

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 2017**

(The figures have not been audited)

	Note	Individual Quarter		Cumulative Quarter	
		3-Months Ended		3-Months Ended	
		31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
		RM'000	RM'000	RM'000	RM'000
Revenue		42,257	37,852	42,257	37,852
Cost of sales		(28,890)	(23,823)	(28,890)	(23,823)
Gross profit		13,367	14,029	13,367	14,029
Other operating income		93	1,923	93	1,923
Selling & distribution costs		(863)	(1,087)	(863)	(1,087)
Administrative expenses		(2,606)	(2,290)	(2,606)	(2,290)
Other operating expenses		171	-	171	-
Profit from operations		10,162	12,575	10,162	12,575
Finance costs		(150)	(244)	(150)	(244)
Interest income		226	165	226	165
Profit before taxation		10,238	12,496	10,238	12,496
Tax expense		(2,286)	(2,956)	(2,286)	(2,956)
Profit for the period		7,952	9,540	7,952	9,540
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		7,952	9,540	7,952	9,540
Attributable to:					
Equity holders of the Company		7,952	9,540	7,952	9,540
Earnings per share (sen)					
Basic	B12(a)	1.60	1.92	1.60	1.92
Diluted	B12(b)	N/A	N/A	N/A	N/A
Single tier dividend per share (sen)	B10	1.55	1.53	1.55	1.53

N/A - Not Applicable

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 2017 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 2017**

(The figures have not been audited)

	<u>As At</u> <u>31 Dec 2017</u> <u>RM'000</u>	<u>Audited</u> <u>As At</u> <u>30 Sep 2017</u> <u>RM'000</u>
ASSETS		
Non-current assets		
Property, plant and equipment	59,754	59,769
Other investment	10	10
	<u>59,764</u>	<u>59,779</u>
Current assets		
Inventories	19,051	14,712
Trade receivables	10,700	9,788
Other receivables, deposits & prepayments	3,478	1,810
Tax recoverable	1,844	3,689
Deposits with licensed banks	22,020	22,240
Cash and bank balances	12,968	16,999
	<u>70,061</u>	<u>69,238</u>
TOTAL ASSETS	<u>129,825</u>	<u>129,017</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	68,836	68,836
Retained profit	35,118	34,884
TOTAL EQUITY	<u>103,954</u>	<u>103,720</u>
Non-current liabilities		
Term loans	5,148	5,792
Deferred taxation	4,524	4,414
	<u>9,672</u>	<u>10,206</u>
Current liabilities		
Trade payables	5,623	4,778
Other payables & accruals	8,002	7,739
Term loans	2,574	2,574
	<u>16,199</u>	<u>15,091</u>
TOTAL LIABILITIES	<u>25,871</u>	<u>25,297</u>
TOTAL EQUITY AND LIABILITIES	<u>129,825</u>	<u>129,017</u>
Net assets per share attributable to equity holders of the Company - adjusted to reflect share split (RM)	<u>0.209</u>	<u>0.208</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 September 2017 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 2017**

(The figures have not been audited)

	Note	Non-Distributable		Distributable	Total Equity RM'000
		Share Capital RM'000	Share Premium RM'000	Retained Profit RM'000	
At 1 October 2017	1	68,836	-	34,884	103,720
Total comprehensive income for the period		-	-	7,952	7,952
Dividend		-	-	(7,718)	(7,718)
At 31 December 2017		68,836	-	35,118	103,954
<hr/>					
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)
At 31 December 2016		66,393	2,443	30,959	99,795

Note 1:

With the Companies Act 2016 ("CA 2016") that has taken effect on 31 January 2017, the credit standing in the share premium account of RM2,443K (above) has been transferred to the share capital account. Pursuant to sub-section 618(3) and 618(4) of the CA 2016, the Group may exercise its right to use the credit amounts being transferred from share premium account within twenty four (24) months after the commencement of the CA 2016. The Board of Directors will make a decision thereon by 31 January 2019.

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 September 2017 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 2017

(The figures have not been audited)

	3-Months Ended	
	31 Dec 2017	31 Dec 2016
	RM'000	RM'000
Cash Flows from Operating Activities		
Profit before taxation	10,238	12,496
Adjustments for:		
Depreciation of property, plant and equipment	1,355	1,513
Unrealized loss/(gain) on foreign exchange	23	(1,643)
(Gain)/Loss on disposal of property, plant and equipment	(52)	(6)
Interest expense	88	244
Interest income	(226)	(165)
Operating profit before working capital changes	11,426	12,439
Net change in inventories	(4,339)	(461)
Net change in receivables	(2,580)	(3,600)
Net change in payables	804	98
Cash generated from operations	5,311	8,476
Tax paid	(27)	(1,462)
Interest paid	(88)	(244)
Interest received	226	165
Net cash generated from operating activities	5,422	6,935
Cash Flows from Investing Activities		
Proceeds from disposal of property, plant and equipment	52	6
Purchase of property, plant and equipment	(1,340)	(361)
Net cash used in investing activities	(1,288)	(355)
Cash Flows from Financing Activities		
Dividends paid	(7,718)	(7,635)
Repayment of term loans	(644)	(1,133)
Net cash used in financing activities	(8,362)	(8,768)
Net Decrease in Cash and Cash Equivalents	(4,228)	(2,188)
Effect of Exchange Rate Changes	(23)	1,643
Cash and Cash Equivalents at beginning of the year	39,239	36,828
Cash and Cash Equivalents at end of the period	34,988	36,283

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 September 2017 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 2017. 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 2017.

Changes in accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 September 2017 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.

A2. Auditors' Report on Preceding Annual Financial Statements

The preceding audited financial statements for the financial year ended 30 September 2017 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 1.55 sen on 497,947,555 ordinary shares in respect of the financial year ended 30 September 2017 amounting to approximately RM7,718,190 was paid on 22 December 2017.

A8. Segmental Information

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

Geographical Segments	3-Months Ended	
	31 Dec 2017	31 Dec 2016
<u>Revenue</u>	RM'000	RM'000
<i>Export Market</i>		
USA/Canada	11,101	5,542
Asia	6,811	7,153
Middle East	3,358	4,247
Europe	6,501	6,615
Australia/New Zealand	5,303	4,388
South America	4,518	5,108
Africa	424	774
	<u>38,016</u>	<u>33,827</u>
<i>Local Market</i>	<u>4,241</u>	<u>4,025</u>
	<u>42,257</u>	<u>37,852</u>
<u>Results</u>		
<i>Export Market</i>	9,210	11,167
<i>Local Market</i>	1,028	1,329
Profit before taxation	<u>10,238</u>	<u>12,496</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.

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:

	<u>As at</u> <u>31 Dec 2017</u> <u>RM'000</u>	<u>As at</u> <u>31 Dec 2016</u> <u>RM'000</u>
Deposit with licensed banks	22,020	18,370
Cash and bank balances	12,968	17,913
	<u>34,988</u>	<u>36,283</u>
Deposit with licensed banks:		
(a) Islamic	20,680	15,500
(b) Non-Islamic	1,340	2,870
	<u>22,020</u>	<u>18,370</u>
Total cash (excluding Islamic instrument) ("A")	14,308	20,783
Total assets ("B")	129,825	134,861
A/B (%)	11%	15%

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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 2017 RM'000	31 Dec 2016 RM'000	RM'000	%
Revenue				
(a) Export	38,016	33,827	4,189	12%
(b) Local	4,241	4,025	216	5%
	<u>42,257</u>	<u>37,852</u>	4,405	12%
Profit before taxation ("PBT")	<u>10,238</u>	<u>12,496</u>	(2,258)	-18%

For the current quarter ended 31 December 2017, the Group recorded revenue of RM42.257 million, representing an increase of revenue by RM4,405 million or approximately 12% on a quarter to quarter basis. The export markets and local market contributed approximately 90% and 10% respectively to the Group's revenue. The increase in overall revenue was mainly attributable to continuation on the recovery of global demand for industrial rubber hose market mainly from the US market.

The Group's PBT of RM10.238 million for the current quarter ended 31 December 2017 compared to PBT of RM12.496 million recorded in the corresponding quarter ended 31 December 2016 mainly due to higher cost of production resulting from rising cost of raw materials prices.

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 Quarter	Preceding Quarter	Variance	
	31 Dec 2017 RM'000	30 Sep 2017 RM'000	RM'000	%
Revenue	42,257	43,615	(1,358)	-3%
Profit before taxation ("PBT")	10,238	12,751	(2,513)	-20%

The Group's revenue had slightly decreased to RM42.257 million for the current quarter ended 31 December 2017 as compared to RM43.615 million recorded in the preceding quarter ended 30 September 2017, which was mainly resulted from slower demand on industrial rubber hose towards the year end.

The Group recorded a decrease in PBT to RM10.238 million for the current quarter ended 31 December 2017 as compared to RM12.751 million recorded in the preceding quarter ended 30 September 2017 mainly due to the gradual rise in the cost of operations and cost of productions.

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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 experience a continuous gradual recovery from both emerging and developed economies. Moving forward, the Group continues to 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 fluctuate higher due to supply and demand mechanism of raw materials and foreign exchange volatility.

The outlook and headwinds of the global economy continue to remain challenging. Nevertheless, the Group strategies are to focus on leveraging its extensive customer network, 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 2018 would remain 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 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	RM'000	RM'000	RM'000	RM'000
Income tax	2,176	2,765	2,176	2,765
Deferred tax	110	191	110	191
	<u>2,286</u>	<u>2,956</u>	<u>2,286</u>	<u>2,956</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 2017	31 Dec 2016
	RM'000	RM'000
Islamic Term Loan (Secured)		
(a) Short term	2,574	4,532
(b) Long term	5,148	12,594
	<u>7,722</u>	<u>17,126</u>

B8. Profit Before Taxation

	Individual Quarter		Cumulative Quarter	
	3-Months Ended		3-Months Ended	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	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	1,355	1,513	1,355	1,513
(b) Unrealized (gain)/loss on foreign exchange	23	(1,643)	23	(1,643)
(c) Interest expense	88	244	88	244
(d) (Gain)/Loss on disposal of property, plant and equipment	(52)	(6)	(52)	(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.

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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)****B9. Disclosure of Realized and Unrealized Profits**

The breakdown of retained profit of the Group as at 31 December 2017 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> <u>31 Dec 2017</u> <u>RM'000</u>	<u>As at</u> <u>31 Dec 2016</u> <u>RM'000</u>
Total realized retained profit of the Group		
(a) Realized	65,716	59,949
(b) Unrealized		
- in respect of deferred taxation recognized in income statement	(4,524)	(4,582)
- in respect of foreign exchange translation	(23)	1,643
	<u>(4,547)</u>	<u>(2,939)</u>
	61,169	57,010
Less: Consolidation adjustments	<u>(26,051)</u>	<u>(26,051)</u>
Total Group retained profit as per consolidated accounts	<u>35,118</u>	<u>30,959</u>

B10. Dividends

The Board of Directors have recommended a first interim single tier dividend of 1.55 sen per share amounting to approximately RM7,718,187 in respect of financial year ending 30 September 2018. The entitlement date and payment date for the said dividend shall be on 13 March 2018 and 29 March 2018 respectively.

During the previous corresponding period, the Company declared a first interim single tier dividend of 1.53 sen per share for the financial year ended 30 September 2017 amounting to RM7,635,196.

The total dividend payable by the Company in respect of the financial year ending 30 September 2018 is 1.55 sen per share represented by a total amount of approximately RM7,718,187.

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>
2018	1.55	7,718,187	Payable
2017 *	6.17	30,706,773	Paid
2016 *	6.13	30,540,785	Paid
2015 *	6.13	30,540,785	Paid
2014 *	5.53	27,541,099	Paid
2013 *	4.79	23,872,684	Paid
2012 *	4.26	21,203,464	Paid
2011 *	3.19	15,867,047	Paid
2010 *	2.91	14,500,860	Paid
2009 *	2.89	14,372,251	Paid
2008 *	2.24	11,162,210	Paid
2007 *	1.62	8,055,482	Paid
2006 *	0.60	3,000,300	Paid
		<u>262,153,497</u>	

* Adjusted to reflect the share split of every two (2) ordinary shares in WHB into three (3) ordinary shares in WHB held in WHB ("Subdivided Shares"). The subdivided shares was completed on 14 September 2017.

B11. Material Litigation

Neither the Company nor its subsidiary company were engaged in any material 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 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	RM'000	RM'000	RM'000	RM'000
Profit attributable to equity holders	7,952	9,540	7,952	9,540
Issued ordinary shares at the beginning of period ('000)	497,948	331,965	497,948	331,965
Effect of shares split ('000)	-	165,983	-	165,983
Weighted average number of shares in issue ('000) *	<u>497,948</u>	<u>497,948</u>	<u>497,948</u>	<u>497,948</u>
Basic earnings per share (sen)	<u>1.60</u>	<u>1.92</u>	<u>1.60</u>	<u>1.92</u>

(b) There is no dilution of earnings per share during the quarter.

* Adjusted to reflect the share split of every two (2) ordinary shares in WHB into three (3) ordinary shares in WHB held in WHB ("Subdivided Shares"). The subdivided shares was completed on 14 September 2017.

B13. 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 26 February 2018.

BY ORDER OF THE BOARD

TEO SOON MEI (f) (MAICSA 7018590)

Company Secretary

26 February 2018