ANNUAL REPORT 2013

WELLCALL HOLDINGS BERHAD

(Company No.: 707346-W)

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Corporate Information

BOARD OF DIRECTORS

Datuk Ng Peng Hong @ Ng Peng Hay
(Independent Non-Executive Chairman)

Huang Sha
(Non-Independent Managing Director)

Chew Chee Chek
(Non-Independent Executive Director)

Tan Kang Seng
(Non-Independent Non-Executive Director)

Leong Hon Chong
(Non-Independent Executive Director)

Huang Kai Lin
(Alternate Director to Leong Hon Chong)

YB Dato' Haji Mohtar Bin Nong
(Independent Non-Executive Director)

Mat Zaid Bin Ibrahim
(Alternate Director to YB Dato' Haji Mohtar Bin Nong)

Goh Hoon Leum
(Independent Non-Executive Director)

Yang Chong Yaw, Alan
(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

Goh Hoon Leum
Chairman
(Independent Non-Executive Director)

Yang Chong Yaw, Alan
Member of the Committee
(Independent Non-Executive Director)

Tan Kang Seng
Member of the Committee
(Non-Independent Non-Executive Director)

REMUNERATION COMMITTEE

Goh Hoon Leum
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
(Independent Non-Executive Chairman)

Goh Hoon Leum
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
Level 6, Symphony House,
Pusat Dagangan Dana 1,
Jalan PJU 1A/46,
47301 Petaling Jaya, Selangor.

Tel : 03-7841 8000
Fax : 03-7841 8151/52

PRINCIPAL BANKERS

Malayan Banking Berhad
HSBC Bank Malaysia Berhad

COMPANY SECRETARY

Wong Shan May (LS0008582)

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

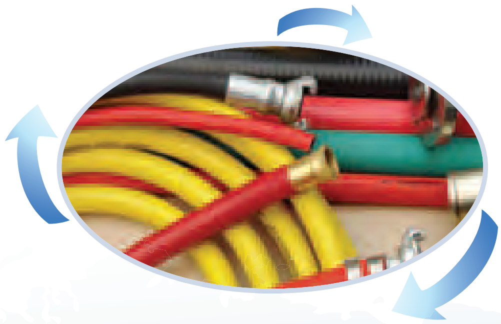
STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad
Stock Name : Wellcal
Stock Code : 7231
Sector : Industrial Products

Corporate Structure

WELLCALL HOLDINGS BERHAD

(Company No: 707346-W)



100%

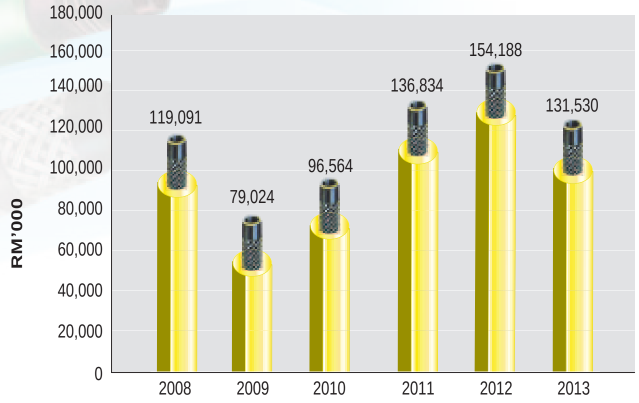
WELLCALL HOSE (M) SDN BHD

(Company No: 343730-A)

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

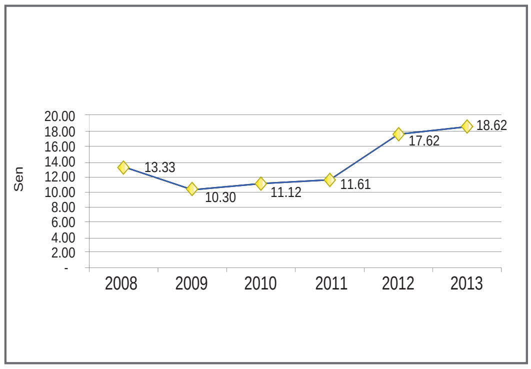
Six Year Group Financial Review

TURNOVER



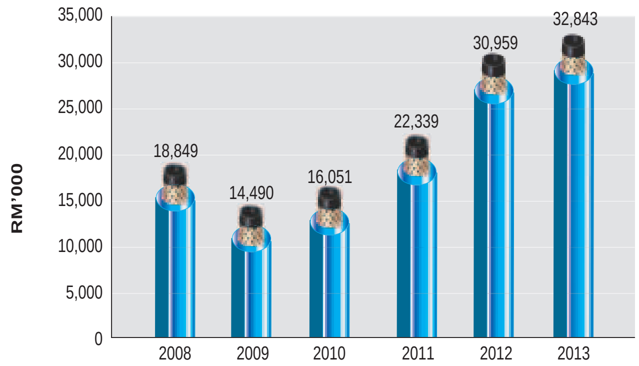
Financial Year Ended 30 September

NET EARNINGS PER SHARE



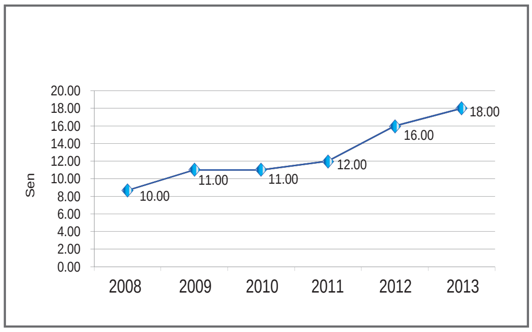
Financial Year Ended 30 September

PROFIT BEFORE TAXATION



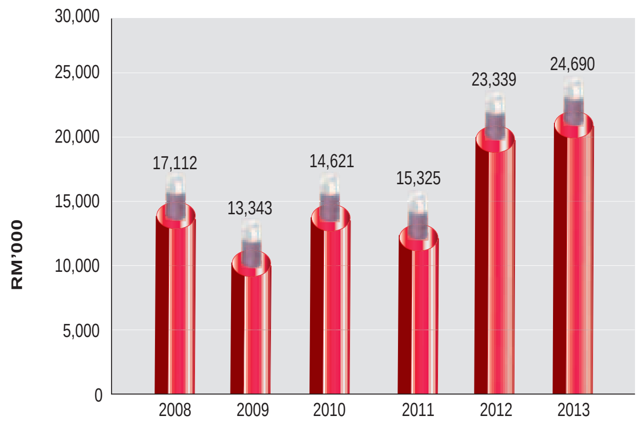
Financial Year Ended 30 September

DIVIDEND PER SHARE



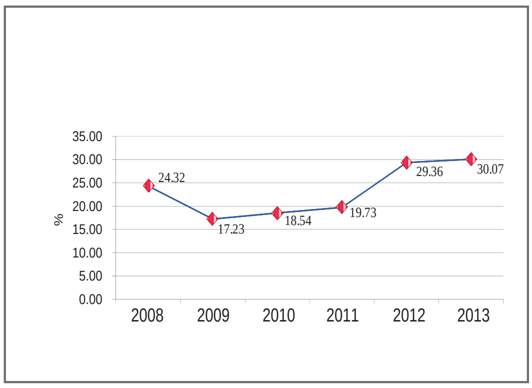
Financial Year Ended 30 September

PROFIT AFTER TAXATION



Financial Year Ended 30 September

RETURN ON CAPITAL EMPLOYED



Financial Year Ended 30 September

SIX YEAR GROUP FINANCIAL REVIEW (CONT'D)

	Financial year ended 30 September					
	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Revenue	119,091	79,024	96,564	136,834	154,188	131,530
Earnings before interest, depreciation and taxation	21,387	17,452	18,875	24,856	34,091	35,626
Interest expenses	(289)	(190)	(187)	(258)	(253)	(227)
Interest income	850	674	723	903	940	875
Depreciation	(3,099)	(3,446)	(3,317)	(3,162)	(3,819)	(3,431)
Profit before tax	18,849	14,490	16,051	22,339	30,959	32,843
Taxation	(1,737)	(1,147)	(1,430)	(7,014)	(7,620)	(8,153)
Profit attributable to equity holders	17,112	13,343	14,621	15,325	23,339	24,690
Net Assets Shareholder's Equity (RM'000)	74,541	80,361	77,351	77,978	80,991	83,216
Total Assets (RM'000)	85,654	86,134	85,957	91,385	94,301	98,112
Net EPS (sen)	13.33	10.30	11.12	11.61	17.62	18.62
Net dividend rate (tax exempt single tier) (sen)	10.00	11.00	11.00	12.00	16.00	18.00
Return on Capital Employeed (%)	24.32	17.23	18.54	19.73	29.36	30.07
Return on Total Assets (%)	21.41	15.53	16.99	17.29	25.14	25.66
Weighted average number of shares in issue ('000)	128,397	129,523	131,826	132,055	132,576	132,387
Par Value of Ordinary Share (RM)	0.50	0.50	0.50	0.50	0.50	0.50
Net assets per share (RM)	58.06	62.04	58.68	59.05	61.18	62.86

Note:

1. The weighted average number of shares in issue is arrived at after taking into account of the bonus issue of 42,646,005 new ordinary shares of RM0.50 each in the Company ("Shares") ("Bonus Shares") on the basis of 1 Bonus Share for every 2 existing Shares held in the Company which has completed on 22nd February 2008.

Chairman's Statement

Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the Annual Report of Wellcall Holdings Berhad ("Wellcall" or "Company") and its subsidiary company ("Group") for the financial year ended 30 September 2013 ("FYE 2013").

INDUSTRY REVIEW

FYE 2013 has been another fruitful year for the Group as we registered higher profitability despite recorded a decline in turnover. In comparison with preceding financial year ended 30 September 2012 ("FYE 2012"), we concluded the year with a net profit of RM24.69 million, which was 5.8% higher than in FYE 2012. The improved performance was due to the favourable synthetic rubber ("SRR") and standard Malaysian rubber ("SMR") prices and favourable foreign exchange gain.

We also successfully mitigated potential adverse effects of the minimum wage policy, which was implemented on 1 January 2013, through automation initiatives for the past two (2) years on existing production lines to reduce our dependence on unskilled labour.

PERFORMANCE REVIEW

For FYE 2013, the Group recorded a revenue of RM131.53 million, representing a decline of RM22.68 million or approximately 14.70% compared to RM154.88 million achieved in FYE 2012. The decrease in revenue was mainly attributable to the softening of global demand in the first half of 2013 which lead to a lower sales order for industrial rubber hose and the customers reducing the inventory holding in anticipation of gradual decline in raw material prices since October 2012.

The Group reported a profit after taxation ("PAT") of RM24.69 million for FYE 2013 compared to RM23.34 million recorded in the previous FYE 2012, representing an increase of RM1.35 million or 5.8%. The increase in PAT was higher in proportion to the increase in turnover and were mainly attributable to lower material cost and favourable foreign currency exchange gain.

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 original equipment manufacturers and manufacturers. The recovery in demand in second half of FYE 2013 contributed to improvement of the utilisation of our production capacity.

We continue to attract new customers, which has contributed positively towards the recovery in demand for the Group's industrial hose during FYE 2013. Our Group started off by manufacturing and selling rubber hose to 3 major application markets and we have since expanded to include more than 6 major application markets, i.e. 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 60 countries. For FYE 2013, we exported approximately 90.8% of our rubber hose to the Middle East, Europe, USA, Canada, Australia, New Zealand, Asia, Africa and South America.

SINGNIFICANT CORPORATE MATTERS

Proposed Acquisition of Industry Land

On 13 June 2012, Wellcall Hose (M) Sdn Bhd ("WHSB"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Mr. Foo Kim Wai (NRIC:631121-08-5495) ("Vendor") for the proposed acquisition of a piece of leasehold vacant industrial land held under Geran HS (D) 5053/82 for Lot PT 744, situated in Mukim Sungai Terap, Daerah Kinta, Perak measuring approximately 8.16 acres for a total purchase consideration of RM4,634,480.00 ("Proposed Acquisition"). On 26 February 2013, WHSB entered into a supplemental agreement ("SA") with Vendor to vary and substitute some of the terms and conditions in the SPA to facilitate the Vendor to settle the premium of RM1,797,565.80 payable to the Pejabat Daerah Dan Tanah Kinta Batu Gajah ("Pejabat Tanah") for the renewal of the lease of the land purchased. Pejabat Tanah had on 15 July 2013, approved the application for the transfer of title pertaining to the Said Land to WHSB with the condition that the transfer has to be executed within one (1) year from date of the said approval. In addition, Pejabat Tanah had on 1 August 2013, approved the appplication for change of existing category of land use "Perusahaan" (or Industrial) and express condition "Perusahaan Berat - Kilang Lampu" to "Perusahaan Berat – Kilang Getah". The Proposed Acquisition was completed on 11 November 2013.

Proposed Share Split

The Proposed Share Split involves the subdivision of every one (1) existing ordinary share of RM0.50 each in Wellcall into two and a half (2.5) ordinary shares of RM0.20 each held by the shareholders of Wellcall whose names appear in the Record of Depositors of the Company on an entitlement date to be determined and announced later ("Proposed Share Split").

As at 25 November 2013, the issued and paid-up share capital of Wellcall is RM66,333,007.50 divided into 132,666,015 ordinary shares of RM0.50 each. The Subdivided Shares shall, upon allotment and issue, rank pari passu in all respects with each other. The Subdivided Shares will be credited directly into the respective central depository system accounts of the entitled shareholders and there will not be any suspension on the trading of shares in Wellcall for the purpose of implementing the Proposed Share Split.

The Proposed Share Split has been approved by Bursa Malaysia Securities Sdn Bhd on 18 December 2013 and subject to the approval of Wellcall shareholders.

MARKET OUTLOOK

Demand for industrial rubber hoses will continue to see gradual pick up from both the emerging and developed economies, with higher growth rates projected from the emerging markets. Moving forward, the Group will ensure it stays ahead of market trends, responding swiftly to changes for betterment through automation and research. In the near term, the Group expects the raw material prices to trend at current levels with possibly further downward inclination. The recent easing of these raw material prices has enabled a more favourable operating environment for sustainable growth in demand and earnings. The outlook for the global economy in 2014 remains challenging and uncertain. Nevertheless, the Group's strategies remain focused on leveraging on its extensive customer network, competitive products, quality services and a wider range of products to enhance its competitive edge.

DIVIDENDS

The Board of Directors is not recommending any final dividend payment for FYE 2013.

For FYE 2013, the Company had:

i) On 26th March 2013, paid a first interim single tier dividend of 4.00 sen per ordinary share on 132,576,015 ordinary shares of RM0.50 each amounted to RM5,303,040.60;

ii) On 26th June 2013, paid a second interim single tier dividend of 4.00 sen per ordinary share on 132,576,015 ordinary shares of RM0.50 each amounted to RM5,303,040.60;

CHAIRMAN'S STATEMENT (CONT'D)

iii) On 26th September 2013, paid a third interim single tier dividend of 5.00 sen per ordinary share on 132,666,015 ordinary shares of RM0.50 each amounted to RM6,633,300.75; and

iv) On 23rd December 2013, paid a special interim single tier dividend of 5.00 sen per ordinary share on 132,666,015 ordinary shares of RM0.50 each amounted to RM6,633,300.75.

The total single tier dividend of 18 sen per ordinary share declared and paid for FYE 2013 represents an increase of 12.5% over last year's dividend of 16 sen per ordinary share and a total dividend payment ratio of approximately 96.7% of the Group's net profit.

ACKNOWLEDGEMENTS

I would like to take this opportunity to express my sincere appreciation and gratitude to all our existing shareholders, investment analysts, bankers and fund managers for their continuous support and confidence in the Group; our valuable customers, suppliers, business associates, Government agencies and friends for their support of our products and services; and to our management and employees for their commitment and dedication in carrying out their duties and responsibilities diligently. I would also like to thank our fellow Directors for their valuable advice, guidance and support rendered to the Group. I am fully confident that their wisdom and experience will benefit and bring the Group to greater heights.

Last but not least, we are mindful and determined that we will constantly improve our performance in the coming years by adhering to our quality policy of "Continuous Improvement and Innovation Are Our Duties" and strive towards maintaining the Group's vision to be the world's leading manufacturer with excellent quality industrial hose.

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	:	61
Nationality	:	Malaysian
Qualification	:	Malaysian Certificate of Education
Occupation	:	Company Director
Position	:	Independent Non-Executive Chairman
Other Directorships of Public Companies	:	Bonia Corporation Berhad Farm's Best Berhad and Group Komarkcorp Berhad ICapital.Biz Berhad The Tun Hussein Onn National Eye Hospital Invest Melaka Berhad
The Date He Was First Appointed to the Board	:	17 April 2006

The Details of Any Board Committee to Which He Belongs :
Chairman of the Nomination Committee

Securities Holding in the Company :
Direct :
Nil

Indirect :
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 served as the State Assemblyman for Tengkera 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 was appointed as the Investment Co-ordinator of the Malacca State Development Corporation to handle direct investments in the State of Melaka since 1988. Together with his team of officials and his excellent public relations, he has helped in attracting numerous Taiwanese, Singaporean and Chinese investors into the State of Melaka. In recognition of his efforts and dedication, he was conferred the Darjah Mulia Seri Melaka by his Excellency, the Governor of Melaka in 1992. On 17 July 1999, the Taiwanese Government awarded him the Economic Medal. Presently, he is the Chairman of Koperasi Jayadiri Malaysia Berhad and is a Board Member of Malaysian Investment Development Authority (MIDA) and is a Board Members of Invest Melaka Berhad and Director of The Tun Hussein Onn National Eye Hospital.

The Number of Board Meetings Attended in the Financial Year :
4 out of 4

DIRECTORS' PROFILE (CONT'D)

HUANG SHA, PMP

Age	:	58
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 :
4,513,418 ordinary shares

Indirect :
195,000 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 :
Father of Mr. Huang Kai Lin

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 and was appointed Managing Director at the even date. 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, Wellcall Hose (M) Sdn Bhd (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

CHEW CHEE CHEK

Age	:	43
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	:	Nil
The Date He Was First Appointed to the Board	:	17 April 2006

The Details of Any Board Committee to Which He Belongs :
Member of the Remuneration Committee

Securities Holding in the Company :
Direct :
10,667,291 ordinary shares

Indirect :
225,000 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 :
Mr. Chew, a Co-founder and an Executive Director of Wellcall joined the Group in 2004. He was appointed to the Board of Wellcall on 17 April 2006. He started his career in Financial Audit in 1994 at BDO Binder and subsequently in 1995 at PricewaterhouseCoopers. In 1996, he joined Amanah Merchant Bank Berhad and involved in advising on corporate restructuring exercise involving initial public offer, merger and acquisition, reverse takeover, back door listing, debt restructuring, rights issue, private placement and bonus issue. 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 and subsequently resigned on 16 August 2013. During the same time, from 2000 to 2004, he also ventured into management consultancy practice. He also sits on the board of directors of several private limited companies. He had resigned as an Independent Non-Executive Director of Komarkcorp Berhad w.e.f. 16 August 2013. Chew 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.

The Number of Board Meetings Attended in the Financial Year :
4 out of 4

DIRECTORS' PROFILE (CONT'D)

TAN KANG SENG

Age	:	46
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 :
Member of the Audit Committee

Securities Holding in the Company :
Direct :
450,000 ordinary shares

Indirect :
14,647,861 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. 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 commercial sector. He is also a Non-Executive Director of Wellcall Hose (M) Sdn Bhd, a wholly owned subsidiary of Wellcall.

The Number of Board Meetings Attended in the Financial Year :
4 out of 4

GOH HOON LEUM

Age	:	63
Nationality	:	Singaporean
Qualification	:	Master of Property, University of Newcastle, Australia Bachelor of Land Economics (2nd Class Honours), University of Technology, Sydney Diploma in Management, Association of Business Executive UK
Occupation	:	Company Director
Position	:	Independent Non-Executive Director
Other Directorships of Public Companies	:	Nil
The Date He Was First Appointed to the Board	:	8 December 2010

The Details of Any Board Committee to Which He Belongs :
Chairman of the Audit Committee, Member of the Nomination Committee and Chairman of the Remuneration Committee

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 8 December 2010. Mr Goh is the Fellow member of Singapore Institute of Surveyors and Valuers and he is also a member of Australia Property Institute. He holds a Bachelor in Land Economics from the University of Technology, Sydney and a Master in Property from the University of Newcastle.

Mr Goh has 30 years of experience in construction and property development industry. He spent first 5 years of his employment in construction industry before starting his 13 years career with Hong Leong Group, an established property development company. He owned a property consultancy and investment business before joining public listed companies as their Project Director.

He specialized in property development management advisory and has been serving clients in Singapore and the People's Republic of China. He is well connected with the industry and has been involved in ensuring optimization the land use of many delicate development projects. He is a licensed Appraiser in Lands & Buildings and an accredited Resident Technical Officer (Building and Civil Engineering Works) of Singapore.

Mr. Goh was conferred a Public Service Medal (PBM) in 1996 by the President of The Republic of Singapore and appointed Honorary Associates by the University of Technology, Sydney, 2000.

The Number of Board Meetings Attended in the Financial Year :
4 out of 4

DIRECTORS' PROFILE (CONT'D)

LEONG HON CHONG

Age	:	68
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 :
2,111,827 ordinary shares

Indirect :
Nil

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 Wellcall Hose (M) Sdn Bhd together with Huang Sha and Lin Kun Pao and was appointed as an Executive Director of Wellcall Hose (M) Sdn Bhd where he is currently responsible for the administration and marketing functions of the Group.

The Number of Board Meetings Attended in the Financial Year :
4 out of 4

DIRECTORS' PROFILE (CONT'D)

HUANG KAI LIN

Age	:	29
Nationality	:	Taiwanese (Malaysian Permanent Resident)
Qualification	:	Bachelor of Chemical Engineering, National Taiwan University, Taiwan
Occupation	:	Company Director
Position	:	Alternate Director to Leong Hon Chong
Other Directorships of Public Companies	:	Nil
The Date He Was First Appointed to the Board	:	12 April 2010

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

Securities Holding in the Company :
Direct :
Nil

Indirect :
4,708,418 ordinary shares

Securities Holding in the Subsidiary :
Nil

Family Relationship With Any Director and / or Major Shareholders of the Company :
He is a son to Mr Huang Sha, PMP, the Managing Director of the Company.

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 12 April 2010. He graduated from the National Taiwan University, Taiwan with a Bachelor of Chemical Engineering in 2008. He has several years of working experience in the rubber product industry and later joined as an engineer, in the Research and Development department of Wellcall Hose (M) Sdn Bhd.

The Number of Board Meetings Attended in the Financial Year :
4 out of 4

DIRECTORS' PROFILE (CONT'D)

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

Age	:	59
Nationality	:	Malaysian
Qualification	:	Bachelor of Economics (Hons), Universiti Kebangsaan Malaysia Master in Business Administration, University of Dubuque, Iowa, USA
Occupation	:	Company Director
Position	:	Independent Non-Executive Director
Other Directorships of Public Companies	:	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 2010 including General Manager of Yayasan Pembangunan Usahawan Terengganu, President of Majlis Perbandaran Kuala Terengganu and State Financial Officer. He was appointed as the Terengganu State Secretary in January 2007 and subsequently retired in 2010. He is also currently a director of various private companies for Astino Berhad.

The Number of Board Meetings Attended in the Financial Year :
4 out of 4

DIRECTORS' PROFILE (CONT'D)

MAT ZAID BIN IBRAHIM, AMT, PJC

Age	:	50
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	:	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 other private companies and was conferred Ahli Mahkota Terengganu (AMT) by Sultan of Terengganu on 30 September 2012.

The Number of Board Meetings Attended in the Financial Year :
3 out of 4

DIRECTORS' PROFILE (CONT'D)

YANG CHONG YAW, ALAN

Age	:	44
Nationality	:	Malaysian
Qualification	:	Bachelor of Economics (Accounting and Finance), Macquarie University, Sydney, Australia Master of Business Administration, Macquarie Graduate School of Management, Sydney, Australia Member of CPA Australia
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 :
Member of the Audit Committee, Nomination Committee and Remuneration Committee

Securities Holding in the Company :
Direct :
150,000 ordinary shares

Indirect :
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 of 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 CPA Australia. Mr Yang has more than 20 years of experience in corporate finance and accounting. He is presently the Chief Operating Officer of Firegent iASP Sdn Bhd, a company that provides the next generation of document capture software as a service.

The Number of Board Meetings Attended in the Financial Year :
4 out of 4

Statement On Corporate Governance

The Board of Directors ("Board") is committed to ensure that the principles and recommendations promulgated in the Malaysian Code on Corporate Governance 2012 ("Code") are well applied in the Company.

The Board is pleased to report on the application by the Group of the extent of compliance with the principles and recommendations of the Code during the financial year following the release of the Code in late March 2012.

Principle 1 – Establish clear Roles and Responsibilities of the Board and Management

The Group is controlled and led by a dynamic Board which is primarily entrusted with the responsibility of charting the direction of the Group. The Board has adopted the following responsibilities to facilitate the discharge of its responsibilities

- Reviewing and adopting strategic plans for the Group;
- Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;
- Approving the Group's key performance index and carrying out periodic review of the achievements against business targets;
- Identifying principal risks and ensuring implementation of appropriate systems to manage the risks;
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- Developing and implementing an investor relations programme or shareholder communication policy for the Group; and
- Reviewing the adequacy and the integrity of the Group's internal control and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines, in promoting ethical values and standards in the workplace.

The Board delegates and confers some of the Board's authorities on the Executive Directors and is also assisted by Board Committees, namely the Audit Committee, Remuneration Committee and Nomination Committee.

(i) Code of Ethics

The Group has a code of conduct and ethics for employees that sets the standards and ethical conduct expected of employees. The Group also has a whistle-blowing policy and procedure in place to provide an avenue for raising concerns relating to any malpractices and misconduct in the workplace.

(ii) Board Charter

The Board is guided by the principles contained in the Board's Charter and a Delegated Authority and Authority Limits which set out the processes in the discharge of its responsibilities. The Board Charter outlines the roles of the Chairman, Managing Director and the Board Committees, matters that are reserved for consideration and decision making, the limits in which the Managing Director can execute the authority.

The Board Charter can be accessible at the Company's website: www.wellcallholdings.com

(iii) Sustainability of Business

The Board is mindful on the importance of business sustainability and in conducting the Group's business. It 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 chemicals, flammable materials and machineries at the work place. The Group also adopts sustainability in its operations and supply chain, through its own initiatives as well as in partnership with its stakeholders, customers, suppliers and other organizations.

The Group's activities on corporate social responsibilities includes making regular contributions to schools with an objective to provide the less fortunate an opportunity to pursue further education.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

(iv) Access to information and 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. The Directors meet, review and approve all corporate announcements, including the announcement of the quarterly financial results, prior to releasing them to Bursa Malaysia Securities Berhad.

All members of the Board have access to the advice and services of a qualified and competent Company Secretary. The Board is regularly updated and apprised by the Company Secretary on new statutes and directives issued by the regulatory authorities. The Company Secretary briefs the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretary attends all Board and Board Committee meetings to ensure that meetings are properly convened, accurate and proper records of the proceedings and resolutions passed are recorded and maintained properly.

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.

Principle 2 – Strengthen Composition

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

(i) Nomination Committee

The Nomination Committee was appointed by the Board and consists of 3 members, all 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 Peng Hong @ Ng Peng Hay	Chairman	Independent Non-Executive Chairman
Goh Hoon Leum	Member	Independent Non-Executive Director
Yang Chong Yaw, Alan	Member	Independent Non-Executive Director

The Nomination Committee meets as and when required, and at least once a year. The Nomination Committee met twice during the year and all the members were present at the meeting.

During the year, the Nomination Committee carried out a self evaluation, assessed the effectiveness of the Board as a whole and the contribution from each Director and reported to the Board. The Nomination Committee also reviewed the independence of the Directors and reported to the Board. The Board is satisfied that it has an appropriate balance of expertise, skills and attributes among the Directors. The performance of those Directors who are subject to re-election at the annual general meeting were assessed by the Nomination Committee and recommendation submitted to the Board for decision on the tabling of the proposed re-election of the Director concerned for shareholders' approval.

With regards to board gender diversity, the Board through its Nomination Committee will review the suitability and competency of women candidates for the Board, if available.

(ii) Directors' Remuneration

The Remuneration Committee consists of three (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.

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 components 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 annual general meeting.

The remuneration of the Directors of the Company for the financial year ended are as follows:

Category	Fees (RM'000)	Salaries & Other Emoluments (RM'000)	Benefit in Kind (RM'000)
Executive Director	5	3,223	91
Non-Executive Director	337	–	–

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

Range of Remuneration	Executive Director	Non-Executive Director
Below RM 50,000	–	2
RM50,001 – RM100,000	–	4
RM200,001 – RM250,000	1	–
RM250,001 – RM300,000	1	–
RM400,001 – RM450,000	1	–
RM2,000,001 – RM2,500,000	1	–

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

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

Principle 3 – Reinforce Independence

There is balance in the Board because of the presence of Independent Non-Executive Directors of the caliber necessary 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.

The Board Charter propose that a cumulative term of up to nine years is recommended for Independent Directors. However, an Independent Director may continue to serve on the Board subject to prior assessment by the Board to be conducted through the Nomination Committee and the Independent Director's re-designation as Non-Independent Director. The Board will justify and seek shareholders' approval in the event it retains as an Independent Director a person who has served in that capacity for more than nine years.

Principle 4 – Foster Commitment

(i) Time commitment

The Board met a total of four (4) times during the financial year ended 30 September 2013.

The record of attendance at the meetings of the Board of Directors for the financial year ended 30 September 2013 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	4/4
Chew Chee Chek	4/4
Tan Kang Seng	4/4
Goh Hoon Leum	4/4
YB Dato' Haji Mohtar Bin Nong	4/4
Yang Chong Yaw, Alan	4/4
Huang Kai Lin (Alternate Director to Leong Hon Chong)	4/4
Mat Zaid Bin Ibrahim (Alternate Director to YB Dato' Haji Mohtar Bin Nong)	3/4

At Board Meetings, the Chairman encourages healthy debates on matters deliberated at the meeting and the Directors are free to express their views on the matters. Directors who have interests in the subject matter will abstain from any deliberation and voting at the meeting.

As stipulated in the Board Charter, the Nomination Committee will propose to the Board candidates for directorships after taking into consideration the candidates' skills, knowledge, expertise, experience, professionalism and integrity. The Nomination Committee also ensures that candidates appointed to the Board will have enough time available to devote to their directorship roles.

(ii) 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 basis and to determine the relevant programmes, seminars and briefings that would enhance their knowledge to enable the Directors to discharge their responsibilities more effectively. All members of the Board have attended the Mandatory Accreditation Training Programme (MAP) conducted by approved organization of Bursa Malaysia Securities Berhad.

For the financial year ended 30 September 2013, the following Directors have attended the following seminar/courses:

Director		Seminars/Courses attended
Datuk Ng Peng Hong @ Ng Peng Hay, D.M.S.M., D.S.M., P.J.K.	1.	One day training on Competition Law Compliance "Understanding Competition Law And Its Implication On Business" on 05 September 2013.
	2.	"Manufacturing process of rubber hose" organized by Wellcall Holdings Berhad on 25 November 2013.
Huang Sha, PMP	1.	"Manufacturing process of rubber hose" organized by Wellcall Holdings Berhad on 25 November 2013.
Leong Hon Chong	1.	"Manufacturing process of rubber hose" organized by Wellcall Holdings Berhad on 25 November 2013.
Chew Chee Chek	1.	2-Day Course on Tax Strategies For Sdn Bhd on 08-09 April 2013.
	2.	"Manufacturing process of rubber hose" organized by Wellcall Holdings Berhad on 25 November 2013.
Tan Kang Seng	1.	"Manufacturing process of rubber hose" organized by Wellcall Holdings Berhad on 25 November 2013.
Goh Hoon Leum	1.	3-Day Course on Laws, Updates and Practical Issues on Land and Property Development on 27-29 November 2012.
	2.	"Manufacturing process of rubber hose" organized by Wellcall Holdings Berhad on 25 November 2013.
YB Dato' Haji Mohtar Bin Nong	1.	"Manufacturing process of rubber hose" organized by Wellcall Holdings Berhad on 25 November 2013.
Yang Chong Yaw, Alan	1.	2-Day Course on Tax Strategies For Sdn Bhd on 08-09 April 2013.
	2.	"Transforming Finance Through Shared Services" : A way towards improving quality, effectiveness and efficiency organized by CPA Australia on 09 October 2013.
	3.	Islamic Banking and Its Financing Modes organized by CPA Australia on 07-08 November 2013.
	4.	"Manufacturing process of rubber hose" organized by Wellcall Holdings Berhad on 25 November 2013.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

Director	Seminars/Courses attended
Huang Kai Lin *(Alternate Director to Leong Hon Chong)*	1. "Global Rubber Customer Course 2013" organized by Lanxess AG from 23-27 September 2013. 2. "Manufacturing process of rubber hose" organized by Wellcall Holdings Berhad on 25 November 2013.
Mat Zaid Bin Ibrahim *(Alternate Director to YB Dato' Haji Mohtar Bin Nong)*	1. Program Retreat Transformasi Kepemimpinan (Transformational Leadership) Pegawai-Pegawai Yayasan Islam Terengganu on 05-07 June 2013. 2. Wealth Academy Investor on 15-17 November 2013. 3. "Manufacturing process of rubber hose" organized by Wellcall Holdings Berhad on 25 November 2013.

Principle 5 – Uphold Integrity in 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 scrutinizing 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, 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.

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.

In assessing the independence of external auditors, the Audit Committee reviewed and considered a written assurance from the external auditors, confirming that they are, and have been, independent throughout the conduct of their audit engagement with the Company in accordance with the independence criteria of International Standards on Auditing and By-Laws issued by the Malaysian Institute of Accountants.

Principle 6 – Recognise and manage risks

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 Risk Management and Internal Control.

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.

A Statement on Risk Management and Internal Control is set out on pages 26 to 27 of the Annual Report.

Principle 7 – Ensure timely and high quality disclosure

The Board recognizes the importance of effective and timely communication with shareholders and the investors to ensure they make informed decisions. The Board has established a corporate disclosure policy since 2006 with the following objectives

(a) to raise awareness about and provide guidance to management and employees on the Company's disclosure requirements and practices.
(b) to provide guidance and structure in disseminating corporate information to, and in dealing with, investors, analysts, media and the investing public.
(c) to ensure compliance with legal and regulatory requirements on disclosure of material information.

All information made available to Bursa Malaysia Securities Berhad is immediately available to shareholders and the market at the Company's website: www.wellcallholdings.com

Principle 8 – Strengthen relationship between company and shareholders

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

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 Risk Management And Internal Control

The statement is prepared in accordance with the requirement under Paragraph 15.26 (b) of Bursa Malaysia Securities Berhad's Main Market Listing Requirements and as guided by the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers".

RESPONSIBILITIES

The Board of Directors has overall responsibility for overseeing the Group's internal control and risk management systems and for reviewing their adequacy and effectiveness. This process lends support to the role of management of implementing the various policies on risk and control, which have been approved by the Board. Due to limitations that are inherent in any system of internal controls, these systems are designed to manage and mitigate, rather than eliminate, the respective inherent risks that exist in achieving the Group's business objectives. Therefore, such systems of internal controls and risk management can only provide reasonable and not absolute assurance against material misstatement or loss. The concept of reasonable assurance also recognises that the cost of control procedures should not exceed the expected benefits.

RISK MANAGEMENT FRAMEWORK

The Group has in place an on-going process for identifying, evaluating and managing the significant risks for the financial year under review and up to the date of approval of the Annual Report and financial statements. The Board has delegated its authority to the Audit Committee to review and determine the levels of different categories of risk, whilst Management and Heads of Business Units are delegated the responsibility to manage risks related to their respective operating business units. The process requires the Management and Heads of Business Units to comprehensively identify and assess the relevant types of risks in terms of likelihood and magnitude of impact, as well as to identify and evaluate the adequacy and effectiveness of applying the mechanisms in place to manage and mitigate these risks. Key risks relating to the Group's operations are deliberated at the business units' and Company's monthly meetings attended by key management personnel and significant risks are communicated to the Board at their scheduled meetings.

INTERNAL AUDIT FUNCTION

The Company has outsourced the internal audit function of the Group to Matrix Consultancy Sdn Bhd ("Matrix Consultancy"). Matrix Consultancy conducts risk-based internal audit, covering the key processes of the Group, in order to assess the adequacy and integrity of the system and reports directly 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 regulatory requirements of the relevant authorities.

Follow up reviews are also carried out to assess the status of implementation of management action plans, which are based on internal audit recommendations. The results of these follow up reviews are also highlighted to the Audit Committee.

OTHER KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL

Apart from risk management and internal audit function, the Board has also put in place the following elements as part of the Group's system of internal control:

- Organization structure with formally defined lines of responsibilities, accountability and authority;
- Financial authority limits are defined to assign authority to appropriate levels of management to exercise control over the Group's commitment on both capital and operational expenditure. The said authority limits are approved by the Board and is regularly reviewed and updated to reflect changing conditions;
- Policies and procedures are in place and are clearly defined to support the Group's business operations;
- ISO9001:2008 Quality Management System certification is in place to monitor and to ensure the quality requirements of the Group's products and services to meet customers' expectation;
- Disaster recovery backup plan has been developed to ensure business continuity in the event of disaster occurrence;
- Regular management meetings involving the Directors and senior management are held to review performance and to promptly address any operational issues that arise;
- Established system of operation and financial reporting to Audit Committee and the Board based on quarterly results; and
- Staff development and training programmes are emphasized in the Group, where the Group encourages all staff to participate in training, education and development programmes organized both internally and externally.

REVIEW AND CONCLUSION

Throughout the financial year 2013, the business and operational risks of the Group were adequately and satisfactorily managed. Non-major internal control weaknesses identified have not resulted in any material loss that would require disclosure in the Group's financial statements.

The external auditors have reviewed this Statement of Risk Management and Internal Control, in accordance with Recommended Practice Guide 5 ("RPG 5") issued by the Malaysian Institute of Accountants. RPG 5 does not require them to consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk. In accordance with the external auditors' report issued to the Board, nothing has come to their attention that resulted in them to believe that this Statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the internal control and risk management systems of the Group.

The Board has also received assurance from the Managing Director and the Finance Director that the Group's internal control and risk management system is operating adequately and effectively, in all material aspects, based on the risk management framework implemented throughout the Group.

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 2013.

1. MEMBERSHIP AND ATTENDANCE

Composition of Audit Committee	Number of Audit Committee Meetings Held	Attended
Goh Hoon Leum *Chairman/Independent Non-Executive Director*	4	4
Yang Chong Yaw, Alan *Member/Independent Non-Executive Director*	4	4
Tan Kang Seng *Member/Non-Independent Non Executive Director*	4	4

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. All members of the Audit Committee should be non-executive directors, financially literate and 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 I 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; or

iii) fulfils the requirements as may be prescribed or approved by Bursa Securities and/or other relevant authorities from time to time.

(b) No alternate Director shall be appointed as a member of the Audit Committee.

(c) In the event of any vacancy in the Audit Committee resulting in the non-compliance of item (a) above, the vacancy must be filled within three (3) months of that event.

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

2.2 QUORUM

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

2.3 CHAIRMAN

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

2.4 MEETINGS

Meetings shall be held at least four (4) times a year and such additional meetings may be called at any time at the discretion of the Chairman of the Audit Committee. However, at least twice a year the Audit Committee shall meet with the external auditors without the present of executive Board members. 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 their representatives shall be responsible for sending out notices of meetings, preparing and keeping minutes of meetings and circulating the minutes of meetings to committee members and to all members of the Board.

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;

AUDIT COMMITTEE REPORT (CONT'D)

v) to do the following in relation to the internal audit function:-

- review 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;
- review 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;
- review any appraisal or assessment of the performance of members of the internal audit function;
- approve any appointments or termination of senior staff members of the internal audit function; and
- take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

vi) 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;

vii) 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;

viii) any letter of resignation from the external auditors of the Company;

ix) whether there is reason (supported by grounds) to believe that the Company's external auditors is not suitable for re-appointment; and

x) 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 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) have authority to 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) be able to obtain advice from independent parties and other professionals in the performance of its duties; and

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

The Chairman of the Audit Committee should engage on a continuous basis with the senior management, such as the chairman, chief executive officer, the finance director, head of internal audit and external auditors in order to be kept informed of matters affecting the Company.

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 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 judgement;

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;

5. Reviewed the Statement on Risk Management and Internal Control;

6. Reviewed the independence of external auditors in carrying out their audit engagement;

7. Reviewed and consider the re-appointment of external auditors; and

8. Noted that there were no option share granted pursuant to the ESOS to eligible employees.

AUDIT COMMITTEE REPORT (CONT'D)

4. SUMMARY OF ACTIVITIES OF THE OUTSOURCED INTERNAL AUDIT DEPARTMENT

The Company had 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 2013, 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.

The professional fees incurred for the internal audit function in respect of financial year ended 30 September 2013 amounted to RM33,800.

Other Information

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 2013, a total of 90,000 new ordinary shares were issued and allotted pursuant to the exercise of ESOS options. During the financial year ended 30 September 2013, there are no ESOS options being granted to other eligible employees of Wellcall Group and 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 2013 are as follows:

	RM’000
O & W Tax Consultants Sdn Bhd	8

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.

REVALUATION POLICY

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

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Directors' Report

for the year ended 30th september, 2013

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, 2013.

PRINCIPAL ACTIVITIES

The Company is principally engaged as an investment holding company. The principal activity of the subsidiary company is disclosed in Note 4 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	32,843,381	24,159,308
Taxation	(8,153,230)	(35,753)
Profit for the year	24,690,151	24,123,555

DIVIDENDS

The amount of dividends declared and paid by the Company since the end of the previous financial year were as follows:

i) a special interim single tier dividend of 4.00 sen per share on 132,576,015 ordinary shares of RM0.50 each amounting to RM5,303,040.60 in respect of the financial year ended 30th September, 2012 was paid on 28th December, 2012.

ii) a first interim single tier dividend of 4.00 sen per share on 132,576,015 ordinary shares of RM0.50 each amounting to RM5,303,040.60 in respect of the financial year ended 30th September, 2013 was paid on 26th March, 2013.

iii) a second interim single tier dividend of 4.00 sen per share on 132,576,015 ordinary shares of RM0.50 each amounting to RM5,303,040.60 in respect of the financial year ended 30th September, 2013 was paid on 26th June, 2013.

iv) a third interim single tier dividend of 5.00 sen per share on 132,666,015 ordinary shares of RM0.50 each amounting to RM6,633,300.75 in respect of the financial year ended 30th September, 2013 was paid on 26th September, 2013.

v) a special interim single tier dividend of 5.00 sen per share on 132,666,015 ordinary shares of RM0.50 each amounting to RM6,633,300.75 in respect of the financial year ended 30th September, 2013 was declared on 10th December, 2013 and paid on 23rd December, 2013.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES

The following ordinary shares were issued by the Company during the financial year:

Class	Number of shares	Term of issue	Purpose of issue
Ordinary	90,000	Cash	Exercise of ESOS

These new ordinary shares rank pari passu with the existing shares in issue of the Company.

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.

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 9 to the financial statements.

DIRECTORS

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

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

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 1.10.2012	**Bought**	**Sold**	**Balance at 30.9.2013**
Direct interest in ordinary shares of the Company				
Huang Sha, PMP	4,513,418	–	–	**4,513,418**
Leong Hon Chong	2,611,827	–	(500,000)	**2,111,827**
Tan Kang Seng	450,000	–	–	**450,000**
Chew Chee Chek	13,197,291	–	(2,530,000)	**10,667,291**
Yang Chong Yaw Alan	150,000	–	–	**150,000**
Deemed interest in ordinary shares of the Company				
Huang Sha, PMP*	195,000	–	–	**195,000**
Chew Chee Chek*	225,000	–	–	**225,000**
Indirect interest in ordinary shares of the Company				
Maximum Perspective Sdn. Bhd.				
Tan Kang Seng	14,647,861	–	–	**14,647,861**

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

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS IN SHARES (CONT'D)

	Options over number of ordinary shares of RM0.50 each			
	Balance at 1.10.2012	**Granted**	**Exercised**	**Balance at 30.9.2013**
Direct interest in ESOS options of the Company				
Yang Chong Yaw Alan	120,000	–	–	**120,000**

By virtue of their interests in the shares of the Company, Huang Sha, PMP, Leong Hon Chong, Chew Chee Chek, Tan Kang Seng and Yang Chong Yaw Alan 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, 2013 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 year, 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 Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position 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.

OTHER STATUTORY INFORMATION (CONT'D)

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.

EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Details of events subsequent to the balance sheet date are disclosed in Note 24 to the financial statements.

AUDITORS

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

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

HUANG SHA, PMP
Director

CHEW CHEE CHEK
Director

Dated: 10 January 2014
Kuala Lumpur

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 43 to 83 are drawn up in accordance with applicable Malaysian Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the states of affairs of the Group and of the Company as at 30th September, 2013 and of the results and cash flows of the Group and of the Company for the financial year ended on that date.

Further to the Statement by directors pursuant to Section 169(15) of the Companies Act, 1965, the information set out in Note 10 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

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

HUANG SHA, PMP
Director

CHEW CHEE CHEK
Director

Dated: 10 January 2014
Kuala Lumpur

Statutory Declaration

(pursuant to section 169[16] of the companies act, 1965)

I, **CHEW CHEE CHEK**, being 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 43 to 83 are drawn up, 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	)	
10 January 2014	)	**CHEW CHEE CHEK**

Before me,

Commissioner for Oaths

Independent Auditors' Report

TO THE MEMBERS OF WELLCALL HOLDINGS BERHAD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Wellcall Holdings Berhad, which comprise the statements of financial position as at 30th September, 2013 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 43 to 83.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 30th September, 2013 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary company of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

c) The audit reports on the financial statements of the subsidiary company did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT (CONT'D)

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 10 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

a) As stated in Note 2 to the financial statements, Wellcall Holdings Berhad adopted Malaysian Financial Reporting Standards on 1st October, 2012 with a transition date of 1st October, 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 30th September, 2012 and 1st October, 2011, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 30th September, 2012 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 30th September, 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1st October, 2012 do not contain misstatements that materially affect the financial position as of 30th September, 2013 and the financial performance and cash flows for the financial year then ended.

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

ONG & WONG
AF 0241
Chartered Accountants

ONG KOON LIANG
2909/02/15(J)
Partner of Firm

Dated: 10 January 2014
Kuala Lumpur

Statements Of Financial Position

as at 30th september, 2013

	Note	Group 30.9.2013 RM	Group 30.9.2012 RM	Group 1.10.2011 RM	Company 30.9.2013 RM	Company 30.9.2012 RM	Company 1.10.2011 RM
ASSETS							
Non-current assets							
Property, plant and equipment	3	**28,031,968**	29,256,304	29,770,317	**–**	–	–
Investments in subsidiary company	4	**–**	–	–	**57,540,803**	57,540,803	57,540,803
Other investment	5	**10,000**	10,000	10,000	**–**	–	–
		28,041,968	29,266,304	29,780,317	**57,540,803**	57,540,803	57,540,803
Current assets							
Inventories	6	**17,081,862**	16,536,729	22,902,591	**–**	–	–
Trade and other receivables	7	**6,947,040**	6,818,678	5,406,220	**6,735,267**	5,401,100	4,000,000
Cash and bank balances	8	**46,040,920**	41,679,760	33,295,475	**12,299,758**	11,962,832	12,340,130
		70,069,822	65,035,167	61,604,286	**19,035,025**	17,363,932	16,340,130
TOTAL ASSETS		**98,111,790**	94,301,471	91,384,603	**76,575,828**	74,904,735	73,880,933
EQUITY AND LIABILITIES							
Equity attributable to equity holders of the Company							
Share capital	9	**66,333,008**	66,288,008	66,179,258	**66,333,008**	66,288,008	66,179,258
Share premium		**2,167,716**	2,129,622	2,037,561	**2,167,716**	2,129,622	2,037,561
Reserves	10	**14,715,353**	12,567,625	9,761,894	**7,806,658**	6,225,526	5,468,287
Total equity		**83,216,077**	80,985,255	77,978,713	**76,307,382**	74,643,156	73,685,106
Non-current liabilities							
Deferred taxation	11	**2,820,870**	2,844,000	2,871,654	**–**	–	–
Current liabilities							
Trade and other payables	12	**9,866,792**	8,771,714	9,696,993	**254,390**	257,973	184,910
Tax payable		**2,208,051**	1,700,502	837,243	**14,056**	3,606	10,917
		12,074,843	10,472,216	10,534,236	**268,446**	261,579	195,827
Total liabilities		**14,895,713**	13,316,216	13,405,890	**268,446**	261,579	195,827
TOTAL EQUITY AND LIABILITIES		**98,111,790**	94,301,471	91,384,603	**76,575,828**	74,904,735	73,880,933

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

Statements Of Profit Or Loss And Other Comprehensive Income

FOR THE YEAR ENDED 30TH SEPTEMBER, 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Revenue		**131,529,790**	154,187,649	**24,200,000**	21,400,000
Cost of sales		**(91,704,896)**	(115,175,705)	**–**	–
Gross profit		**39,824,894**	39,011,944	**24,200,000**	21,400,000
Other operating income	13	**3,565,498**	2,530,495	**393,273**	371,152
		43,390,392	41,542,439	**24,593,273**	21,771,152
Administrative expenses		**(6,262,487)**	(6,060,068)	**(433,965)**	(461,547)
Selling and distribution costs		**(4,057,676)**	(4,270,067)	**–**	–
Profit from operations		**33,070,229**	31,212,304	**24,159,308**	21,309,605
Finance costs		**(226,848)**	(253,465)	**–**	–
Profit before taxation	14	**32,843,381**	30,958,839	**24,159,308**	21,309,605
Taxation	17	**(8,153,230)**	(7,620,138)	**(35,753)**	(19,396)
Profit for the year		**24,690,151**	23,338,701	**24,123,555**	21,290,209
Other comprehensive income		**–**	–	**–**	–
Total comprehensive income for the year		**24,690,151**	23,338,701	**24,123,555**	21,290,209

	Note	Group 2013	Group 2012
Earnings per share (sen)	18		
- Basic		**18.62**	17.62
- Diluted		**18.60**	17.58
Dividend per share (sen)	19	**17.00**	15.50

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

Consolidated Statements Of Changes In Equity

for the year ended 30th September, 2013

		< --- Attributable to Equity Holders of the Company --- >				
		< -------- Non-distributable -------- >			Distributable	
	Note	Share capital RM	Share premium RM	Option reserve RM	Retained profit RM	Total equity RM
At 1st October, 2011		66,179,258	2,037,561	242,454	9,519,440	77,978,713
ESOS options						
- granted		–	–	55,811	–	55,811
- exercised		108,750	92,061	(55,811)	–	145,000
Total comprehensive income for the year		–	–	–	23,338,701	23,338,701
Dividends	19	–	–	–	(20,532,970)	(20,532,970)
At 30th September, 2012		66,288,008	2,129,622	242,454	12,325,171	80,985,255
ESOS options						
- granted		–	–	23,094	–	23,094
- exercised		45,000	38,094	(23,094)	–	60,000
Total comprehensive income for the year		–	–	–	24,690,151	24,690,151
Dividends	19	–	–	–	(22,542,423)	(22,542,423)
At 30th September, 2013		66,333,008	2,167,716	242,454	14,472,899	83,216,077

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

Statements Of Changes In Equity

for the year ended 30th september, 2013

	Note	< -------- Non-distributable -------- >			Distributable	
		Share capital RM	Share premium RM	Option reserve RM	Retained profit RM	Total equity RM
At 1st October, 2011		66,179,258	2,037,561	242,454	5,225,833	73,685,106
ESOS options						
- granted		–	–	55,811	–	55,811
- exercised		108,750	92,061	(55,811)	–	145,000
Total comprehensive income for the year		–	–	–	21,290,209	21,290,209
Dividends	19	–	–	–	(20,532,970)	(20,532,970)
At 30th September, 2012		66,288,008	2,129,622	242,454	5,983,072	74,643,156
ESOS options						
- granted		–	–	23,094	–	23,094
- exercised		45,000	38,094	(23,094)	–	60,000
Total comprehensive income for the year		–	–	–	24,123,555	24,123,555
Dividends	19	–	–	–	(22,542,423)	(22,542,423)
At 30th September, 2013		66,333,008	2,167,716	242,454	7,564,204	76,307,382

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

Statements Of Cash Flows

for the year ended 30th September, 2013

	Note	Group 2013 RM	Group 2012 RM (Restated)	Company 2013 RM	Company 2012 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		**32,843,381**	30,958,839	**24,159,308**	21,309,605
Adjustments for:					
Depreciation of property, plant and equipment		**3,430,523**	3,818,968	**–**	–
Share-based compensation		**23,094**	55,811	**23,094**	55,811
Unrealised (gain)/loss on foreign exchange		**(766)**	253,365	**–**	–
Gain on disposal of property, plant and equipment		**(79,904)**	(58,000)	**–**	–
Dividend income		**(2,000)**	(2,000)	**–**	–
Interest expense		**226,848**	253,465	**–**	–
Interest income		**(872,906)**	(939,707)	**(393,273)**	(371,152)
Operating profit before working capital changes		**35,568,270**	34,340,741	**23,789,129**	20,994,264
(Increase)/Decrease in inventories		**(545,133)**	6,365,862	**–**	–
Increase in receivables		**(115,231)**	(1,664,723)	**(1,334,167)**	(1,401,100)
Increase/(Decrease) in payables		**1,072,659**	(926,379)	**(3,583)**	73,063
Cash generated from operations		**35,980,565**	38,115,501	**22,451,379**	19,666,227
Tax refund		**2,664**	244,310	**2,664**	-
Tax paid		**(7,671,475)**	(7,028,843)	**(27,967)**	(26,707)
Interest paid		**(226,848)**	(253,465)	**–**	–
Interest received		**872,906**	939,707	**393,273**	371,152
Net cash generated from operating activities		**28,957,812**	32,017,210	**22,819,349**	20,010,672
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		**152,131**	58,000	**–**	–
Dividend income		**2,000**	2,000	**–**	–
Purchase of property, plant and equipment		**(2,278,414)**	(3,304,955)	**–**	–
Net cash used in investing activities		**(2,124,283)**	(3,244,955)	**–**	–
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		**60,000**	145,000	**60,000**	145,000
Dividend paid		**(22,542,423)**	(20,532,970)	**(22,542,423)**	(20,532,970)
Net cash used in financing activities		**(22,482,423)**	(20,387,970)	**(22,482,423)**	(20,387,970)
Net increase/(decrease) in cash and cash equivalents		**4,351,106**	8,384,285	**336,926**	(377,298)
Effect of exchange rate changes		**10,054**	–	**–**	–
Cash and cash equivalents at beginning of year		**41,679,760**	33,295,475	**11,962,832**	12,340,130
Cash and cash equivalents at end of year	A	**46,040,920**	41,679,760	**12,299,758**	11,962,832

STATEMENTS OF CASH FLOWS (CONT'D)

NOTE

A. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following balance sheet amounts:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Deposits with licensed banks	**28,431,049**	22,182,069	**12,200,000**	11,000,000
Cash and bank balances	**17,609,871**	19,497,691	**99,758**	962,832
	46,040,920	41,679,760	**12,299,758**	11,962,832

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

Notes To The Financial Statements

- 30th September, 2013

1. GENERAL INFORMATION

The Company is principally engaged as an investment holding company. The principal activity of the subsidiary company is disclosed in note 4 to the financial statements.

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

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements for the financial year ended 30th September, 2013 are the Group's and the Company's first financial statements prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"). For all periods up to and including the financial year ended 30th September, 2012, the Group and the Company prepared its financial statements in accordance with Financial Reporting Standards ("FRSs").

The transition to MFRSs is accounted for in accordance with MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards, with 1st October, 2012 as the date of transition. The transition to MFRSs has not had a material impact on the financial statements.

At the date of authorisation for issue of the financial statements, the new and revised Standards and Amendments which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

Description		**Effective for annual period beginning on or after**
MFRS 7	Financial Instruments: Disclosures (Amendments relating to Disclosures - Offsetting Financial Assets and Liabilities)	1st January, 2013
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)	1st January, 2015
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)	1st January, 2015
MFRS 10	Consolidated Financial Statements	1st January, 2013
MFRS 10	Consolidated Financial Statements (Amendments relating to Transition Guidance)	1st January, 2013
MFRS 12	Disclosures of Interests in Other Entities	1st January, 2013
MFRS 12	Disclosures of Interests in Other Entities (Amendments relating to Transition Guidance)	1st January, 2013
MFRS 13	Fair Value Measurement	1st January, 2013

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Description		Effective for annual period beginning on or after
MFRS 119	Employee Benefits (IAS 19 as amended by IASB in June 2011)	1st January, 2013
MFRS 127	Consolidated Separate Financial Statements (IAS 27 as amended by IASB in May 2011)	1st January, 2013
MFRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)	1st January, 2013
MFRS 132	Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities)	1st January, 2014
Amendments to MFRSs contained in the document entitled Annual Improvements 2009 - 2011 Cycle		1st January, 2013

The directors anticipate that abovementioned Standards and Amendments will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these Standards and Amendments will have no material impact on the financial statements of the Group and of the Company in the period of initial application, except as discussed below.

Amendments to MFRS 7 and MFRS 132: Offsetting Financial Assets and Financial Liabilities and the related disclosures

The amendments to MFRS 132 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to MFRS 7 introduce new disclosure requirements relating to rights of offset and related arrangements for financial instruments under an enforceable master netting agreements or similar arrangements. Both MFRS 132 and MFRS 7 require retrospective application upon adoption.

To date, the Group and the Company have not entered into any such agreements or similar arrangements. However, the directors anticipate that the application of these amendments to MFRS 132 and MFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

MFRS 9 and Amendments relating to Mandatory Effective Date of MFRS 9 and Transition Disclosures

MFRS 9 (IFRS 9 issued by IASB in November 2009) introduces new requirements for the classification and measurement of financial assets. MFRS 9 (IFRS 9 issued by IASB in October 2010) includes the requirements for the classification and measurement of financial liabilities and for derecognition.

The amendments to MFRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) ("MFRS 9") relating to "Mandatory Effective Date of MFRS 9 and Transition Disclosures" which become immediately effective on the issuance date of 1st March, 2012 amended the mandatory effective date of MFRS 9 to annual periods beginning on or after 1st January, 2015 instead of on or after 1st January, 2013, with earlier application still permitted as well as modified the relief from restating prior periods. MFRS 7 which was also amended in tandem with the issuance of the aforementioned amendments introduces new disclosure requirements that are either permitted or required on the basis of the entity's date of adoption and whether the entity chooses to restate prior periods.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

MFRS 9 and Amendments relating to Mandatory Effective Date of MFRS 9 and Transition Disclosures (Cont'd)

Key requirements of MFRS 9 are described as follows:

- all recognised financial assets that are within the scope of MFRS 139 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under MFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of equity instrument (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, MFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under FRS 139, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

To date, the Group and the Company do not hold significant investments or similar investments that are not measured at amortised cost or fair value except as disclosed in Note 5. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 9 until a detailed review has been completed.

MFRS 10, MFRS 12, MFRS 127 and MFRS 128

Key requirements of these three Standards are described below.

MFRS 11 replaces MFRS 131 Interests in Joint Ventures. MFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. IC Int. 113 Jointly Controlled Entities - Non-monetary Contributions by Venturers will be withdrawn upon the effective date of MFRS 11. Under MFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under MFRS 131, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under MFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under MFRS 131 can be accounted for using the equity method of accounting or proportionate consolidation.

MFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in MFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to MFRS 10, MFRS 11 and MFRS 12 were issued to clarify certain transitional guidance on the application of these MFRSs for the first time.

The directors anticipate that the application of the above mentioned standards may not have a material effect to the financial statements except for more extensive disclosures in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

MFRS 13: Fair Value Measurement

MFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of MFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRS s require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in MFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under MFRS 7 Financial Instruments: Disclosures will be extended by MFRS 13 to cover all assets and liabilities within its scope.

The directors anticipate that the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

MFRS 119 (IAS 19 as amended by IASB in June 2011)

The amendments to MFRS 119 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of MFRS 119 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Further, the interest cost and expected return on plan assets used in the previous version of MFRS 119 are replaced with a "net-interest" amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

Amendments to MFRSs: Annual Improvements 2009 - 2011 Cycle

The Annual Improvement 2009 - 2011 Cycle include a number of amendments to various MFRSs. The amendments to MFRSs include:
- Amendments to MFRS 101 Presentation of Financial Statements;
- Amendments to MFRS 116 Property, Plant and Equipment; and
- Amendments to MFRS 132 Financial Instruments: Presentation.

<u>Amendments to MFRS 101</u>

MFRS 101 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to MFRS 101 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position. Hence, the adoption of the amendments when it becomes effective will affect the presentation of the third statement of financial position and related notes in the future periods.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Amendments to MFRSs: Annual Improvements 2009 - 2011 Cycle (Cont'd)

Amendments to MFRS 116

The amendments to MFRS 116 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in MFRS 116 and as inventory otherwise. The directors do not anticipate that the amendments to MFRS 116 will have a significant effect on the Group's and the Company's financial statements.

Amendments to MFRS 132

The amendments to MFRS 132 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with MFRS 112 Income Taxes. The directors anticipate that the amendments to MFRS 132 will have no effect on the Group's and the Company's financial statements as this treatment has already been adopted.

a. Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with MFRSs and the provisions of the Companies Act, 1965 in Malaysia. The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM").

b. Basis of Consolidation

i) Business Combinations

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

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiary is consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Acquisition of subsidiary is accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b. Basis of Consolidation (Cont'd)

i) Business Combinations (Cont'd)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 Financial Instrument: Recognition and Measurement, either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not to be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

ii) Transactions with Non-Controlling Interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, if any, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

c. Foreign Currencies

i) Functional and Presentation Currency

The financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

c. Foreign Currencies (Cont'd)

ii) Foreign Currency Transactions

Transactions in foreign currencies are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

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

	2013 RM	2012 RM
1 United States Dollar (USD)	**3.22**	3.07
1 Euro (EUR)	**4.34**	3.96
1 Singapore Dollar (SGD)	**2.56**	2.44

d. Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

d. Property, Plant and Equipment and Depreciation (Cont'd)

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each year-end, and adjusted prospectively, if appropriate.

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

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

e. Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f. Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investment in subsidiaries are accounted for at cost less impairment losses, if any.

g. Financial Assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(i) Financial Assets at Fair Value through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

The Group and the Company have not designated any financial assets as at fair value through profit or loss.

(ii) Loans and Receivables

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

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

g. Financial Assets (Cont'd)

(iii) Held-to-Maturity Investments

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

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

The Group and the Company have not designated any financial assets as held-to-maturity investments.

(iv) Available-for-Sale Financial Assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

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

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss, if any.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

The Group classified its quoted investments as available-for-sale financial assets.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

h. Impairment of Financial Assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and Other Receivables and Other Financial Assets Carried at Amortised Cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics.

Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Available-for-Sale Financial Assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i. Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

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

j. Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

k. Provisions

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

l. Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

l. Financial Liabilities (Cont'd)

(ii) Other Financial Liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

m. Share Capital

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

n. Employee Benefits

(i) Short Term Benefits

Wages, salaries, bonuses and social security contributions ("Socso") are recognised as expenses in the year in which the associated services are rendered by employees of the Group and 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.

(ii) Defined Contribution Plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

n. Employee Benefits (Cont'd)

(iii) Share-Based Compensation Benefits

The Company operates an equity settled, share-based compensation plan i.e. the ESOS since 6th 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 statement of comprehensive income 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 statement of financial position 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.

o. Revenue

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

(i) Sale of Goods

Revenue from sales of goods is measured at the fair value of the receivable consideration and is recognised upon transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Dividend Income

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

(iii) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(iv) Rental Income

Rental income is recognised on accrued basis.

p. Income Taxes

(i) Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

p. Income Taxes (Cont'd)

(ii) Deferred Tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

q. Segment Reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 23, including the factors used to identify the reportable segments and the measurement basis of segment information.

r. Contingencies

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

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

s. Significant Accounting Judgements and Estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(i) Judgements Made in Applying Accounting Policies

In the process of preparing the financial statements, there were no significant judgements made in applying the accounting policies of the Group which may have significant effects on the amounts recognised in the financial statements.

(ii) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of Investment in Subsidiaries

The management determines whether the carrying amounts of its investments are impaired at reporting date. This involves measuring the recoverable amounts which includes fair value less costs to sell and valuation techniques. Valuation techniques include amongst others, discounted cash flows analysis and in some cases, based on current market indicators and estimates that provide reasonable approximations to the detailed computation or based on total shareholders' equity of the subsidiaries.

The carrying amount of investment in subsidiaries as at 30th September, 2013 were RM57,540,803 (2012: RM57,540,803). Further details are disclosed in Note 4. Based on management's review, no further adjustment for impairment is required for the investment in subsidiaries by the Company during the current year.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

s. Significant Accounting Judgements and Estimates (Cont'd)

(ii) Key Sources of Estimation Uncertainty (Cont'd)

(b) Impairment of Loans and Receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables' at the reporting date is disclosed in Note 7.

(c) Useful Lives of Property, Plant and Equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within 10 to 15 years. These are common life expectancies applied in the manufacturing industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment at the reporting date is disclosed in Note 3.

(d) Deferred Tax Assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances, unutilised reinvestment allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses, capital allowances and provisions can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(e) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(f) Write-down of Inventories

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. PROPERTY, PLANT AND EQUIPMENT

	As at 1.10.2012 RM	Addition RM	Disposal/ Retirement RM	As at 30.9.2013 RM
Group				
2013				
COST				
Leasehold land	2,395,483	–	–	2,395,483
Factory buildings	10,919,347	547,080	–	11,466,427
Electrical installation	1,892,568	–	–	1,892,568
Fire fighting installation	780,310	–	–	780,310
Furniture and fittings	196,101	11,000	–	207,101
Motor vehicles	2,074,077	–	–	2,074,077
Office equipment	336,135	2,250	–	338,385
Plant and machinery	30,256,232	1,718,084	(442,091)	31,532,225
	48,850,253	2,278,414	(442,091)	50,686,576

	As at 1.10.2012 RM	Charge for the year RM	Disposal/ Retirement RM	As at 30.9.2013 RM
ACCUMULATED DEPRECIATION				
Leasehold land	307,864	47,476	–	355,340
Factory buildings	1,313,882	221,631	–	1,535,513
Electrical installation	919,983	186,006	–	1,105,989
Fire fighting installation	410,139	77,352	–	487,491
Furniture and fittings	169,190	19,075	–	188,265
Motor vehicles	1,060,157	230,108	–	1,290,265
Office equipment	253,808	31,171	–	284,979
Plant and machinery	15,158,926	2,617,704	(369,864)	17,406,766
	19,593,949	3,430,523	(369,864)	22,654,608

	As at 30.9.2013 RM
NET BOOK VALUE	
Leasehold land	2,040,143
Factory buildings	9,930,914
Electrical installation	786,579
Fire fighting installation	292,819
Furniture and fittings	18,836
Motor vehicles	783,812
Office equipment	53,406
Plant and machinery	14,125,459
	28,031,968

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

	As at 1.10.2011 RM	Addition RM	Disposal/ Retirement RM	As at 30.9.2012 RM
2012				
COST				
Leasehold land	2,395,483	–	–	2,395,483
Factory buildings	10,919,347	–	–	10,919,347
Electrical installation	1,862,568	30,000	–	1,892,568
Fire fighting installation	780,310	–	–	780,310
Furniture and fittings	190,801	5,300	–	196,101
Motor vehicles	1,779,969	639,108	(345,000)	2,074,077
Office equipment	320,070	16,065	–	336,135
Plant and machinery	27,709,250	2,614,482	(67,500)	30,256,232
	45,957,798	3,304,955	(412,500)	48,850,253

	As at 1.10.2011 RM	Charge for the year RM	Disposal/ Retirement RM	As at 30.9.2012 RM
ACCUMULATED DEPRECIATION				
Leasehold land	260,387	47,477	–	307,864
Factory buildings	1,092,252	221,630	–	1,313,882
Electrical installation	733,976	186,007	–	919,983
Fire fighting installation	332,788	77,351	–	410,139
Furniture and fittings	143,273	25,917	–	169,190
Motor vehicles	1,113,715	291,442	(345,000)	1,060,157
Office equipment	210,037	43,771	–	253,808
Plant and machinery	12,301,053	2,925,373	(67,500)	15,158,926
	16,187,481	3,818,968	(412,500)	19,593,949

	As at 30.9.2012 RM	As at 1.10.2011 RM
NET BOOK VALUE		
Leasehold land	2,087,619	2,135,097
Factory buildings	9,605,465	9,827,095
Electrical installation	972,585	1,128,592
Fire fighting installation	370,171	447,522
Furniture and fittings	26,911	47,527
Motor vehicles	1,013,920	666,254
Office equipment	82,327	110,033
Plant and machinery	15,097,306	15,408,197
	29,256,304	29,770,317

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

Certain leasehold land and factory building of the Group with net book value of RM3,783,470 (2012: RM3,871,381) has been pledged as security to financial institution for banking facilities.

The depreciation was charged to the followings:

	30.9.2013 RM	30.9.2012 RM
Factory overhead	**3,150,169**	3,457,837
Administrative expenses	**280,354**	361,130
	3,430,523	3,818,967

4. INVESTMENT IN SUBSIDIARY COMPANY

		Company	
	30.9.2013 RM	30.9.2012 RM	1.10.2011 RM
Unquoted shares, at cost	**57,540,803**	57,540,803	57,540,803

The subsidiary company is:

	Country of incorporation	Principal activity	Effective equity interest 30.9.2013	30.9.2012	1.10.2011
Wellcall Hose (M) Sdn. Bhd.	Malaysia	Manufacturing of rubber hose and related products	**100%**	100%	100%

5. OTHER INVESTMENT

		Group	
	30.9.2013 RM	30.9.2012 RM	1.10.2011 RM
Unquoted shares in Malaysia, at cost	**10,000**	10,000	10,000

6. INVENTORIES

		Group	
	30.9.2013 RM	30.9.2012 RM	1.10.2011 RM
Raw materials	**10,524,344**	10,101,895	14,153,024
Work-in-progress	**3,273,932**	3,198,023	3,665,393
Finished goods	**3,283,586**	3,236,811	5,084,174
	17,081,862	16,536,729	22,902,591

7. TRADE AND OTHER RECEIVABLES

	Group			Company		
	30.9.2013 RM	30.9.2012 RM	1.10.2011 RM (Restated)	30.9.2013 RM	30.9.2012 RM	1.10.2011 RM
Trade receivables	**4,750,003**	5,816,945	4,863,047	**–**	–	–
Amount due from subsidiary company	**–**	–	–	**6,700,000**	5,400,000	4,000,000
Other receivables	**2,189,237**	987,983	530,573	**34,717**	–	–
Deposits	**7,250**	12,650	12,600	**–**	–	–
Prepayment	**550**	1,100	–	**550**	1,100	–
	6,947,040	6,818,678	5,406,220	**6,735,267**	5,401,100	4,000,000

(a) Trade Receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 (2012: 30 to 90) days term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group		
	30.9.2013 RM	30.9.2012 RM	1.10.2011 RM
Neither past due nor impaired	**3,859,157**	4,645,141	4,497,168
Due and not impaired			
1 - 30 days	**777,991**	1,125,645	344,305
31 - 60 days	**72,189**	13,595	11,638
61 - 90 days	**4,781**	2,674	2,018
91 days and above	**35,885**	29,890	7,918
	890,846	1,171,804	365,879
	4,750,003	5,816,945	4,863,047

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM890,846 (2012: RM1,171,804) that are past due at the reporting date but not impaired. Based on historical payment received, the Group believes that no impairment allowance is necessary. These receivables are unsecured.

(b) 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)

8. CASH AND BANK BALANCES

	Group			Company		
	30.9.2013 RM	30.9.2012 RM	1.10.2011 RM	30.9.2013 RM	30.9.2012 RM	1.10.2011 RM
Cash in hand and at banks	**17,609,871**	19,497,691	6,948,475	**99,758**	962,832	240,130
Deposits with licensed banks	**28,431,049**	22,182,069	26,347,000	**12,200,000**	11,000,000	12,100,000
	46,040,920	41,679,760	33,295,475	**12,299,758**	11,962,832	12,340,130

Deposits with licensed banks comprise of fixed deposits and short term deposits.

During the financial year, the fixed deposits and short term deposits earned interest rates ranging from 1.80% to 3.40% (2012: 2.00% to 3.25%) per annum and have average maturities of 1 to 227 days (2012: 3 to 227 days).

9. SHARE CAPITAL

	Group and Company		
	30.9.2013	30.9.2012	1.10.2011
Authorised:			
Number of ordinary shares of RM0.50 each			
At beginning of year	**200,000,000**	200,000,000	200,000,000
Created during the year	**–**	–	–
At end of year	**200,000,000**	200,000,000	200,000,000
	RM	RM	RM
Ordinary shares of RM0.50 each			
At beginning of year	**100,000,000**	100,000,000	100,000,000
Created during the year	**–**	–	–
At end of year	**100,000,000**	100,000,000	100,000,000

9. SHARE CAPITAL (CONT'D)

	30.9.2013	Company 30.9.2012	1.10.2011
Issued and fully paid:			
Number of ordinary shares of RM0.50 each			
At beginning of year	**132,576,015**	132,358,515	131,826,015
Issued during the year	**90,000**	217,500	532,500
At end of year	**132,666,015**	132,576,015	132,358,515
	RM	**RM**	**RM**
Ordinary shares of RM0.50 each			
At beginning of year	**66,288,008**	66,179,258	65,913,008
Issued during the year	**45,000**	108,750	266,250
At end of year	**66,333,008**	66,288,008	66,179,258

ESOS options:

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

30.9.2013

Date granted	Exercisable period	Subscription price (sen/share)	At 01.10.2012	Exercised	Forfeited/ Lapsed	At 30.09.2013
14.07.2006	14.07.2006 to 13.07.2016	66*	607,500	(90,000)	–	**517,500**
09.02.2007	09.02.2007 to 13.07.2016	189*	300,000	–	–	**300,000**
			907,500	(90,000)	–	**817,500**

30.9.2012

Date granted	Exercisable period	Subscription price (sen/share)	At 01.10.2011	Exercised	Forfeited/ Lapsed	At 30.09.2012
14.07.2006	14.07.2006 to 13.07.2016	66*	825,000	(217,500)	–	607,500
09.02.2007	09.02.2007 to 13.07.2016	189*	300,000	–	–	300,000
			1,125,000	(217,500)	–	907,500

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. SHARE CAPITAL (CONT'D)

1.10.11

Date granted	Exercisable period	Subscription price (sen/share)	At 01.10.2010	Exercised	Forfeited/ Lapsed	At 30.09.2011
14.07.2006	14.07.2006 to 13.07.2016	66*	1,357,500	(532,500)	–	825,000
09.02.2007	09.02.2007 to 13.07.2016	189*	300,000	–	–	300,000
			1,657,500	(532,500)	–	1,125,000

* The exercise prices had been revised from RM1.00 per share to RM0.66 per share and from RM2.83 per share to RM1.89 per share respectively following the bonus issue on 22nd February, 2008.

	30.9.2013	30.9.2012	1.10.2011
Number of ESOS options vested as at balance sheet date	**90,000**	217,500	532,500

10. RESERVES

	Group			Company		
	30.9.2013 RM	30.9.2012 RM	1.10.2011 RM	30.9.2013 RM	30.9.2012 RM	1.10.2011 RM
Option reserve	**242,454**	242,454	242,454	**242,454**	242,454	242,454
Retained profit	**14,472,899**	12,325,171	9,519,440	**7,564,204**	5,983,072	5,225,833
	14,715,353	12,567,625	9,761,894	**7,806,658**	6,225,526	5,468,287

Additional disclosure of realised and unrealised profits:

	Group			Company		
	30.9.2013 RM	30.9.2012 RM	1.10.2011 RM	30.9.2013 RM	30.9.2012 RM	1.10.2011 RM
Total retained profits of the Company and its subsidiary company - Realised	**43,343,806**	41,473,339	37,959,054	**7,564,204**	5,983,072	5,225,833
- Unrealised - in respect of deferred tax recognised	**(2,820,870)**	(2,844,000)	(2,871,654)	**–**	–	–
- in respect of foreign exchange translation	**766**	(253,365)	482,843	**–**	–	–
	(2,820,104)	(3,097,365)	(2,388,811)	**–**	–	–
	40,523,702	38,375,974	35,570,243	**7,564,204**	5,983,072	5,225,833
Less: Consolidation adjustments	**(26,050,803)**	(26,050,803)	(26,050,803)	**–**	–	–
	14,472,899	12,325,171	9,519,440	**7,564,204**	5,983,072	5,225,833

11. DEFERRED TAXATION

	Group		
	30.9.2013 RM	**30.9.2012 RM**	**1.10.2011 RM**
At beginning of year	**2,844,000**	2,871,654	784,840
Transferred (to)/from statement of profit or loss (Note 17)	**(23,130)**	(27,654)	2,086,814
At end of year	**2,820,870**	2,844,000	2,871,654
The deferred tax liabilities is in respect of the following temporary differences:			
- Property, plant and equipment	**2,820,870**	2,844,000	2,871,654

12. TRADE AND OTHER PAYABLES

	Group			Company		
	30.9.2013 RM	**30.9.2012 RM**	**1.10.2011 RM**	**30.9.2013 RM**	**30.9.2012 RM**	**1.10.2011 RM**
Trade payables	**4,313,020**	3,062,525	5,019,508	**–**	–	–
Other payables	**2,369,135**	2,207,074	2,138,911	**203,590**	209,173	180,070
Accruals	**3,184,637**	3,502,115	2,538,574	**50,800**	48,800	4,840
	9,866,792	8,771,714	9,696,993	**254,390**	257,973	184,910

(a) Trade Payables

Trade payables are non-interest bearing and are normally settled on 30 to 60 (2012: 30 to 60) days term.

(b) Other Payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 90 (2012: 90) days term.

13. OTHER OPERATING INCOME

	Group		Company	
	2013 RM	**2012 RM**	**2013 RM**	**2012 RM**
Dividend income	**2,000**	2,000	**–**	–
Gain on disposal of property, plant and equipment	**79,904**	58,000	**–**	–
Interest income				
- Fixed deposits	**774,831**	877,962	**385,056**	363,064
- Repo	**98,075**	61,745	**8,217**	8,088
Gain on foreign exchange				
- Realised	**2,578,601**	1,525,804	**–**	–
- Unrealised	**766**	–	**–**	–
Others	**31,321**	4,984	**–**	–
	3,565,498	2,530,495	**393,273**	371,152

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. PROFIT BEFORE TAXATION

The following items have been included in arriving at profit before taxation:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
		(Restated)		
Profit before taxation is arrived at after charging:				
Auditors' remuneration				
- Current year's provision	**28,000**	28,000	**5,000**	5,000
- Overprovision in prior year	**(1,000)**	–	**(1,000)**	–
Depreciation of property, plant and equipment	**3,430,523**	3,818,968	**–**	–
Directors' remuneration (Note 16)	**3,565,110**	3,019,050	**198,000**	212,800
Employee Benefits Expenses (Note 15)	**12,240,133**	12,024,411	**–**	–
Finance costs				
- Bank charges, commission and commitment	**226,848**	253,465	**–**	–
Rental of equipment	**3,600**	3,600	**–**	–
Rental of office equipment	**3,600**	3,600	**–**	–
Share-based compensation	**23,094**	55,811	**23,094**	55,811
Loss on foreign exchange				
- Unrealised	**–**	253,365	**–**	–

15. EMPLOYEE BENEFITS EXPENSES

	Group	
	2013	**2012**
	RM	**RM**
		(Restated)
Salaries, wages, bonus and others	**11,717,346**	11,611,659
E.P.F.	**464,744**	358,759
Socso	**58,043**	53,993
	12,240,133	12,024,411

16. DIRECTORS' REMUNERATION

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Fees	**342,000**	356,800	**198,000**	212,800
Other emoluments	**3,223,110**	2,662,250	**–**	–
	3,565,110	3,019,050	**198,000**	212,800

17. TAXATION

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Malaysian income tax				
- Current year	**8,095,491**	7,581,168	**37,494**	20,270
- Under/(over)provision in prior year	**80,869**	66,624	**(1,741)**	(874)
	8,176,360	7,647,792	**35,753**	19,396
Deferred taxation (Note 11)	**(23,130)**	(27,654)	**–**	–
	8,153,230	7,620,138	**35,753**	19,396

Income tax expenses recognised in statement of profit or loss and other comprehensive income.

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 30th September are as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Profit before tax	**32,843,381**	30,958,839	**24,159,308**	21,309,605
Taxation at Malaysian statutory tax rate of 25% (2012: 25%)	**8,210,845**	7,739,709	**6,039,827**	5,327,401
Non-deductible expenses	**119,113**	128,093	**47,667**	42,869
Income not subject to tax	**(5,161)**	–	**(6,050,000)**	(5,350,000)
Underprovision of deferred tax in prior years	**87,339**	61,594	**–**	–
Under/(over)provision of income tax in prior year	**80,869**	66,624	**(1,741)**	(874)
Reinvestment allowance claimed	**(339,775)**	(375,882)	**–**	–
	8,153,230	7,620,138	**35,753**	19,396

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

	2013 RM	2012 RM
Tax exempt account	**15,439,700**	15,439,700

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

18. 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.

	2013	2012
Profit for the year attributable to equity holders of the Company (RM)	**24,690,151**	23,338,701
Number of ordinary shares in issue at the beginning of year	**132,576,015**	132,358,515
Effect of shares issued during the year	**25,000**	75,521
Weighted average number of shares in issue	**132,601,015**	132,434,036
Basic earnings per share (sen)	**18.62**	17.62

b. Diluted Earnings Per Share

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

	2013	2012
Profit for the year attributed to equity holders of the Company (RM)	**24,690,151**	23,338,701
Number of ordinary shares in issue at the beginning of year	**132,576,015**	132,358,515
Effect of shares issued during the year	**25,000**	75,521
Effect of ESOS options	**169,849**	294,718
Adjusted weighted average number of shares in issue and issuable	**132,770,864**	132,728,754
Diluted earnings per share (sen)	**18.60**	17.58

19. DIVIDENDS

During the financial year, the Company declared and paid dividend as follows:

	2013		2012	
	Net dividend per share Sen	**Amount RM**	**Net dividend per share Sen**	**Amount RM**
Special interim single tier dividend paid	**4.00**	**5,303,041**	3.50	4,632,548
First interim single tier dividend paid	**4.00**	**5,303,041**	4.00	5,294,340
Second interim single tier dividend paid	**4.00**	**5,303,041**	4.00	5,303,041
Third interim single tier dividend paid	**5.00**	**6,633,300**	4.00	5,303,041
Total	**17.00**	**22,542,423**	15.50	20,532,970

Subsequent to the financial year, a special interim single tier dividend of 5.00 sen per share on 132,666,015 ordinary shares of RM0.50 each amounting to RM6,633,300 in respect of the financial year ended 30th September, 2013 was declared on 10th December, 2013 and paid on 23rd December, 2013.

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

Determination of Fair Value

<u>Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value</u>

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

	Note
Trade and other receivables	7
Deposits with licensed banks	8
Trade and other payables	12

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

<u>Amounts due from subsidiary, non-current trade receivables and payables</u>

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's and the Company's policy that no derivatives shall be undertaken.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

a. Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

<u>Exposure to credit risk</u>

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 7.

<u>Credit risk concentration profile</u>

The Group determines concentration of credit risk by monitoring the business segment of its trade receivables on an ongoing basis.

At the reporting date, there was no significant concentration of credit risk for the Group and the Company other than those receivables as analysed in Note 7.

<u>Financial assets that are not impaired</u>

Information regarding trade and other receivables that are not impaired is disclosed in Note 7.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

b. Liquidity Risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Analysis of Financial Instruments by Remaining Contractual Maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	<---------- 30.9.2013			---------->
	On demand or within one year RM	**One to five years RM**	**Over five years RM**	**Total RM**
Group				
Financial Liabilities				
Trade and other payables	**9,866,792**	**–**	**–**	**9,866,792**

	<---------- 30.9.2013			---------->
	On demand or within one year RM	**One to five years RM**	**Over five years RM**	**Total RM**
Company				
Financial Liabilities				
Trade and other payables	**254,390**	**–**	**–**	**254,390**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity Risk (Cont'd)

Analysis of Financial Instruments by Remaining Contractual Maturities (Cont'd)

	<---- 30.9.2012 ----			---->
	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
Financial Liabilities				
Trade and other payables	8,771,714	–	–	8,771,714

	<---- 30.9.2012 ----			---->
	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Company				
Financial Liabilities				
Trade and other payables	257,973	–	–	257,973

(c) Interest Rate Risk

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

As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

d. Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currencies other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollar and Euro Dollar. Foreign exchange exposures in these transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The net unhedged financial assets and liabilities of the Group that are not denominated in the functional currency is as follows:

	2013 RM	2012 RM
Net unhedged financial assets:		
United States Dollar ("USD")	**11,023,949**	12,631,854
Euro ("EUR")	**678,465**	1,367,650
Singapore Dollar ("SGD")	**14,678**	–
	11,717,092	13,999,504

Sensitivity Analysis for Foreign Currency Risk

The following table demonstrates the sensitivity of the Group's profit to a reasonably possible change in the USD and EUR exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

			Gain/(loss) in profit or loss	
			2013 RM	2012 RM
USD/RM	-	strengthened 10%	**1,102,395**	1,263,185
	-	weakened 10%	**(1,102,395)**	(1,263,185)
EURO/RM	-	strengthened 10%	**67,847**	136,765
	-	weakened 10%	**(67,847)**	(136,765)

22. SIGNIFICANT RELATED PARTY TRANSACTION

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transaction between the Group and related party took place at terms agreed between the parties during the financial year:

	Company	
	2013 RM	2012 RM
Dividend income from subsidiary company	**24,200,000**	21,400,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments 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, 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	**Carrying amount of segment assets RM**	**Capital expenditure RM**
2013			
Geographical location:			
Malaysia	**12,007**	**98,102**	**2,278**
Middle East	**18,770**	**–**	**–**
Europe	**19,155**	**–**	**–**
USA/Canada	**18,440**	**–**	**–**
Australia/New Zealand	**12,564**	**–**	**–**
Asia	**29,404**	**–**	**–**
South America	**17,998**	**–**	**–**
Africa	**3,192**	**–**	**–**
Total	**131,530**	**98,102**	**2,278**
2012			
Geographical location:			
Malaysia	12,148	94,291	3,305
Middle East	20,616	–	–
Europe	22,199	–	–
USA/Canada	30,249	–	–
Australia/New Zealand	16,640	–	–
Asia	29,895	–	–
South America	16,994	–	–
Africa	5,447	–	–
Total	154,188	94,291	3,305

24. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

a) On 13th June, 2012, Wellcall Hose (M) Sdn. Bhd. ("WHSB"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement ("SPA") with Mr. Foo Kim Wai (NRIC: 631121-08-5495) ("Vendor") for the proposed acquisition of a piece of leasehold vacant industrial land held under Geran HS (D) 5053/82 for Lot PT 744, situated in Mukim Sungai Terap, Daerah Kinta, Perak measuring approximately 8.16 acres ("Said Land") for a total purchase consideration of RM4,634,480.00 ("Proposed Acquisition").

   On 26th February, 2013, WHSB entered into a supplemental agreement ("SA") with Vendor to vary and substitute some of the terms and conditions in the SPA to facilitate the Vendor to settle the premium of RM1,797,565.80 payable to the Pejabat Daerah Dan Tanah Kinta Batu Gajah ("Pejabat Tanah") for the renewal of the lease of the land purchased.

   Pejabat Tanah had on 15th July, 2013, approved the application for the transfer of title pertaining to the Said Land to WHSB with the condition that the transfer has to be executed within one (1) year from date the said approval. In addition, Pejabat Tanah had on 1st August, 2013, approved the application for change of existing category of land use "Perusahaan" (or Industrial) and express condition "Perusahaan Berat - Kilang Lampu" to "Perusahaan Berat - Kilang Getah".

   The Proposed Acquisition was completed on 11th November, 2013.

b) On 25th November, 2013, the Company proposed to undertake the following proposals:

   (i) Proposed share split of every one existing ordinary share of RM0.50 each in Wellcall into two and a half ordinary shares of RM0.20 each in Wellcall;

   (ii) Proposed amendments to the Memorandum of Association of Wellcall to facilitate the proposed share split.

25. COMPARATIVES

Certain comparative figures have been restated to conform with current year's presentation.

26. AUTHORISATION FOR ISSUE

The financial statements of the Company for the financial year ended 30th September, 2013 were authorised for issue in accordance with a resolution of the Board of Directors on 10 January 2014.

Analysis Of Shareholdings

STATISTICS ON SHAREHOLDINGS AS AT 31 DECEMBER 2013

Authorised capital	:	RM100,000,000.00
Issued share capital	:	132,666,015
Paid up share capital		RM66,333,007.50
Class of shares	:	Ordinary shares of RM0.50 each
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDERS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	35	1.68	1,373	0.00
100 - 1,000	399	19.10	261,050	0.20
1,001 - 10,000	1,185	56.72	5,442,125	4.10
10,001 - 100,000	384	18.38	10,732,100	8.09
100,001 to less than 5% of issued shares	82	3.93	64,718,000	48.78
5% and above of issued shares	4	0.19	51,511,367	38.83
Total	2,089	100.00	132,666,015	100.00

AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Direct		Indirect		Total	
Name of Shareholders	No. of Shares Held	% of Issued Share Capital	No. of Shares Held	% of Issued Share Capital	No. of Shares Held	% of Issued Share Capital
UOBM Nominees (Asing) Sdn Bhd - Exempt AN for Societe Generale Bank & Trust, Singapore Branch (Cust Asset)	18,326,215	13.81	–	–	18,326,215	13.81
Maximum Perspective Sdn Bhd (CCTS) - 14,647,861 shares held through HLG Nominee (Tempatan) Sdn Bhd	14,647,861	11.04	–	–	14,647,861	11.04
Tan Kang Seng	450,000	0.34	14,647,861 (a)	11.04	15,097,861	11.38
Chew Chee Chek	10,667,291	8.04	225,000	0.17	10,892,291	8.21
HSBC Nominee (Asing) Sdn Bhd - HSBC – FS for Ntasian Discovery Master Fund	7,870,000	5.93	–	–	7,870,000	5.93
Mondrian Investment Partners Limited	13,060,300	9.84	–	–	13,060,300	9.84

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

ANALYSIS OF SHAREHOLDINGS (CONT'D)

DIRECTORS' SHAREHOLDINGS

	Direct		Indirect		Total	
Name of Directors	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	–	–	–	–	–	–
Huang Sha*	4,513,418	3.40	195,000 (a)	0.15	4,708,418	3.55
Leong Hon Chong*	2,111,827	1.59	–	–	2,111,827	1.59
Chew Chee Chek*	10,667,291	8.04	225,000 (b)	0.17	10,892,291	8.21
Tan Kang Seng*	450,000	0.34	14,647,861 (c)	11.04	15,097,861	11.38
Yang Chong Yaw, Alan*	150,000	0.11	–	–	150,000	0.11
YB Dato' Haji Mohtar Bin Nong	–	–	–	–	–	–
Goh Hoon Leum	–	–	–	–	–	–
Mat Zaid Bin Ibrahim (Alternate Director to YB Dato' Haji Mohtar Bin Nong)	–	–	–	–	–	–
Huang Kai Lin (Alternate Director to Leong Hon Chong)	–	–	4,708,418 (d)	3.55	4,708,418	3.55

(a) Deemed interest in 195,000 shares by virtue of Section 134(12)(c) of the Companies Act, 1965, through the shareholdings of his children in the Company

(b) Deemed interest in 225,000 shares by virtue of Section 134(12)(c) of the Companies Act, 1965, through the shareholdings of his spouse in the Company

(c) Deemed interest by virtue of Section 6A of the Companies Act, 1965, through his shareholding in Maximum Perspective Sdn Bhd

(d) Deemed interest in 4,708,418 shares by virtue of Section 134(12)(c) of the Companies Act, 1965, through the shareholdings of his family members 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)

30 LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	UOBM NOMINEES (ASING) SDN BHD *EXEMPT AN FOR SOCIETE GENERALE BANK & TRUST, SINGAPORE BRANCH (CUST ASSET)*	18,326,215	13.81
2	HLG NOMINEE (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR MAXIMUM PERSPECTIVE SDN BHD (CCTS)*	14,647,861	11.04
3	CHEW CHEE CHEK	10,667,291	8.04
4	HSBC NOMINEES (ASING) SDN BHD *HSBC-FS FOR NTASIAN DISCOVERY MASTER FUND*	7,870,000	5.93
5	HSBC NOMINEES (ASING) SDN BHD *TNTC FOR MONDRIAN EMERGING MARKETS SMALL CAP EQUITY FUND, L.P.*	5,870,400	4.42
6	CITIGROUP NOMINEES (ASING) SDN BHD *EXEMPT AN FOR CITIBANK NA, SINGAPORE (JULIUS BAER)*	4,688,900	3.53
7	HUANG SHA	4,513,418	3.40
8	HSBC NOMINEES (ASING) SDN BHD *EXEMPT AN FOR THE BANK OF NEW YORK MELLON (MELLON ACCT)*	4,459,600	3.36
9	CIMSEC NOMINEES (ASING) SDN BHD *BANK OF SINGAPORE LIMITED FOR CLEVELAND MANAGEMENT LIMITED*	4,050,655	3.05
10	AMANAHRAYA TRUSTEES BERHAD *PUBLIC ISLAMIC OPPORTUNITIES FUND*	3,070,700	2.31
11	CITIGROUP NOMINEES (ASING) SDN BHD *CBNY FOR OLD WESTBURY GLOBAL SMALL & MID CAP FUND*	2,861,300	2.16
12	UOBM NOMINEES (TEMPATAN) SDN BHD *EXEMPT AN FOR SOCIETE GENERALE BANK & TRUST, SINGAPORE BRANCH (CUST ASSET)*	2,450,000	1.85
13	LEONG HON CHONG	2,111,827	1.59
14	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR FONG KIAH YEOW*	1,942,487	1.46
15	TAN GEOK LAN	1,796,000	1.35
16	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *BANK NEGARA MALAYSIA NATIONAL TRUST FUND (HWANG)*	1,693,000	1.28

30 LARGEST SHAREHOLDERS (CONT'D)

No.	Name of Shareholders	No. of Shares	%
17	HLG NOMINEE (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT* *FOR CHO KIM WING (CCTS)*	1,578,000	1.19
18	MAYBANK NOMINEES (TEMPATAN) SDN BHD *MAYBANK TRUSTEES BERHAD FOR* *PUBLIC BALANCED FUND (N14011950210)*	1,478,800	1.11
19	HSBC NOMINEES (ASING) SDN BHD *HSBC-FS FOR NAVIS YIELD FUND*	1,275,200	0.96
20	TAN GEOK LAN	1,221,800	0.92
21	CHENG SHU NU	1,140,900	0.86
22	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT* *FOR CHONG KHONG SHOONG*	1,130,000	0.85
23	TAN JOO CHIN	699,200	0.53
24	HSU YU-TIEN	697,200	0.53
25	AMANAHRAYA TRUSTEES BERHAD *PUBLIC STRATEGIC SMALLCAP FUND*	689,700	0.52
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR GAN TEE JIN*	600,000	0.45
27	LEE CHEAN SEONG	584,650	0.44
28	CHIU MING TE	511,500	0.39
29	HLG NOMINEE (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TEO LIA ENG (CCTS)*	510,000	0.38
30	M & A NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR FONG KIAH YEOW (M&A)*	500,000	0.38
	Total	**103,636,604**	**78.12**

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 2013 (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	17	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)	4,319,459
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	7	Industrial land erected with a block of factory, a canteen and workers' hostel, for the purpose of carrying out manufacturing activities	286,973	190,000	leasehold (expiring on 6 May 2056)	7,651,598

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Eighth Annual General Meeting ("AGM") of **Wellcall Holdings Berhad** (707346-W) ("the Company") will be held at Langkawi Room, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Wednesday, 26 February 2014, at 10.30 a.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company together with the Reports of the Directors and Auditors thereon for the financial year ended 30 September 2013. **(Please refer to explanatory note)**

2. To approve the payment of Directors' Fees of RM198,000.00 for the financial year ended 30 September 2013. **(Ordinary Resolution 1)**

3. To re-elect the following Directors who retire by rotation pursuant to Article 94 of the Company's Articles of Association and being eligible, offered themselves for re-election:-

   (a) DATUK NG PENG HONG @ NG PENG HAY **(Ordinary Resolution 2)**

   (b) MR. LEONG HON CHONG **(Ordinary Resolution 3)**

   (c) MR. CHEW CHEE CHEK **(Ordinary Resolution 4)**

4. To re-appoint Messrs Ong & Wong as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. **(Ordinary Resolution 5)**

AS SPECIAL BUSINESS

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

5. **ORDINARY RESOLUTION**
   AUTHORITY FOR DIRECTORS TO ISSUE AND 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 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." **(Ordinary Resolution 6)**

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

By Order of the Board

WONG SHAN MAY (F) (LS0008582)
Company Secretary

Dated: 30 January 2014
Kuala Lumpur

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

NOTES

(a) *A Member entitled to attend and vote at the meeting may appoint one 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) *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.*

(c) *Where a Member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint no more than two proxies in respect of each securities account it holds with shares of the Company standing to the credit of the said securities account. Such appointment shall be invalid unless the Authorised Nominee specifies the proportion of its shareholdings to be represented by each proxy it has appointed.*

(d) *Where a Member of the Company is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991,which holds shares of the Company in an Omnibus Account (an account in which shares are held for two or more beneficial owners), such Exempt Authorised Nominee may appoint multiple proxies in respect of each Omnibus Account it holds. Such appointment shall be invalid unless the Exempt Authorised Nominee specifies the proportion of its shareholdings to be represented by each proxy it has appointed.*

(e) *In the event a member duly executed the proxy form but does not name any proxy, such member shall be deemed to have appointed the Chairman of the meeting as his proxy.*

(f) *The instrument appointing a proxy or power of attorney 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.*

(g) *For the purpose of determining a member who shall be entitled to attend the Annual General Meeting of the Company, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 20 February 2014. Only a depositor whose name appears therein shall be entitled to attend the said meeting or appoint a proxy to attend and/or vote in his stead.*

EXPLANATORY NOTE ON ITEM 1:

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

EXPLANATORY NOTE TO SPECIAL BUSINESS:

Ordinary Resolution 6 - Authority for Directors to issue and allot shares pursuant to Section 132D of the Companies Act, 1965 ("the Act").

The Company had, during its Seventh AGM held on 28 February 2013, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 132D of the Act. The Company did not issue any shares pursuant to this mandate obtained.

The Ordinary Resolution 6 proposed under item 5 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 132D of the Act. The mandate, if passed will empower the Directors to issue and allot new shares up to 10% of the issued capital of the Company for purpose of funding the working capital, business expansion or strategic development of the Group. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority will commence from the date of this AGM and unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company.

At this junction, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is sought, the Company will make an announcement in respect thereof.

WELLCALL HOLDINGS BERHAD

(Company No. 707346-W)
(Incorporated in Malaysia under the Companies Act, 1965)

EIGHTH ANNUAL GENERAL MEETING
FORM OF PROXY

CDS Account No.	
No. of shares held	

*I/We ....
(FULL NAME IN BLOCK LETTERS)

(NRIC No. ....) and (Telephone No. ....)

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 Eighth Annual General Meeting of the Company to be held at Langkawi Room, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Wednesday, 26 February 2014 at 10.30 a.m. or at any adjournment thereof.

***My/Our proxy is to vote as indicated below:-**

Resolution	For	Against
ORDINARY RESOLUTION 1 To approve the payment of Directors’ Fees of RM198,000.00 for the financial year ended 30 September 2013.		
ORDINARY RESOLUTION 2 To re-elect *Datuk Ng Peng Hong @ Ng Peng Hay* retiring pursuant to Article 94 of the Company’s Articles of Association.		
ORDINARY RESOLUTION 3 To re-elect *Mr. Leong Hon Chong* retiring pursuant to Article 94 of the Company’s Articles of Association.		
ORDINARY RESOLUTION 4 To re-elect *Mr. Chew Chee Chek* retiring pursuant to Article 94 of the Company’s Articles of Association.		
ORDINARY RESOLUTION 5 To re-appoint Messrs Ong & Wong as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.		
ORDINARY RESOLUTION 6 Authority for Directors to issue and 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....................................2014.

*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 may appoint one 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) 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.

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(e) In the event a member duly executed the proxy form but does not name any proxy, such member shall be deemed to have appointed the Chairman of the meeting as his proxy.

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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

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Tel: 605 3668805 / 3668806 / 3668807 / 3668808 Fax: 605 3668768