recognised on an accrual basis that reflects the effective yield on the asset.

(iii) **Dividend Income**

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

(iv) **Rental Income**

Rental income is recognised on accrual basis.

k. **Employee Benefits**

(i) **Short Term Benefits**

Wages, salaries, bonuses and allowances are recognised as expenses in the year 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, 2007

2. ACCOUNTING POLICIES (CONT'D)

k. Employee Benefits (cont'd)

(ii) *Defined Contribution Plans*

Obligations for contributions to defined contribution plans such as the Employees Provident Fund ("E. P.F.") are recognised as an expense in the income statement as incurred.

(iii) *Share-Based Compensation Benefits*

The Company operates an equity settled, share-based compensation plan i.e. the ESOS since 14th July, 2006, where ESOS options are issued to eligible directors and employees.

The fair value of employees' services rendered in exchange for the grant of the share options is recognised as an expense over the vesting period. The total amount to be expensed in the income statement over the vesting period is determined by reference to the fair value of each share option granted at the grant date and the number of share options vested by vesting date, with a corresponding increase in equity (option reserve). At each balance sheet date, the Group will revise its estimates of the number of share options that are expected to become exercisable. The option reserves in respect of options which have been lapsed are transferred to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the options are exercised.

I. Critical Judgments Made in Applying Accounting Policies

In the preparation of the financial statements, management has been required to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial statements in the period in which the estimate is revised and in any future periods affected.

In the process of applying the accounting policies as described above, management is of the view that there are no instances of application of judgments which are expected to have significant effect on the amounts recognised in the financial statements.

Notes to the Financial Statements (Cont'd)

- 30th September, 2007

3. PROPERTY, PLANT & EQUIPMENT

| | As at 01.10.06 RM | Addition RM | Disposal/ Retirement RM | As at 30.09.07 RM |
|---------------------------------|-------------------------|------------------------------|-------------------------------|-------------------------|
| Group | | | | |
| 2007 | | | | |
| COST | | | | |
| Factory buildings | 9,171,373 | 883,011 | – | 10,054,384 |
| Electrical installation | 1,236,220 | 489,208 | – | 1,725,428 |
| Fire fighting installation | 420,793 | 60,517 | – | 481,310 |
| Furniture & fittings | 26,108 | 152,413 | – | 178,521 |
| Motor vehicles | 1,249,361 | 94,454 | (36,440) | 1,307,375 |
| Office equipment | 111,807 | 100,003 | – | 211,810 |
| Plant & machinery | 12,369,094 | 3,626,462 | – | 15,995,556 |
| | 24,584,756 | 5,406,068 | (36,440) | 29,954,384 |
| | | | | |
| | As at 01.10.06 RM | Charge for the year RM | Disposal/ Retirement RM | As at 30.09.07 RM |
| ACCUMULATED DEPRECIATION | | | | |
| Factory buildings | 32,089 | 192,181 | – | 224,270 |
| Electrical installation | 10,710 | 171,929 | – | 182,639 |
| Fire fighting installation | 1,899 | 46,301 | – | 48,200 |
| Furniture & fittings | 3,565 | 28,270 | – | 31,835 |
| Motor vehicles | 136,145 | 311,337 | (36,439) | 411,043 |
| Office equipment | 7,989 | 35,746 | – | 43,735 |
| Plant & machinery | 563,713 | 2,009,966 | – | 2,573,679 |
| | 756,110 | 2,795,730 | (36,439) | 3,515,401 |
| | | | | |
| | | | | As at 30.09.07 RM |
| NET BOOK VALUE | | | | |
| Factory buildings | | | | 9,830,114 |
| Electrical installation | | | | 1,542,789 |
| Fire fighting installation | | | | 433,110 |
| Furniture & fittings | | | | 146,686 |
| Motor vehicles | | | | 896,332 |
| Office equipment | | | | 168,075 |
| Plant & machinery | | | | 13,421,877 |
| | | | | 26,438,983 |

Notes to the Financial Statements (Cont'd)

- 30th September, 2007

3. PROPERTY, PLANT & EQUIPMENT (CONT'D)

| | As at 23.08.05 RM | Acquisition of Subsidiary Company RM | Addition RM | Disposal/ Retirement RM | As at 30.09.06 RM |
|--|-------------------------|---|----------------|-------------------------------|-------------------------|
|--|-------------------------|---|----------------|-------------------------------|-------------------------|

Group

2006 (Restated)

COST

| | | | | | |
|----------------------------|---|------------|------------|---|------------|
| Factory buildings | - | 4,323,966 | 4,847,407 | - | 9,171,373 |
| Electrical installation | - | 244,220 | 992,000 | - | 1,236,220 |
| Fire fighting installation | - | 79,608 | 341,185 | - | 420,793 |
| Furniture & fittings | - | 23,367 | 2,741 | - | 26,108 |
| Motor vehicles | - | 916,428 | 332,933 | - | 1,249,361 |
| Office equipment | - | 56,199 | 55,608 | - | 111,807 |
| Plant & machinery | - | 4,832,332 | 7,536,762 | - | 12,369,094 |
| | - | 10,476,120 | 14,108,636 | - | 24,584,756 |

| | As at 23.08.05 RM | Charge for the period RM | Disposal/ Retirement RM | As at 30.09.06 RM |
|--|-------------------------|--------------------------------|-------------------------------|-------------------------|
|--|-------------------------|--------------------------------|-------------------------------|-------------------------|

ACCUMULATED DEPRECIATION

| | | | | |
|----------------------------|---|---------|---|---------|
| Factory buildings | - | 32,089 | - | 32,089 |
| Electrical installation | - | 10,710 | - | 10,710 |
| Fire fighting installation | - | 1,899 | - | 1,899 |
| Furniture & fittings | - | 3,565 | - | 3,565 |
| Motor vehicles | - | 136,145 | - | 136,145 |
| Office equipment | - | 7,989 | - | 7,989 |
| Plant & machinery | - | 563,713 | - | 563,713 |
| | - | 756,110 | - | 756,110 |

| | As at 30.09.06 RM |
|--|-------------------------|
|--|-------------------------|

NET BOOK VALUE

| | |
|----------------------------|------------|
| 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 |
| | 23,828,646 |

Certain factory building of the Group with net book value of RM3,192,170 (2006: RM3,309,094) has been pledged as security to financial institution for banking facilities.

Notes to the Financial Statements (Cont'd)

- 30th September, 2007

3. PROPERTY, PLANT & EQUIPMENT (CONT'D)

The depreciation was charged to the followings:

| | 01.10.06 to 30.09.07 RM | 23.08.05 to 30.09.06 RM (Restated) |
|-------------------------|-------------------------------|---|
| Factory overhead | 2,420,377 | 608,411 |
| Administrative expenses | 375,353 | 147,699 |
| | 2,795,730 | 756,110 |

4. PREPAID LEASE PAYMENTS FOR LAND

| | 30.09.07 RM | Group 30.09.06 RM |
|---|------------------|-------------------------|
| Cost | | |
| - As at beginning of year/period | 2,395,483 | - |
| - Acquisition of subsidiary company | - | 1,120,898 |
| - Addition during the year/period | - | 1,274,585 |
| | 2,395,483 | 2,395,483 |
| Accumulated amortisation | | |
| - As at beginning of year/period | 23,006 | - |
| - Amortisation charged during the year/period | 47,476 | 23,006 |
| | 70,482 | 23,006 |
| Carrying amount | 2,325,001 | 2,372,477 |

Certain leasehold land of the Group with carrying amount of RM839,047 (2006: RM856,197) has been pledged as security to financial institution for banking facilities granted to the Group.

5. INVESTMENT IN SUBSIDIARY COMPANY

| | 2007 RM | Company 2006 RM |
|--------------------------|------------|-----------------------|
| Unquoted shares, at cost | 32,550,803 | 32,550,803 |

The subsidiary company is:

| | Country of incorporation | Principal activity | Effective equity interest 2007 | 2006 |
|-----------------------------|-----------------------------|---|--------------------------------------|------|
| Wellcall Hose (M) Sdn. Bhd. | Malaysia | Manufacturing of rubber hose and related products | 100% | 100% |

Notes to the Financial Statements (Cont'd)

- 30th September, 2007

6. OTHER INVESTMENT

| | 2007 RM | Group 2006 RM |
|--------------------------------------|------------|---------------------|
| Unquoted shares in Malaysia, at cost | 10,000 | 10,000 |

7. INVENTORIES

| | 2007 RM | Group 2006 RM |
|------------------------|------------|---------------------|
| Raw materials | 6,968,369 | 5,787,508 |
| Work-in-progress | 1,108,139 | 1,090,657 |
| Inventories in transit | 888,776 | 371,626 |
| Finished goods | 3,156,318 | 1,524,797 |
| | 12,121,602 | 8,774,588 |

8. TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|---------------------------|------------|------------|------------|------------|
| | 2007 RM | 2006 RM | 2007 RM | 2006 RM |
| Trade receivables | 5,847,890 | 3,583,373 | - | - |
| Other receivables | 1,785,856 | 372,422 | 29,851 | - |
| Deposits | 12,500 | 49,236 | - | - |
| Prepayments | - | 4,550 | - | - |
| | 7,646,246 | 4,009,581 | 29,851 | - |
| Local trade receivables | 1,907,035 | 615,630 | | |
| Foreign trade receivables | 3,940,855 | 2,967,743 | | |
| | 5,847,890 | 3,583,373 | | |

The Group's normal trade credit terms range from 30 to 120 days (2006: 30 to 120 days).

9. AMOUNT DUE FROM SUBSIDIARY COMPANY

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

Notes to the Financial Statements (Cont'd)

- 30th September, 2007

10. DEPOSITS WITH LICENSED BANKS

| | Group | | Company | |
|---------------------|-------------------|------------|-------------------|------------|
| | 2007 RM | 2006 RM | 2007 RM | 2006 RM |
| Fixed deposits | 17,992,791 | 17,492,791 | 7,500,000 | – |
| Short term deposits | 4,500,000 | 1,967,800 | 2,500,000 | 600,000 |
| | 22,492,791 | 19,460,591 | 10,000,000 | 600,000 |

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 year/period is from 1 to 352 days and 2 to 5 days (2006: 1 to 352 days and 2 to 5 days), respectively.

11. SHARE CAPITAL

| | Company | |
|--|--------------------|-------------|
| | 2007 RM | 2006 RM |
| Authorised: | | |
| Number of ordinary shares | | |
| At beginning of year/period at RM0.50/RM1 each | 100,000,000 | 100,000 |
| Share split into RM0.50 each | – | 100,000 |
| Created during the year/period at RM0.50 each | – | 99,800,000 |
| At end of year/period at RM0.50 each | 100,000,000 | 100,000,000 |
| Ordinary shares | | |
| At beginning of year/period at RM0.50/RM1 each | 50,000,000 | 100,000 |
| Created during the year/period at RM0.50 each | – | 49,900,000 |
| At end of year/period at RM0.50 each | 50,000,000 | 50,000,000 |
| Issued and fully paid: | | |
| Number of ordinary shares | | |
| At beginning of year/period at RM0.50/RM1 each | 82,200,010 | 2 |
| Share split into RM0.50 each | – | 2 |
| Issued during the year/period at RM0.50 each | 3,092,000 | 82,200,006 |
| At end of year/period at RM0.50 each | 85,292,010 | 82,200,010 |
| Ordinary shares | | |
| At beginning of year/period at RM0.50/RM1 each | 41,100,005 | 2 |
| Issued during the year/period at RM0.50 each | 1,546,000 | 41,100,003 |
| At end of year/period at RM0.50 each | 42,646,005 | 41,100,005 |

Notes to the Financial Statements (Cont'd)

- 30th September, 2007

11. SHARE CAPITAL (CONT'D)

ESOS options:

The details of ESOS options over the ordinary shares of the Company granted are as follows:

2007

| Date granted | Exercisable period | Subscription price (sen/share) | At 01.10.06 | Granted | Exercised | Forfeited/ Lapsed | At 30.09.07 |
|--------------|----------------------|--------------------------------|-------------|---------|-------------|-------------------|-------------|
| 14.07.06 | 14.07.06 to 13.07.16 | 100 | 7,320,000 | – | (3,092,000) | (698,000) | 3,530,000 |
| 09.02.07 | 09.02.07 to 13.07.16 | 283 | – | 200,000 | – | – | 200,000 |
| | | | 7,320,000 | 200,000 | (3,092,000) | (698,000) | 3,730,000 |

2006

| Date granted | Exercisable period | Subscription price (sen/share) | At 01.10.06 | Granted | Exercised | Forfeited/ Lapsed | At 30.09.07 |
|--------------|----------------------|--------------------------------|-------------|---------|-----------|-------------------|-------------|
| 14.07.06 | 14.07.06 to 13.07.16 | 100 | 7,320,000 | – | – | – | 7,320,000 |

| | 2007 | 2006 |
|--|---------|-----------|
| Number of ESOS options vested as at balance sheet date | 952,000 | 3,722,000 |

12. RESERVES

| | Group | | Company | |
|------------------------------------|------------|--------------------|------------|--------------------|
| | 2007 RM | 2006 RM (Restated) | 2007 RM | 2006 RM (Restated) |
| Option reserve | 240,563 | 1,151,252 | 240,563 | 1,151,252 |
| Retained profit/(Accumulated loss) | 13,311,676 | 1,613,610 | 13,279,181 | (1,021,960) |
| Reserve on consolidation | – | 3,268,068 | – | – |
| | 13,552,239 | 6,032,930 | 13,519,744 | 129,292 |

Notes to the Financial Statements (Cont'd)

- 30th September, 2007

13. DEFERRED TAXATION

| | 2007 RM | Group 2006 RM |
|--|------------|---------------------|
| At beginning of year/period | 433,000 | – |
| Acquisition of subsidiary company | – | 74,000 |
| Transferred from income statement | | |
| - Before acquisition of subsidiary company | – | 217,142 |
| - After acquisition of subsidiary company | 45,909 | 141,858 |
| At end of year/period | 478,909 | 433,000 |
| The net deferred tax liabilities is in respect of the following temporary differences: | | |
| - Property, plant & equipment | 478,909 | 433,000 |

14. TRADE AND OTHER PAYABLES

| | 30.09.07 RM | Group 30.09.06 RM | 30.09.07 RM | Company 30.09.06 RM |
|------------------------|----------------|-------------------------|----------------|---------------------------|
| Trade payables | 3,845,000 | 3,153,437 | – | – |
| Other payables | 1,941,729 | 3,194,712 | 140,361 | 740,168 |
| Accruals | 1,527,230 | 1,240,861 | 2,320 | 2,730 |
| | 7,313,959 | 7,589,010 | 142,681 | 742,898 |
| Local trade payables | 3,408,720 | 2,392,592 | | |
| Foreign trade payables | 436,280 | 760,845 | | |
| | 3,845,000 | 3,153,437 | | |

The normal trade credit terms granted to the Group range from 30 to 60 days (2006: 30 to 60 days).

15. OTHER OPERATING INCOME

| | 01.10.06 to 30.09.07 RM | Group 23.08.05 to 30.09.06 RM | 01.10.06 to 30.09.07 RM | Company 23.08.05 to 30.09.06 RM |
|---|-------------------------------|--|-------------------------------|--|
| Gain on disposal of property, plant & equipment | 9,999 | – | – | – |
| Interest income | | | | |
| - Deposits | 589,063 | 279,103 | 51,881 | – |
| - Repo | 15,156 | 14,716 | 2,763 | 245 |
| - Other | – | 19,895 | – | 19,895 |
| Rental income | 800 | – | – | – |
| Unrealised gain on foreign exchange | 562,702 | 8,934 | – | – |
| Others | 18,707 | 2,485 | 96 | – |
| | 1,196,427 | 325,133 | 54,740 | 20,140 |

Notes to the Financial Statements (Cont'd)

- 30th September, 2007

16. PROFIT BEFORE TAXATION

| | 01.10.06 to 30.09.07 RM | Group 23.08.05 to 30.09.06 RM (Restated) | 01.10.06 to 30.09.07 RM | Company 23.08.05 to 30.09.06 RM (Restated) |
|--|-------------------------------|--|-------------------------------|--|
| Profit before taxation is arrived at after charging: | | | | |
| Amortisation of prepaid lease payments | 47,476 | 23,006 | - | - |
| Auditors' remuneration | 19,320 | 10,112 | 2,320 | 2,320 |
| Depreciation of property, plant & equipment | 2,795,730 | 756,110 | - | - |
| Directors' remuneration | | | | |
| - Fees | | | | |
| - Directors of the Company | 240,000 | 115,000 | 120,000 | 60,000 |
| - Other emoluments | | | | |
| - Directors of the Company | 1,784,312 | 704,343 | - | - |
| - Directors of subsidiary company | 117,000 | 397,084 | - | - |
| Finance costs | | | | |
| - Bank charges, commission & commitment | 246,363 | 93,070 | - | - |
| - Bank overdraft interest | - | 445 | - | - |
| Preliminary expenses | - | 2,500 | - | 2,500 |
| Rental of hostel | 600 | 7,260 | - | - |
| Rental of office equipment | 3,600 | 1,650 | - | - |
| Staff costs | | | | |
| - Salaries, wages & others | 6,253,039 | 2,270,098 | - | - |
| - E.P.F. | 249,627 | 90,826 | - | - |
| - Socso | 38,151 | 12,734 | - | - |
| - Share-based compensation | 279,422 | 1,151,252 | 279,422 | 1,151,252 |

The total employees of the Group and of the Company (including directors) as at end of the financial year/period amounted to 398 and 5 (2006: 372 and 9) respectively.

17. TAXATION

| | 01.10.06 to 30.09.07 RM | Group 23.08.05 to 30.09.06 RM | 01.10.06 to 30.09.07 RM | Company 23.08.05 to 30.09.06 RM |
|-----------------------------------|-------------------------------|--|-------------------------------|--|
| Current year's/period's provision | 1,376,190 | 360,729 | - | - |
| Underprovision in prior period | 2,198 | - | - | - |
| Deferred taxation (Note 13) | 45,909 | 141,858 | - | - |
| | 1,424,297 | 502,587 | - | - |

Notes to the Financial Statements (Cont'd)

- 30th September, 2007

17. TAXATION (CONT'D)

| | % | % | % | % |
|--|-------------|------|-------------|------|
| Applicable tax rate | 27 | 28 | 27 | 28 |
| Tax effect of: | | | | |
| - Exempt dividend income | - | - | (27) | (28) |
| - Income exempted under pioneer status | (19) | (20) | - | - |
| Average effective tax rate | 8 | 8 | - | - |

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

| | 2007 RM | 2006 RM |
|--------------------|--------------------|--------------------|
| Tax exempt account | 2,724,000 | 199,700 |

The Company has tax exempt account to frank the payment of tax exempt dividends amounting to RM2,724,000 (2006: RMNil) from its retained profit.

18. PROFIT FOR THE YEAR/PERIOD

The complete proforma results of the Group for the financial period ended 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 (Restated) | Proforma total 23.08.05 to 30.09.06 RM (Restated) |
|---------------------------------|--|--|--|--|
| 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) | (3,063,289) | (6,018,436) |
| Selling & distribution expenses | (268,006) | (1,194,454) | (1,506,365) | (2,968,825) |
| Profits from operations | 1,466,340 | 7,016,506 | 5,210,012 | 13,692,858 |
| Finance costs | (20,972) | (96,026) | (93,515) | (210,513) |
| Profit before taxation | 1,445,368 | 6,920,480 | 5,116,497 | 13,482,345 |
| Taxation | (320,256) | (652,412) | (502,587) | (1,475,255) |
| Profit for the period | 1,125,112 | 6,268,068 | 4,613,910 | 12,007,090 |

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

Notes to the Financial Statements (Cont'd)

- 30th September, 2007

19. EARNINGS PER SHARE

a. Basic Earnings Per Share

Basic earnings per share is calculated by dividing profit attributable to equity holders by the weighted average amount of ordinary shares of RM0.50 each issued during the financial year/period.

| | 01.10.06 to 30.09.07 RM | 23.08.05 to 30.09.06 RM (Restated) |
|---|-------------------------------|---|
| Profit for the year/period attributed to equity holders of the Company (RM) | 15,206,099 | 4,613,910 |
| Number of ordinary shares in issue at the beginning of year/period | 82,200,010 | 2 |
| Effect of shares issued during the year/period | 1,799,208 | 30,249,423 |
| Weighted average number of shares in issue | 83,999,218 | 30,249,425 |
| Basic earnings per share (sen) | 18.10 | 15.25 |

b. Diluted Earnings Per Share

Diluted earnings per share is calculated by dividing profit attributable to equity holders by the adjusted weighted average number of ordinary shares of RM0.50 each in issue and issuable during the financial year/period.

| | 01.10.06 to 30.09.07 RM | 23.08.05 to 30.09.06 RM (Restated) |
|---|-------------------------------|---|
| Profit for the year/period attributed to equity holders of the Company (RM) | 15,206,099 | 4,613,910 |
| Number of ordinary shares in issue at the beginning of year/period | 82,200,010 | 2 |
| Effect of shares issued during the year/period | 1,799,208 | 30,249,423 |
| Effect of ESOS options | 2,353,122 | 343,467 |
| Adjusted weighted average number of shares in issue and issuable | 86,352,340 | 30,592,892 |
| Diluted earnings per share (sen) | 17.61 | 15.08 |

Notes to the Financial Statements (Cont'd)

- 30th September, 2007

20. DIVIDENDS

| | 01.10.06 to 30.09.07 | | 23.08.05 to 30.09.06 | |
|---|----------------------------------|------------------|----------------------------------|--------------|
| | Net dividend per share Sen | Amount RM | Net dividend per share Sen | Amount RM |
| Interim tax exempt dividend paid | – | – | 3.65 | 3,000,300 |
| First interim tax exempt dividend paid | 3.60 | 3,024,792 | – | – |
| Second interim tax exempt dividend paid | 4.40 | 3,751,309 | – | – |

The Company declared and paid the interim tax exempt dividend of amounting to RM3,024,792 and RM3,751,309 in respect of the current financial year ended 30th September, 2007 on 15th March, 2007 and 28th September, 2007 respectively.

On 22nd November, 2007, the directors declared and approved a third interim tax exempt dividend of 1.50 sen per share in respect of the financial year ended 30th September, 2007.

21. 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 year end, are as follows:

| | 2007 | | 2006 | |
|--------------------------------|--------------------------|-----------------------|--------------------------|-----------------------|
| | Carrying amount RM | Interest rate % | Carrying amount RM | Interest rate % |
| Group | | | | |
| Financial Assets | | | | |
| - Deposits with licensed banks | 22,492,791 | 2.70 - 4.00 | 19,460,591 | 2.70 - 4.00 |
| Company | | | | |
| Financial Assets | | | | |
| - Deposits with licensed banks | 10,000,000 | 2.30 - 3.46 | 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, 2007, 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, 2007

21. FINANCIAL INSTRUMENTS

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:

| | 2007 | | 2006 | |
|--------------------------------------|--------------------------|------------------|--------------------------|------------------|
| | Carrying amount RM | Fair value RM | Carrying amount RM | Fair value RM |
| Group | | | | |
| Financial Assets | | | | |
| - Other investment | | | | |
| - Unquoted shares | 10,000 | (1) | 10,000 | (1) |
| Company | | | | |
| Financial Assets | | | | |
| - Amount due from subsidiary company | 23,639,625 | (2) | 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 years 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.

22. SIGNIFICANT RELATED PARTY TRANSACTION

| | Company | |
|---|-------------------------------|-------------------------------|
| | 01.10.06 to 30.09.07 RM | 23.08.05 to 30.09.06 RM |
| Dividend income from subsidiary company | 21,530,000 | 3,200,000 |

Notes to the Financial Statements (Cont'd)

- 30th September, 2007

23. 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 year to acquire segment assets that are expected to be used for more than one year.

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 RM'000 | Carrying amount of segment assets RM'000 | Capital expenditure RM'000 |
|------------------------|--|--|----------------------------------|
| 2007 | | | |
| Geographic allocation: | | | |
| Malaysia | 5,445 | 74,214 | 5,406 |
| Middle East | 18,749 | - | - |
| Europe | 22,692 | - | - |
| USA/Canada | 14,115 | - | - |
| Australia/New Zealand | 9,424 | - | - |
| Asia | 14,606 | - | - |
| South America | 6,361 | - | - |
| Total | 91,392 | 74,214 | 5,406 |

| < ----- 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 | Post- 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 | |

2006

Geographic allocation:

| | | | | | | |
|-----------------------|-------|--------|--------|--------|--------|--------|
| Malaysia | 415 | 2,801 | 1,691 | 4,907 | 62,508 | 15,383 |
| 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 | - | - |
| Total | 6,702 | 34,977 | 32,446 | 74,125 | 62,508 | 15,383 |

Notes to the Financial Statements (Cont'd)

- 30th September, 2007

24. EVENT SUBSEQUENT TO THE FINANCIAL YEAR

On the 22nd November, 2007, the Company announced proposals to undertake the following:

- (i) Proposed bonus issue of up to 44,511,005 new ordinary shares of RM0.50 each in the Company ("Bonus Shares") for every 2 existing ordinary shares held in the Company. ("Proposed Bonus Issue");
- (ii) Proposed increase in the authorised share capital of the Company from RM50,000,000 comprises 100,000,000 ordinary shares to RM100,000,000 comprises 200,000,000 ordinary shares. ("Proposed Increase in Authorised Share Capital"); and
- (iii) Proposed transfer of the listing of and quotation for the entire issued and paid-up share capital of the Company from the Second Board to the Main Board of Bursa Securities upon completion of the Proposed Bonus Issue and Proposed Increase in Authorised Share Capital.

25. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENT

The accounting policies disclosed in Note 2 have been applied in preparing the financial statements for the financial year ended 30th September, 2007. The impact resulting from changes in accounting policies arising from the adoption of the new/revised FRSs are summarised below:

a. FRS 2 Share-based Payment

This FRS requires an entity to recognise share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets or equity instruments of the entity.

Prior to 1st October, 2006, no compensation expense was recognised in the income statement over the vesting periods of the grants with a corresponding increase in equity. The total amount to be recognised as compensation expense is determined by reference to the fair value of the share option is computed using the Black-Scholes Method. At every balance sheet date, the Group revises its estimates of the number of share options that are expected to vest by the vesting date. Any revision of this estimate is included in income statement and a corresponding adjustment to equity over the remaining vesting period.

Under the transitional provisions of FRS 2, this FRS must be applied to share options that were granted after 31st December, 2004 and had not yet vested on 1st January, 2006. The application is retrospective and accordingly, the comparative amounts as at 30th September, 2006 were restated and the opening balance of retained profits as at 1st October, 2006 has been adjusted. The financial impact to the Group arising from this change in accounting policy is a decrease in opening retained profits of RM1,151,252 with a corresponding increase in capital reserve.

b. FRS 3 Business Combinations

In prior years, negative goodwill was presented as reserve on consolidation. It is the difference between the cost of investments and the fair value of net assets of the subsidiary company acquired.

With effect from 1st October, 2006 and in accordance with FRS 3, if the fair value of the net assets acquired in a business combination exceeds the consideration paid (an amount arises which would have been known as negative goodwill under the previous accounting policy), the excess is recognised immediately in the income statement as it arises. In accordance with the transitional provisions of FRS 3, existing negative goodwill as at 1st October, 2006 of RM3,268,068 is derecognized with a corresponding increase in opening retained profits.

Notes to the Financial Statements (Cont'd)

- 30th September, 2007

25. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENT (CONT'D)

c. FRS 117 Leases

Prior to 1st October, 2006, leasehold land was classified under property, plant & equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 has resulted in a retrospective change to the classification of leasehold land. The up-front payments made for the leasehold land represents prepaid lease payments and are amortised on a straight-line basis over the lease term. The unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions of FRS 117. This FRS has been applied retrospectively and certain comparative figures as at 30th September, 2006 have been restated.

The following comparative figures of the Group and of the Company have been restated for the effects of adopting the above changes in accounting policies and to conform to current year's presentation:

| | As previously reported RM | Effect of FRS 2 RM | Effect of FRS 3 RM | Effect of FRS 117 RM | As restated RM |
|---|------------------------------------|--------------------------|--------------------------|----------------------------|----------------------|
| Group | | | | | |
| Balance sheet as at 30.09.06 | | | | | |
| Property, plant & equipment | 26,201,123 | – | – | (2,372,477) | 23,828,646 |
| Prepaid lease payment for land | – | – | – | 2,372,477 | 2,372,477 |
| Reserves | | | | | |
| - Retained profit | 2,764,862 | (1,151,252) | 3,268,068 | – | 4,881,678 |
| - Option reserve | – | 1,151,252 | – | – | 1,151,252 |
| - Reserve on consolidation | 3,268,068 | – | (3,268,068) | – | – |
| Income Statement for the financial period ended 30.09.06 | | | | | |
| - Administrative expenses | 1,912,037 | 1,151,252 | – | – | 3,063,289 |

Notes to the Financial Statements (Cont'd)

- 30th September, 2007

25. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENT (CONT'D)

| | As previously reported RM | Effect of FRS 2 RM | As restated RM |
|---|------------------------------------|--------------------------|----------------------|
| Company | | | |
| Balance sheet as at 30.09.06 | | | |
| Reserves | | | |
| - Retained profit/(accumulated loss) | 129,292 | (1,151,252) | (1,021,960) |
| - Option reserve | - | 1,151,252 | 1,151,252 |
| Income Statement for the financial period ended 30.09.06 | | | |
| - Administrative expenses | 90,548 | 1,151,252 | 1,241,800 |

26. AUTHORISATION FOR ISSUE

The financial statements of the Company for the financial year ended 30th September, 2007 were authorised for issue in accordance with a resolution of the Board of Directors on 5th December, 2007.

Analysis of Shareholdings

as at 7th December, 2007

| | | |
|---|---|--------------------------------|
| Authorised share capital | : | RM50,000,000 |
| Issued and paid-up share capital | : | RM42,646,005 |
| 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 | 0.17 | 100 | 0.00 |
| 100 - 1,000 | 367 | 30.84 | 267,200 | 0.31 |
| 1,000 - 10,000 | 595 | 50.00 | 2,697,400 | 3.16 |
| 10,001 - 100,000 | 175 | 14.70 | 5,431,200 | 6.37 |
| 100,001 to less than 5% of issued shares | 46 | 3.87 | 24,733,972 | 29.00 |
| 5% and above of issued shares | 5 | 0.42 | 52,162,138 | 61.16 |
| Total | 1,190 | 100.00 | 85,292,010 | 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 | 27,342,679 | 32.06 | – | – | 27,342,679 | 32.06 |
| Maximum Perspective Sdn Bhd | 9,765,241 | 11.45 | – | – | 9,765,241 | 11.45 |
| - 9,765,241 Shares Held through HLG Nominee (Tempatan) Sdn Bhd | | | | | | |
| PTB Ventures Sdn. Bhd. ("PTB Ventures") | 9,392,781 | 11.01 | – | – | 9,392,781 | 11.01 |
| Yayasan Islam Terengganu | 7,829,321 | 9.18 | – | – | 7,829,321 | 9.18 |
| Huang Sha | 1,000,000 | 1.17 | 27,342,679 | 32.06 (a) | 28,342,679 | 33.23 |
| Leong Hon Chong | 500,000 | 0.59 | 27,342,679 | 32.06 (a) | 27,842,679 | 32.64 |
| Chew Chee Chek | – | – | 27,342,679 | 32.06 (a) | 27,342,679 | 32.06 |
| Datuk Ng Peng Hong @ Ng Peng Hay | – | – | 9,765,241 | 11.45 (b) | 9,765,241 | 11.45 |
| Tan Kang Seng | 300,000 | 0.35 | 9,765,241 | 11.45 (b) | 10,065,241 | 11.80 |
| PTB Bakti Holdings Sdn Bhd ("PTB Bakti") | – | – | 9,392,781 | 11.01 (c) | 9,392,781 | 11.01 |
| Permodalan Terengganu Berhad ("Permodalan Terengganu") | – | – | 9,392,781 | 11.01 (d) | 9,392,781 | 11.01 |
| Lembaga Tabung Amanah | – | – | 9,392,781 | 11.01 (e) | 9,392,781 | 11.01 |

(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 MASB

(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 7th December, 2007

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 * | - | - | 9,765,241 (a) | 11.45 | 9,765,241 | 11.45 |
| Huang Sha * | 1,000,000 | 1.17 | 27,372,679 (c) | 32.09 | 28,372,679 | 33.27 |
| Leong Hon Chong * | 500,000 | 0.59 | 27,342,679 (b) | 32.06 | 27,842,679 | 32.64 |
| Chew Chee Chek * | - | - | 27,342,679 (b) | 32.06 | 27,342,679 | 32.06 |
| Tan Kang Seng * | 300,000 | 0.35 | 9,765,241 (a) | 11.45 | 10,065,241 | 11.80 |
| 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 Chow Yaw, Alan | - | - | - | - | - | - |

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

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

(c) Includes deemed interest in 27,342,679 Shares by virtue of Section 6A of the Act, through his shareholding in LASB and deemed interest in 30,000 Shares by virtue of Section 134(12)(c) of the Act through the shareholdings of his children in the Company

* 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 7th December, 2007

THIRTY (30) LARGEST SHAREHOLDERS AS AT 7 DECEMBER 2007

| | Name of Shareholders | No. of Shares | % |
|----|--|---------------|-------|
| 1 | LIFEWISE ALLIANCE SDN. BHD. | 20,832,517 | 24.42 |
| 2 | HLG NOMINEE (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR MAXIMUM PERSPECTIVE SDN BHD (CCTS)</i> | 9,765,241 | 11.45 |
| 3 | PTB VENTURES SDN. BHD. | 9,392,781 | 11.01 |
| 4 | YAYASAN ISLAM TERENGGANU | 7,829,321 | 9.18 |
| 5 | LIFEWISE ALLIANCE SDN. BHD. | 4,342,278 | 5.09 |
| 6 | HSBC NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HBFS-B CLT 500)</i> | 3,000,000 | 3.52 |
| 7 | CIMSEC NOMINEES (ASING) SDN BHD <i>ING ASIA PRIVATE BANK LTD FOR CLEVELAND MANAGEMENT LIMITED</i> | 2,200,000 | 2.58 |
| 8 | LIFEWISE ALLIANCE SDN. BHD. | 2,167,884 | 2.54 |
| 9 | CITIGROUP NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR AMERICAN INTERNATIONAL ASSURANCE COMPANY LIMITED</i> | 2,139,800 | 2.51 |
| 10 | AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD <i>PUBLIC ISLAMIC OPPORTUNITIES FUND</i> | 1,699,800 | 1.99 |
| 11 | RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TING SIEW PIN (CEB)</i> | 1,435,400 | 1.68 |
| 12 | HUANG SHA | 1,000,000 | 1.17 |
| 13 | HLG NOMINEE (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHO KIM WING (CCTS)</i> | 1,000,000 | 1.17 |
| 14 | AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD <i>PB ISLAMIC ASIA STRATEGIC SECTOR FUND</i> | 880,000 | 1.03 |
| 15 | AMMB NOMINEES (TEMPATAN) SDN BHD <i>AMTRUSTEE BERHAD FOR HLG PENNY STOCK FUND (5/4-3)</i> | 610,700 | 0.72 |
| 16 | RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR SUSY DING (CEB)</i> | 578,000 | 0.68 |
| 17 | HSBC NOMINEES (TEMPATAN) SDN BHD <i>HSBC (M) TRUSTEE BHD FOR HWANG-DBS SELECT SMALL CAPS FUND (4579)</i> | 500,000 | 0.59 |
| 18 | CIMSEC NOMINEES (ASING) SDN BHD <i>ING ASIA PRIVATE BANK LTD FOR OCEANNA VICTORY LTD</i> | 500,000 | 0.59 |
| 19 | LEONG HON CHONG | 500,000 | 0.59 |
| 20 | CHOY SWEE HEONG | 360,000 | 0.42 |
| 21 | LOOI WOO MIN | 350,000 | 0.41 |
| 22 | HSBC NOMINEES (TEMPATAN) SDN BHD <i>HSBC (M) TRUSTEE BHD FOR HWANG-DBS DANA IZDIHAR (4207)</i> | 347,500 | 0.41 |
| 23 | CHENG SHU NU | 344,600 | 0.40 |
| 24 | HLG NOMINEE (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TEO LIA ENG (CCTS)</i> | 340,000 | 0.40 |
| 25 | HLG NOMINEE (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TAN KANG SENG (CCTS)</i> | 300,000 | 0.35 |
| 26 | CIMSEC NOMINEES (ASING) SDN BHD <i>ING ASIA PRIVATE BANK LTD FOR FORTUNE GREAT CAPITAL LTD</i> | 300,000 | 0.35 |
| 27 | AIBB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI</i> | 299,600 | 0.35 |
| 28 | LEE CHEAN SEONG | 295,500 | 0.35 |
| 29 | LEE KOK YUEN | 279,000 | 0.33 |
| 30 | UNIVERSAL TRUSTEE (MALAYSIA) BERHAD <i>SBB EMERGING COMPANIES GROWTH FUND</i> | 253,900 | 0.30 |

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 | Net book value as at 30 September 2007 (RM) |
|---------------------------|---|-------------------------|---|--------------------|------------------------|------------------------------------|---|
| 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 | 11 | 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 | leasehold (expiring on 6 May 2056) | 4,469,732 |
| 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 | 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 | leasehold (expiring on 6 May 2056) | 7,877,510 |

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Second 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 Monday, 4 February 2008, at 10.30 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 year ended 30 September 2007. *(Resolution 1)*
2. To approve Directors' Fees of RM120,000.00 for the financial year ended 30 September 2007. *(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) Mr. Leong Hon Chong *(Resolution 4)*
 - (c) Mr. Chew Chee Chek *(Resolution 5)*
4. To re-appoint Messrs Ong & Wong as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. *(Resolution 6)*

AS SPECIAL BUSINESS

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

5. **SPECIAL RESOLUTION – PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY**
"THAT the deletions, alterations, modifications, variations or additions to the Articles of Association of the Company as contained in Appendix "A" be and are hereby approved." *(Resolution 7)*
6. **ORDINARY RESOLUTION – AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**

"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." *(Resolution 8)*

OTHER ORDINARY BUSINESS

7. 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: 9 January 2008
Kuala Lumpur

Notice of Annual General Meeting (Cont'd)

NOTES ON APPOINTMENT OF PROXY

- (a) A Member entitled to attend and vote at the meeting is entitled to appoint a proxy 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.

EXPLANATORY NOTE TO SPECIAL BUSINESS:

1. **Special Resolution – Resolution 7 – Proposed Amendments to the Articles of Association of the Company**

The Proposed Amendments to the Articles of Association of the Company, if passed, will render the Articles of Association of the Company to be in line with the recent amendments to the Listing Requirements of Bursa Malaysia Securities Berhad and any prevailing laws, rules, regulations, orders, guidelines or requirements of the relevant authorities and to further enhance administrative efficiency of the Company. Please refer to Appendix "A" for details of the Proposed Amendments.

2. **Ordinary Resolution – Resolution 8 – Authority to Directors to issue and allot shares pursuant to Section 132D of the Companies Act, 1965.**

The effect of the resolution under item 6 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.

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**WELLCALL HOLDINGS BERHAD**

(Company No. 707346-W)

(Incorporated in Malaysia)

**SECOND ANNUAL GENERAL MEETING
FORM OF PROXY**

| | |
|--------------------------|--|
| CDS Account No. | |
| No. of share held | |

*I/We (NRIC No.)
(FULL NAME IN BLOCK LETTERS)

of
(FULL ADDRESS)

being a shareholder of Wellcall Holdings Berhad ("Company"), hereby appoint
(NRIC No.)
(FULL NAME IN BLOCK LETTERS)

of or
(FULL ADDRESS)

failing *him/her (NRIC No.)
(FULL NAME IN BLOCK LETTERS)

of or failing *him/her, the Chairman of the
(FULL ADDRESS)

meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Second Annual General Meeting of the Company and act for *me/us on *my/our behalf, at the Second 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 Monday, 4 February 2008 at 10.30 a.m. and at any adjournment thereof. *My /our proxy is to vote as indicated below:-

| Resolution | | For | Against |
|------------|--|-----|---------|
| 1. | ORDINARY BUSINESS To consider and receive the Audited Financial Statements together with the Reports of the Directors and Auditors thereon for the financial year ended 30 September 2007. | | |
| 2. | To approve Directors' Fees of RM120,000.00 for the financial year ended 30 September 2007. | | |
| 3. | Re-elect of Director retiring pursuant to Article 94 of the Company's Articles of Association - Datuk Ng Peng Hong @ Ng Peng Hay | | |
| 4. | Re-elect of Director retiring pursuant to Article 94 of the Company's Articles of Association - Mr. Leong Hon Chong | | |
| 5. | Re-elect of Director retiring pursuant to Article 94 of the Company's Articles of Association - Mr. Chew Chee Chek | | |
| 6. | To re-appoint Messrs Ong & Wong as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. | | |
| 7. | SPECIAL BUSINESS Proposed Amendments to the Company's Articles of Association. | | |
| 8. | Authority to allot shares pursuant to Section 132D of the Companies Act, 1965. | | |

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.

Dated this day of 2008.

*Delete if not applicable

.....
Signature of Shareholder
(If shareholder is a Corporation,
this part should be executed under seal)

- (a) A Member entitled to attend and vote at the meeting is entitled to appoint a proxy 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