

WELLCALL HOLDINGS BERHAD

(Company No.: 707346-W)

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 DECEMBER 2016**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	3-Months Ended		3-Months Ended	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Revenue	37,852	33,805	37,852	33,805
Cost of sales	(23,823)	(20,720)	(23,823)	(20,720)
Gross profit	14,029	13,085	14,029	13,085
Other operating income	1,923	784	1,923	784
Selling and distribution expenses	(1,087)	(754)	(1,087)	(754)
Administrative expenses	(2,290)	(1,738)	(2,290)	(1,738)
Profit from operations	12,575	11,377	12,575	11,377
Finance cost	(244)	(244)	(244)	(244)
Interest income	165	197	165	197
Profit before taxation	12,496	11,330	12,496	11,330
Tax expense	(2,956)	(2,735)	(2,956)	(2,735)
Profit for the period	9,540	8,595	9,540	8,595
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	9,540	8,595	9,540	8,595
Attributable to:				
Equity holders of the Company	9,540	8,595	9,540	8,595
Earnings per share (sen):				
Basic	2.87	2.59	2.87	2.59
Diluted	2.87	2.58	2.87	2.58
Single tier dividend per share (sen)	2.30	2.30	2.30	2.30

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 September 2016 and the accompanying notes to the Interim Financial Report.

WELLCALL HOLDINGS BERHAD

(Company No.: 707346-W)

Incorporated in Malaysia

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 31 DECEMBER 2016**

(The figures have not been audited)

	As At	Audited
	31 Dec 2016	As At
	RM'000	30 Sep 2016
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	63,317	64,469
Other investment	10	10
	<u>63,327</u>	<u>64,479</u>
Current assets		
Inventories	17,259	16,798
Trade receivables	10,736	7,185
Other receivables, deposits and prepayment	197	148
Tax recoverable	7,059	8,361
Deposits with licensed banks	18,370	18,410
Cash and bank balances	17,913	18,418
	<u>71,534</u>	<u>69,320</u>
TOTAL ASSETS	<u>134,861</u>	<u>133,799</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	66,393	66,393
Share premium	2,443	2,443
Retained profit	30,959	29,054
TOTAL EQUITY	<u>99,795</u>	<u>97,890</u>
Non-current liabilities		
Borrowings	12,594	13,727
Deferred taxation	4,582	4,390
	<u>17,176</u>	<u>18,117</u>
Current liabilities		
Trade payables	4,498	4,967
Other payables and accruals	8,860	8,293
Borrowings	4,532	4,532
	<u>17,890</u>	<u>17,792</u>
TOTAL LIABILITIES	<u>35,066</u>	<u>35,909</u>
TOTAL EQUITY AND LIABILITIES	<u>134,861</u>	<u>133,799</u>
Net assets per share attributable to equity holders of the Company (RM)	<u>0.301</u>	<u>0.295</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 September 2016 and the accompanying notes to the Interim Financial Report.

WELLCALL HOLDINGS BERHAD

(Company No.: 707346-W)

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 DECEMBER 2016**

(The figures have not been audited)

	← Non-Distributable →			Distributable	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Option Reserve RM'000	Retained Profit RM'000	
As at 1 October 2016	66,393	2,443	-	29,054	97,890
Total comprehensive income for the period	-	-	-	9,540	9,540
Dividend	-	-	-	(7,635)	(7,635)
As at 31 December 2016	66,393	2,443	-	30,959	99,795
<hr/>					
As at 1 October 2015	66,393	2,443	126	28,178	97,140
Total comprehensive income for the period	-	-	-	8,595	8,595
Dividend	-	-	-	(7,635)	(7,635)
As at 31 December 2015	66,393	2,443	126	29,138	98,100

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 September 2016 and the accompanying notes to the Interim Financial Report.

WELLCALL HOLDINGS BERHAD

(Company No.: 707346-W)

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 DECEMBER 2016**

(The figures have not been audited)

	3-Months Ended	
	31 Dec 2016 RM'000	31 Dec 2015 RM'000 (Restated)
Cash Flows from Operating Activities		
Profit before taxation	12,496	11,330
Adjustments for:		
Depreciation of property, plant and equipment	1,513	1,557
Unrealized (gain)/loss on foreign exchange	(1,643)	(773)
(Gain)/Loss on disposal of property, plant and equipment	(6)	-
Interest expense	244	244
Interest income	(165)	(197)
Operating profit before working capital changes	12,439	12,161
Net change in inventories	(461)	4,030
Net change in receivables	(3,600)	1,101
Net change in payables	98	(6,837)
Cash generated from operations	8,476	10,455
Tax paid	(1,462)	(1,717)
Interest paid	(244)	(244)
Interest received	165	197
Net cash generated from operating activities	6,935	8,691
Cash Flows from Investing Activities		
Proceeds from disposal of property, plant and equipment	6	-
Purchase of property, plant and equipment	(361)	(76)
Net cash used in investing activities	(355)	(76)
Cash Flows from Financing Activities		
Dividend paid	(7,635)	(7,635)
Proceeds from drawdown of term loans	-	4,206
Repayment of term loans	(1,133)	(500)
Net cash used in financing activities	(8,768)	(3,929)
Net (Decrease)/Increase in Cash and Cash Equivalents	(2,188)	4,686
Effect of Exchange Rate Changes	1,643	773
Cash and Cash Equivalents at beginning of the year	36,828	36,483
Cash and Cash Equivalents at end of the quarter	36,283	41,942

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 September 2016 and the accompanying notes to the Interim Financial Report.

WELLCALL HOLDINGS BERHAD

(Company No.: 707346-W)

Incorporated in Malaysia

NOTES TO THE INTERIM FINANCIAL REPORT

A. Explanatory Notes Pursuant to MFRS 134

A1. Basis of Preparation

The Interim Financial Report is unaudited and has been prepared in accordance with the reporting requirements outlined in the Malaysian Financial Reporting Standard ("MFRS") No. 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad ("BMSB").

The Interim Financial Report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 September 2016. These explanatory notes attached provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 September 2016.

Changes in accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 September 2016 except for the adoption of new MFRSs, amendments to MFRS and Issues Committee ("IC") Interpretations. The adoption of these new MFRSs, amendments to MFRS and IC Interpretations do not have material financial impact on the results and the financial position of the Group.

Comparatives

Certain comparative figures in this Interim Financial Report have been reclassified and restated to conform with the Audited Financial Statements for the year ended 30 September 2016.

A2. Auditors' Report on Preceding Annual Financial Statements

The preceding audited financial statements for the financial year ended 30 September 2016 was not subject to any qualification.

A3. Seasonal or Cyclical Factors

The Group's operations are not materially affected by seasonal or cyclical changes during the current quarter under review.

A4. Unusual Items

There were no material items of an unusual nature and amount affecting the results of current quarter and cumulative period-to-date.

A5. Changes in Estimates

There were no changes in estimates of amounts which have a material effect in the current quarter under review.

A6. Changes in Debt and Equity Securities

Please refer to Part B Note B7.

A7. Dividend Paid

A special interim single tier dividend of 2.30 sen on 331,965,037 ordinary shares of RM0.20 each in respect of the financial year ended 30 September 2016 amounting to approximately RM7,635,196 was paid on 23 December 2016.

A8. Segmental Information

Segmental information for the Group by geographical and business segment is presented as follows:

Geographical Segments	3-Months Ended	
	31 Dec 2016	31 Dec 2015
<u>Revenue</u>	<u>RM'000</u>	<u>RM'000</u>
<i>Export Market</i>		
USA/Canada	5,542	5,404
Asia	7,153	6,202
Middle East	4,247	4,784
Europe	6,615	4,669
Australia/New Zealand	4,388	4,174
South America	5,108	4,011
Africa	774	1,097
	<u>33,827</u>	<u>30,341</u>
<i>Local Market</i>	<u>4,025</u>	<u>3,464</u>
	<u>37,852</u>	<u>33,805</u>
<u>Results</u>		
<i>Export Market</i>	11,167	10,169
<i>Local Market</i>	1,329	1,161
Profit before taxation	<u>12,496</u>	<u>11,330</u>

WELLCALL HOLDINGS BERHAD

(Company No.: 707346-W)

Incorporated in Malaysia

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

A. Explanatory Notes Pursuant to MFRS 134 (Continued)

A9. Valuation of Property, Plant and Equipment

There were no valuation of property, plant and equipment in the current quarter under review. The valuation of property, plant and equipment have been brought forward without amendments from the previous audited financial statements.

A10. Material Events Subsequent to the End of the Quarter

There were no material events between the end of the current quarter under review and the date of this report, which is likely and substantially affecting the results of current quarter and cumulative period-to-date, except as disclosed in Part B Note B10.

A11. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter except as disclosed below.

On 7 November 2016, the Company has disposed a wholly-owned subsidiary, Wellcall Technology Sdn. Bhd. ("WTSB"). WTSB has an authorized share capital of RM400,000 comprising of 400,000 ordinary shares of RM1.00 each and a paid up capital of RM100 comprising of 100 ordinary shares of RM1.00 each.

The Company disposed WTSB for a total sale consideration of RM100 comprising of 100 ordinary shares of RM1.00 each. The disposal did not result in any gain nor loss to the Group. The disposal is part of the Group's intention to dispose of its dormant and non-operating subsidiary.

The disposal was completed on 21 November 2016.

A12. Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets since the last annual reporting date.

A13. Capital Commitment

There were no material capital commitments approved and contracted for capital expenditures as at the date of this report.

A14. Cash and Cash Equivalents

Cash and cash equivalents included in the Condensed Consolidated Statement of Cash Flows comprises of the following amounts:

	3-Months Ended	
	31 Dec 2016	31 Dec 2015
	RM'000	RM'000
Deposit with licensed banks	18,370	19,103
Cash and bank balances	17,913	22,839
	<u>36,283</u>	<u>41,942</u>
Deposit with licensed banks:		
(a) Islamic	15,500	17,503
(b) Non-Islamic	2,870	1,600
	<u>18,370</u>	<u>19,103</u>
Total cash (excluding Islamic instrument) ("A")	20,783	24,439
Total assets ("B")	134,861	137,177
A/B (%)	15%	18%

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WELLCALL HOLDINGS BERHAD

(Company No.: 707346-W)

Incorporated in Malaysia

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)**B. Additional Information Required by the Bursa Malaysia Securities Berhad Listing Requirements****B1.1. Analysis of Current Quarter Performance**

	3-Months Ended		Variance	
	31 Dec 2016	31 Dec 2015	RM'000	%
	RM'000	RM'000		
Revenue				
(a) Export	33,827	30,341	3,486	11%
(b) Local	4,025	3,464	561	16%
	<u>37,852</u>	<u>33,805</u>	4,047	12%
Profit before taxation	<u>12,496</u>	<u>11,330</u>	1,166	10%

For the current quarter ended 31 December 2016, the Group recorded revenue of RM37.852 million, representing an increase of revenue by RM4.047 million or approximately 12% on a quarter to quarter basis. The export markets and local market contributed approximately 89% and 11% respectively to the Group's revenue. The increase in overall revenue was mainly attributable to recovery of demand for industrial rubber hose market.

The Group recorded a profit before taxation ("PBT") of RM12.496 million for the current quarter ended 31 December 2016 compared to PBT of RM11.330 million recorded in the corresponding quarter ended 31 December 2015, representing an increase of RM1.166 million or 10%. This was mainly resulted from higher revenue for the quarter under review.

B1.2. Analysis of Cumulative Quarter Performance (Year-to-Date)

Analysis of cumulative quarter performance (year-to-date) would be the same as B1.1. above as this is the first quarter results.

B2. Comparison with Previous Quarter Results

	Current	Preceding	Variance	
	Quarter	Quarter		
	3-Months Ended			
	31 Dec 2016	30 Sep 2016	RM'000	%
	RM'000	RM'000		
Revenue	37,852	32,303	5,549	17%
Profit before taxation	12,496	9,125	3,371	37%

The Group recorded a higher profit before taxation of RM12.496 million for the current quarter ended 31 December 2016 as compared to RM9.125 million recorded in the preceding quarter ended 30 September 2016 mainly due to increase in revenue by RM5.549 million resulted from recovery of demand for industrial rubber hose products.

The Group achieved higher profit before taxation of RM12.496 million for the current quarter ended 31 December 2016 by RM3.371 million or approximately 37% mainly due to increase in revenue by RM5.549 million, which partly been set-off with increase in net operating expenses.

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WELLCALL HOLDINGS BERHAD

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NOTES TO THE INTERIM FINANCIAL REPORT (Continued)**B. Additional Information Required by the Bursa Malaysia Securities Berhad Listing Requirements (Continued)****B3. Prospect**

Demand for industrial rubber hoses will continue to see a gradual recovery from both emerging and developed economies. Moving forward, the Group will ensure it stays ahead of market trends, responding swiftly to changes through automation and research. In the near term, the Group expects the raw material prices continue to trend at higher level due to supply and demand mechanism of raw materials and foreign exchange volatility.

Meanwhile, the additional capacity from Plant 3 supports the Group in further strengthening its position in the market with a wider range of industrial hose. However, the outlook and headwinds of the global economy remains challenging and uncertain. Nevertheless, the Group strategies are to focus on leveraging its extensive customer network, improved productivity, quality services and product range to enhance its competitive edge.

Barring any unforeseen circumstances, the Board believes that the Group's prospects for the coming financial year ending 30 September 2017 remains positive with challenges ahead.

B4. Board of Directors Statement on Internal Targets

The Group did not announce or disclose any profit estimate, forecast, projection or internal management target in any public document.

B5. Profit Forecast and Profit Guarantee

The Group did not announce or disclose any profit forecast or profit guarantee in a public document.

B6. Tax Expense

	Individual Quarter		Cumulative Quarter	
	3-Months Ended		3-Months Ended	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	RM'000	RM'000	RM'000	RM'000
Income tax	2,765	2,704	2,765	2,704
Deferred tax	191	31	191	31
	<u>2,956</u>	<u>2,735</u>	<u>2,956</u>	<u>2,735</u>

The deferred tax liabilities arose from accelerated capital allowances over depreciation plant and machineries.

B7. Group Borrowings

The details of the Group's borrowings were as follows:-

	As at	As at
	31 Dec 2016	30 Sep 2016
	RM'000	RM'000
Islamic Term Loan (Secured)		
(a) Short term	4,532	4,532
(b) Long term	12,594	13,727
	<u>17,126</u>	<u>18,259</u>

B8. Profit Before Taxation

	Individual Quarter		Cumulative Quarter	
	3-Months Ended		3-Months Ended	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after charging/(crediting):				
(a) Depreciation of property, plant and equipment	1,513	1,557	1,513	1,557
(b) Unrealized (gain)/loss on foreign exchange	(1,643)	(773)	(1,643)	(773)
(c) Interest expense	244	244	244	244
(d) (Gain)/Loss on disposal of property, plant and equipment	(6)	-	(6)	-

Save as disclosed above and in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income, the other items under Appendix 9B, Part A (16) of the Bursa Listing Requirements are not applicable.

WELLCALL HOLDINGS BERHAD

(Company No.: 707346-W)

Incorporated in Malaysia

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)**B. Additional Information Required by the Bursa Malaysia Securities Berhad Listing Requirements (Continued)****B9. Disclosure of Realized and Unrealized Profits**

The breakdown of retained profit of the Group as at 31 December 2016 into realized or unrealized profit, pursuant to a directive issued by Bursa Securities on 25 March 2010 and 20 December 2010 is as follows:

	<u>As at</u> 31 Dec 2016	<u>As at</u> 30 Sep 2016
	RM'000	RM'000
Total realized retained profit of the Group		
(a) Realized	59,949	59,557
(b) Unrealized		
- in respect of deferred taxation recognized in income statement	(4,582)	(4,390)
- in respect of foreign exchange translation	1,643	(62)
	<u>(2,939)</u>	<u>(4,452)</u>
	57,010	55,105
Less: Consolidation adjustments	(26,051)	(26,051)
Total Group retained profit as per consolidated accounts	<u>30,959</u>	<u>29,054</u>

B10. Dividends

The Board of Directors have recommended a first interim single tier dividend of 2.30 sen per share amounting to approximately RM7,635,196 in respect of financial year ending 30 September 2017. The entitlement date and payment date for the said dividends shall be on 20 March 2017 and 29 March 2017 respectively. During the previous corresponding period, the Company declared a first interim single tier dividend of 2.30 sen per share for the financial year ended 31 December 2016 amounting to RM7,635,196.

The total dividend payable by the Company in respect of the financial year ending 30 September 2017 is 2.30 sen per share represented by a total amount of approximately RM7,635,196.

Records of Dividends

<u>Financial Year</u>	<u>Dividend</u> <u>Per Share</u> <u>Sen</u>	<u>Total</u> <u>Dividend</u> <u>RM</u>	<u>Status</u>
2017	2.30	7,635,196	Payable
	<u>2.30</u>	<u>7,635,196</u>	
2016	9.20	30,540,785	Paid
2015	9.20	30,540,785	Paid
2014 *	8.30	27,541,099	Paid
2013 *	7.20	23,872,684	Paid
2012 *	6.40	21,203,464	Paid
2011 *	4.80	15,867,047	Paid
2010 *	4.40	14,500,860	Paid
2009 *	4.40	14,372,251	Paid
2008 ^	3.47	11,162,210	Paid
2007 ^	2.54	8,055,482	Paid
2006 ^	0.97	3,000,300	Paid
		<u>208,292,163</u>	

* adjusted to reflect the share split of every one (1) existing ordinary share of RM0.50 each in Wellcall into two and half (2.5) ordinary shares of RM0.20 each in Wellcall ("Shares") ("Share Split"), which was completed on 26 March 2014.

^ adjusted to reflect bonus issue of 42,646,005 new ordinary shares of RM0.50 each in the Company ("Shares") ("Bonus Share") on basis of 1 Bonus Share for every 2 existing Shares held in the Company, which was completed on 22 February 2008.

B11. Material Litigation

Neither the Company nor its subsidiary company were engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiary company and the Board does not know of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Company or its subsidiary companies.

WELLCALL HOLDINGS BERHAD

(Company No.: 707346-W)

Incorporated in Malaysia

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)**B. Additional Information Required by the Bursa Malaysia Securities Berhad Listing Requirements (Continued)****B12. Earnings Per Share**

(a) Basic earnings per share

Basic earnings per share is calculated by dividing net profit attributable to ordinary equity holders by the weighted average number of ordinary shares in issue during the period.

Weighted average number of ordinary shares for calculation of basic earnings per share:

	Individual Quarter		Cumulative Quarter	
	3-Months Ended		3-Months Ended	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	RM'000	RM'000	RM'000	RM'000
Profit attributable to equity holders	9,540	8,595	9,540	8,595
Issued ordinary shares at the beginning of period ('000)	331,965	331,965	331,965	331,965
Effect of shares issued during the period ('000)	-	-	-	-
Weighted average number of shares in issue ('000)	331,965	331,965	331,965	331,965
Basic earnings per share (sen)	2.87	2.59	2.87	2.59

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing net profit attributable to ordinary equity holders by the adjusted weighted average number of ordinary shares in issued and issuable during the period.

Adjusted weighted average number of ordinary shares issued and issuable used for the calculation of diluted earnings per share:

	Individual Quarter		Cumulative Quarter	
	3-Months Ended		3-Months Ended	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	RM'000	RM'000	RM'000	RM'000
Profit attributable to equity holders	9,540	8,595	9,540	8,595
Issued ordinary shares at the beginning of period ('000)	331,965	331,965	331,965	331,965
Effect of shares issued during the period ('000)	-	-	-	-
Effect of share options ('000)	-	561	-	561
Weighted average number of shares in issue ('000)	331,965	332,526	331,965	332,526
Diluted earnings per share (sen)	2.87	2.58	2.87	2.58

B13. Status of Corporate Proposal

There were no corporate proposals announced as at the date of this report.

B14. Authorization for Issue

The unaudited interim financial statements were authorized for issue by the Board of Directors in accordance with a Resolution of the Directors dated 23 February 2017.

BY ORDER OF THE BOARD

TEO SOON MEI (f) (MAICSA 7018590)

Company Secretary

23 February 2017