

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 2018**

(The figures have not been audited)

	Note	Individual Quarter		Cumulative Quarter	
		3-Months Ended		3-Months Ended	
		31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
		RM'000	RM'000	RM'000	RM'000
Revenue		45,466	42,257	45,466	42,257
Cost of sales		(30,032)	(28,890)	(30,032)	(28,890)
Gross profit		15,434	13,367	15,434	13,367
Selling & distribution costs		(1,108)	(863)	(1,108)	(863)
Administrative expenses		(2,576)	(2,606)	(2,576)	(2,606)
Other operating (expenses) / income		611	264	611	264
Profit from operations		12,361	10,162	12,361	10,162
Finance costs		(62)	(150)	(62)	(150)
Interest income		283	226	283	226
Profit before taxation		12,582	10,238	12,582	10,238
Tax expense		(3,078)	(2,286)	(3,078)	(2,286)
Profit for the period		9,504	7,952	9,504	7,952
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		9,504	7,952	9,504	7,952
Attributable to:					
Equity holders of the Company		9,504	7,952	9,504	7,952
Earnings per share (sen):					
Basic	B11(a)	1.91	1.60	1.91	1.60
Diluted	B11(b)	N/A	N/A	N/A	N/A
Single tier dividend per share (sen)	B9	1.40	1.55	1.40	1.55

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 2018 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 2018**

(The figures have not been audited)

	As At	Audited
	31 Dec 2018	As At
	RM'000	30 Sep 2018
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	59,587	60,274
Capital work-in-progress	437	644
Other investment	10	10
	<u>60,034</u>	<u>60,928</u>
Current assets		
Inventories	17,467	18,873
Trade receivables	6,930	11,173
Other receivables, deposits & prepayments	1,259	2,220
Tax recoverable	124	124
Deposits with licensed banks	33,610	25,010
Cash and bank balances	14,171	12,253
	<u>73,561</u>	<u>69,653</u>
TOTAL ASSETS	<u>133,595</u>	<u>130,581</u>
EQUITY AND LIABILITIES		
Capital and reserve		
Share capital	68,836	68,836
Retained profits	41,181	38,648
TOTAL EQUITY	<u>110,017</u>	<u>107,484</u>
Non-current liability		
Deferred taxation	5,057	4,899
	<u>5,057</u>	<u>4,899</u>
Current liabilities		
Trade payables	5,975	5,873
Other payables & accruals	12,546	12,325
	<u>18,521</u>	<u>18,198</u>
TOTAL LIABILITIES	<u>23,578</u>	<u>23,097</u>
TOTAL EQUITY AND LIABILITIES	<u>133,595</u>	<u>130,581</u>
Net assets per share attributable to equity holders of the Company (RM)	<u>0.221</u>	<u>0.216</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 September 2018 and the accompanying notes to the Interim Financial Report.

WELLCALL HOLDINGS BERHAD

(Company No.: 707346-W)

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 DECEMBER 2018**

(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 2018	1	68,836	-	38,648	107,484
Total comprehensive income for the period		-	-	9,504	9,504
Dividends		-	-	(6,971)	(6,971)
At 31 December 2018		68,836	-	41,181	110,017
At 1 October 2017	1	68,836	-	34,884	103,720
Total comprehensive income for the period		-	-	7,952	7,952
Dividends		-	-	(7,718)	(7,718)
At 31 December 2017		68,836	-	35,118	103,954

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 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 2018 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 2018**

(The figures have not been audited)

	3-Months Ended	
	31 Dec 2018	31 Dec 2017
	RM'000	RM'000
Cash Flows from/(used in) Operating Activities		
Profit before taxation	12,582	10,238
Adjustments for:		
Depreciation of property, plant and equipment	1,314	1,355
Unrealised (gain)/loss on foreign exchange	(496)	23
(Gain)/Loss on disposal of property, plant and equipment	-	(52)
Interest expense	-	88
Interest income	(283)	(226)
Operating profit before working capital changes	13,117	11,426
Net change in inventories	1,406	(4,339)
Net change in receivables	5,204	(2,580)
Net change in payables	(1,079)	804
Cash generated from operations	18,648	5,311
Tax paid	(1,518)	(27)
Interest paid	-	(88)
Interest received	283	226
Net cash generated from operating activities	17,413	5,422
Cash Flows from/(used in) Investing Activities		
Proceeds from disposal of property, plant and equipment	-	52
Purchase of property, plant and equipment	(420)	(1,340)
Net cash used in investing activities	(420)	(1,288)
Cash Flows from/(used in) Financing Activities		
Dividends paid	(6,971)	(7,718)
Repayment of term loans	-	(644)
Net cash used in financing activities	(6,971)	(8,362)
Net Increase/(Decrease) in Cash and Cash Equivalents	10,022	(4,228)
Effect of exchange rate changes	496	(23)
Cash and Cash Equivalents at beginning of the year	37,263	39,239
Cash and Cash Equivalents at end of period	47,781	34,988

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 September 2018 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 2018. 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 2018.

Changes in accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 September 2018 except for the adoption of new MFRSs, amendments to MFRS and Issues Committee ("IC") Interpretations.

The new MFRSs are as follows :-

MFRS 9 Financial Instruments

MFRS 9 will replace MFRS 139, Financial Instruments: Recognition and Measurement.

MFRS 9 establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flow and the cash flow represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that in case where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than to profit or loss, unless this creates an accounting mismatch.

MFRS 9 introduces an expected credit loss model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

Retrospective application is required, but comparative information is not compulsory.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a five-step model that will apply to revenue arising from contracts with customers.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The adoption of these new MFRSs do not have material financial impact on the interim financial statements of the Group.

A2. Auditors' Report on Preceding Annual Financial Statements

The preceding audited financial statements for the financial year ended 30 September 2018 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

There were no changes in debt and equity securities which have a material effect in the current quarter under review.

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)****A7. Dividend Paid**

A special interim single tier dividend of 1.40 sen per share on 497,947,555 ordinary shares in respect of the financial year ended 30 September 2018 amounting to approximately RM6,971,266 was paid on 21 December 2018.

A8. Segmental Information

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

Geographical Segments	3-Months Ended	
	31 Dec 2018	31 Dec 2017
Revenue	RM'000	RM'000
Export Market		
USA/Canada	15,528	11,101
Asia	7,572	6,811
Middle East	2,088	3,358
Europe	6,571	6,501
Australia/New Zealand	4,218	5,303
South America	4,872	4,518
Africa	912	424
	<u>41,761</u>	<u>38,016</u>
Local Market	<u>3,705</u>	<u>4,241</u>
	<u>45,466</u>	<u>42,257</u>
Results		
Export Market	11,557	9,210
Local Market	1,025	1,028
Profit before taxation	<u>12,582</u>	<u>10,238</u>

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 B9.

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

At the end of the reporting period, the Group's capital commitment were as follows:

	As at	As at
	31 Dec 2018	31 Dec 2017
	RM'000	RM'000
Capital expenditures:		
Approved and contracted for	<u>1,386</u>	<u>-</u>

A14. Cash and Cash Equivalents

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

	As at	As at
	31 Dec 2018	31 Dec 2017
	RM'000	RM'000
Deposit with licensed banks	33,610	22,020
Cash and bank balances	14,171	12,968
	<u>47,781</u>	<u>34,988</u>
Deposit with licensed banks:		
(a) Islamic	32,610	20,680
(b) Non-Islamic	1,000	1,340
	<u>33,610</u>	<u>22,020</u>
Total cash (excluding Islamic instrument) ("A")	15,171	14,308
Total assets ("B")	133,595	129,825
A/B (%)	11%	11%

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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 2018	31 Dec 2017	RM'000	%
	RM'000	RM'000	RM'000	
Revenue				
(a) Export	41,761	38,016	3,745	10%
(b) Local	3,705	4,241	(536)	-13%
	<u>45,466</u>	<u>42,257</u>	3,209	8%
Profit before taxation ("PBT")	<u>12,582</u>	<u>10,238</u>	2,344	23%

For the current quarter ended 31 December 2018, the Group recorded revenue of RM45.466 million, representing an increase of revenue by RM3.209 million or approximately 8% on a quarter to quarter basis. The export markets and local market contributed approximately 92% and 8% respectively to the Group's revenue. The increase in overall revenue was mainly attributable to gradual recovery of demand for industrial rubber hose, escalating a relatively positive effect on volume and pricing for some hoses, despite the volatility of global economic sentiment.

The Group's PBT of RM12.582 million for the current quarter ended 31 December 2018 compared to PBT of RM10.238 million recorded in the corresponding quarter ended 31 December 2017 mainly benefited from the revenue increase despite weathering the rising cost of production for the period 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		RM'000	
	31 Dec 2018	30 Sep 2018	RM'000	
	RM'000	RM'000	RM'000	
Revenue	45,466	45,562	(96)	0%
Profit before taxation ("PBT")	12,582	13,237	(655)	-5%

In spite of the continuous volatility of global economic sentiment, the Group has been able to sustain its revenue at RM45.466 million for the current quarter ended 31 December 2018 as compared to RM45.562 million recorded in the preceding quarter ended 30 September 2018.

However, higher cost of production resulting from rising cost of raw material prices has compressed the Group's PBT to RM12.582 million for the current quarter ended 31 December 2018 from RM13.237 million recorded in the preceding quarter ended 30 September 2018.

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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 see a continuous gradual recovery from both emerging and developed economies. The Group continues to ensure it stays ahead of market trends, responding swiftly to changes through automation and research. The Group expects the raw material prices continue to fluctuate due to supply and demand mechanism of raw materials and foreign exchange volatility.

The outlook and headwinds of the global economy remains challenging, with silver lining in the midst of uncertainty blends with optimistic sentiments. Nevertheless, the Group continues its strategies to focus on leveraging its extensive customer network, productivity, quality services, product range and product niche 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 2019 continues to remain positive with challenges ahead.

B4. Board of Directors Statement on Internal Targets

The Group did not announce or disclose any profit 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 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
	RM'000	RM'000	RM'000	RM'000
Income tax	2,921	2,176	2,921	2,176
Deferred tax	157	110	157	110
	<u>3,078</u>	<u>2,286</u>	<u>3,078</u>	<u>2,286</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	
	31 Dec 2018	31 Dec 2017
	RM'000	RM'000
Islamic Term Loan (Secured)		
(a) Short term	-	2,574
(b) Long term	-	5,148
	<u>-</u>	<u>7,722</u>

B8. Profit Before Taxation

	Individual Quarter		Cumulative Quarter	
	3-Months Ended		3-Months Ended	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
	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	1,314	1,355	1,314	1,355
(b) Unrealized loss/(gain) on foreign exchange	(496)	23	(496)	23
(c) Interest expense	-	88	-	88
(d) (Gain)/Loss on disposal of property, plant and equipment	-	(52)	-	(52)

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. Dividends**

The Board of Directors have recommended a first single tier dividend of 1.40 sen per share amounting to approximately RM6,971,266 in respect of financial year ending 30 September 2019. The entitlement date and payment date for the said dividends shall be on 15 March 2019 and 28 March 2019 respectively.

During the previous corresponding period, the Company declared a first interim single tier dividend of 1.55 sen per share for the financial year ended 30 September 2018 amounting to RM7,718,190.

The total dividend payable by the Company in respect of the financial year ending 30 September 2019 is 1.40 sen per share represented by a total amount of approximately RM6,971,266.

Records of Dividends

<u>Financial Year</u>	<u>Dividend Per Share Sen</u>	<u>Total Dividend RM</u>	<u>Status</u>
2019 (1st single tier)	1.40	6,971,266	Payable
	<u>1.40</u>	<u>6,971,266</u>	
2018	5.45	27,138,146	Paid
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>265,473,152</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.

B10. 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.

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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)****B11. 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 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
	RM'000	RM'000	RM'000	RM'000
Profit attributable to equity holders	9,504	7,952	9,504	7,952
Issued ordinary shares at the beginning of period ('000)	497,948	497,948	497,948	497,948
Effect of shares issued during the period ('000)	-	-	-	-
Weighted average number of shares in issue ('000) *	497,948	497,948	497,948	497,948
Basic earnings per share (sen)	1.91	1.60	1.91	1.60

(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.

B12. Corporate Proposal

There were no corporate proposals announced as at the date of this report other than as announced on 15 January 2019 pertaining to the Company and Trelleborg Holding AB had on 15 January 2019 entered into a Shareholders Agreement to jointly form a private limited liability company in Malaysia for the purpose of manufacturing, marketing and selling of composite hose and fittings.

B13. 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 25 February 2019.

BY ORDER OF THE BOARD

TEO SOON MEI (f) (MAICSA 7018590)
Company Secretary

25 February 2019