

WELLCALL HOLDINGS BERHAD

(Company No.: 707346-W)

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 JUNE 2018**

(The figures have not been audited)

	Note	Individual Quarter		Cumulative Quarter	
		3-Months Ended		9-Months Ended	
		30 Jun 2018	30 Jun 2017	30 Jun 2018	30 Jun 2017
		RM'000	RM'000	RM'000	RM'000
Revenue		42,930	39,012	125,562	115,518
Cost of sales		(30,069)	(24,959)	(87,041)	(72,456)
Gross profit		12,861	14,053	38,521	43,062
Other operating income		57	58	192	2,351
Selling & distribution costs		(1,132)	(1,016)	(3,009)	(3,155)
Administrative expenses		(2,392)	(2,292)	(7,182)	(7,030)
Other operating expenses		1,045	(29)	884	(29)
Profit from operations		10,439	10,774	29,406	35,199
Finance costs		(141)	(234)	(424)	(720)
Interest income		209	230	625	596
Profit before taxation		10,507	10,770	29,607	35,075
Tax expense		(2,713)	(2,677)	(7,790)	(8,790)
Profit for the period		7,794	8,093	21,817	26,285
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		7,794	8,093	21,817	26,285
Attributable to:					
Equity holders of the Company		7,794	8,093	21,817	26,285
Earnings per share (sen):					
Basic	B11(a)	1.57	1.63	4.38	5.28
Diluted	B11(b)	N/A	N/A	N/A	N/A
Single tier dividend per share (sen)	B9	1.30	1.55	4.05	4.61

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 30 JUNE 2018**

(The figures have not been audited)

	As At	Audited
	30 Jun 2018	30 Sep 2017
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	61,747	59,769
Other investment	10	10
	<u>61,757</u>	<u>59,779</u>
Current assets		
Inventories	15,394	14,712
Trade receivables	11,865	9,788
Other receivables, deposits & prepayments	948	1,810
Tax recoverable	122	3,689
Deposits with licensed banks	23,330	22,240
Cash and bank balances	14,283	16,999
	<u>65,942</u>	<u>69,238</u>
TOTAL ASSETS	<u>127,699</u>	<u>129,017</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	68,836	68,836
Retained profits	35,289	34,884
TOTAL EQUITY	<u>104,125</u>	<u>103,720</u>
Non-current liabilities		
Term loans	3,861	5,792
Deferred taxation	5,073	4,414
	<u>8,934</u>	<u>10,206</u>
Current liabilities		
Trade payables	4,376	4,778
Other payables & accruals	7,690	7,739
Term loans	2,574	2,574
	<u>14,640</u>	<u>15,091</u>
TOTAL LIABILITIES	<u>23,574</u>	<u>25,297</u>
TOTAL EQUITY AND LIABILITIES	<u>127,699</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 THIRD QUARTER ENDED 30 JUNE 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 2017	1	68,836	-	34,884	103,720
Total comprehensive income for the period		-	-	21,817	21,817
Dividends		-	-	(21,412)	(21,412)
At 30 June 2018		68,836	-	35,289	104,125
At 1 October 2016		66,393	2,443	29,054	97,890
Adjustment for effects of Companies Act 2016	1	2,443	(2,443)	-	-
Total comprehensive income for the period		-	-	26,285	26,285
Dividends		-	-	(22,905)	(22,905)
At 30 June 2017		68,836	-	32,434	101,270

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 THIRD QUARTER ENDED 30 JUNE 2018**

(The figures have not been audited)

	9-Months Ended	
	30 Jun 2018	30 Jun 2017
	RM'000	RM'000
Cash Flows from Operating Activities		
Profit before taxation	29,607	35,075
Adjustments for:		
Depreciation of property, plant and equipment	4,105	4,334
Unrealized loss/(gain) on foreign exchange	(965)	29
(Gain)/Loss on disposal of property, plant and equipment	(55)	(6)
Interest expense	241	518
Interest income	(625)	(596)
Operating profit before working capital changes	32,308	39,354
Net change in inventories	(682)	1,343
Net change in receivables	(1,215)	(1,078)
Net change in payables	406	(4,741)
Cash generated from operations	30,817	34,878
Tax paid	(4,421)	(5,729)
Interest paid	(241)	(518)
Interest received	625	596
Net cash generated from operating activities	26,780	29,227
Cash Flows from Investing Activities		
Proceeds from disposal of property, plant and equipment	55	6
Purchase of property, plant and equipment	(6,083)	(956)
Net cash used in investing activities	(6,028)	(950)
Cash Flows from Financing Activities		
Dividends paid	(21,412)	(22,905)
Repayment of term loans	(1,931)	(3,398)
Net cash used in financing activities	(23,343)	(26,303)
Net (Decrease)/Increase in Cash and Cash Equivalents	(2,591)	1,974
Effect of Exchange Rate Changes	965	(29)
Cash and Cash Equivalents at beginning of the year	39,239	36,828
Cash and Cash Equivalents at end of the quarter	37,613	38,773

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 second interim single tier dividend of 1.20 sen on 497,947,555 ordinary shares in respect of the financial year ending 30 September 2018 amounting to approximately RM5,975,371 was paid on 28 June 2018.

A8. Segmental Information

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

Geographical Segments	9-Months Ended	
	30 Jun 2018	30 Jun 2017
<u>Revenue</u>	<u>RM'000</u>	<u>RM'000</u>
<i>Export Market</i>		
USA/Canada	32,780	23,142
Asia	19,799	20,516
Middle East	11,929	14,187
Europe	21,182	19,949
Australia/New Zealand	13,922	11,434
South America	9,734	12,089
Africa	2,563	2,366
	<u>111,909</u>	<u>103,683</u>
<i>Local Market</i>	<u>13,653</u>	<u>11,835</u>
	<u>125,562</u>	<u>115,518</u>
<u>Results</u>		
<i>Export Market</i>	26,388	31,482
<i>Local Market</i>	3,219	3,593
Profit before taxation	<u>29,607</u>	<u>35,075</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 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

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>As at</u>
	<u>30 Jun 2018</u>	<u>30 Jun 2017</u>
	<u>RM'000</u>	<u>RM'000</u>
Deposit with licensed banks	23,330	20,709
Cash and bank balances	14,283	18,064
	<u>37,613</u>	<u>38,773</u>
Deposit with licensed banks:		
(a) Islamic	20,080	18,759
(b) Non-Islamic	3,250	1,950
	<u>23,330</u>	<u>20,709</u>
Total cash (excluding Islamic instrument) ("A")	17,533	20,014
Total assets ("B")	127,699	129,268
A/B (%)	14%	15%

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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****B1.1. Analysis of Current Quarter Performance**

	3-Months Ended		Variance	
	30 Jun 2018	30 Jun 2017	RM'000	%
	RM'000	RM'000	RM'000	
Revenue				
(a) Export	37,918	34,957	2,961	8%
(b) Local	5,012	4,055	957	24%
	<u>42,930</u>	<u>39,012</u>	3,918	10%
Profit before taxation ("PBT")	<u>10,507</u>	<u>10,770</u>	(263)	-2%

For the current quarter ended 30 June 2018, the Group recorded revenue of RM42.930 million, representing an increase of revenue by RM3.918 million or approximately 10% on a quarter to quarter basis. The export markets and local market contributed approximately 88% and 12% 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 coupled with increase in volume and pricing for some hoses.

The Group's PBT of RM10.507 million for the current quarter ended 30 June 2018 was fairly consistent as compared to PBT of RM10.770 million recorded in the corresponding quarter ended 30 June 2017.

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

	9-Months Ended		Variance	
	30 Jun 2018	30 Jun 2017	RM'000	%
	RM'000	RM'000	RM'000	
Revenue				
(a) Export	111,909	103,683	8,226	8%
(b) Local	13,653	11,835	1,818	15%
	<u>125,562</u>	<u>115,518</u>	10,044	9%
Profit before taxation ("PBT")	<u>29,607</u>	<u>35,075</u>	(5,468)	-16%

The Group recorded revenue of RM125.562 million, representing an increase of RM10.044 million or approximately 9% from RM115.518 million for the nine (9) months period ended 30 June 2018. The export market contributed approximately 89% to the Group's revenue. The export and local market registered an increase of 8% and 15% respectively as compared to the corresponding period of the preceding financial year. The overall improvement in revenue were mainly attributable to the continuation of recovery in global demand for industrial rubber hose and fairly benefited from the increase in selling price as well as volume for some hoses.

The Group recorded a PBT of RM29.607 million for the nine (9) months period ended 30 June 2018 compared to PBT of RM35.075 million recorded in corresponding period of the preceding financial year, representing a decrease of RM5.468 million or 16%. Lower PBT achieved in current nine (9) months period mainly due to higher cost of production resulting from rising cost of material prices.

B2. Comparison with Previous Quarter Results

	Current	Preceding		
	Quarter	Quarter		
	3-Months Ended			
	30 Jun 2018	31 Mar 2018	Variance	
	RM'000	RM'000	RM'000	%
Revenue	42,930	40,376	2,554	6%
Profit before taxation ("PBT")	10,507	8,862	1,645	19%

The Group has recorded an increase in revenue to RM42.930 million for the current quarter ended 30 June 2018 as compared to RM40.376 million recorded in the preceding quarter ended 31 March 2018, which was mainly resulted from recovery of demand on industrial rubber hoses, coupled with increase in pricing as well as in volume.

The Group recorded a higher PBT of RM10.507 million for the current quarter ended 30 June 2018 as compared to RM8.862 million recorded in the preceding quarter ended 31 March 2018 mainly due to improvement in overall sales and was fairly benefited from unrealised gain on foreign exchange.

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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 will continue to ensure it stays ahead of market trends, responding swiftly to changes through automation and research. In the near term, the Group expect the raw material prices continue to fluctuate due to supply and demand mechanism of raw materials and foreign exchange volatility.

However, the outlook and headwinds of the global economy remains challenging. Nevertheless, the Group strategies are to carry on its 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 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		9-Months Ended	
	30 Jun 2018	30 Jun 2017	30 Jun 2018	30 Jun 2017
	RM'000	RM'000	RM'000	RM'000
Income tax	2,675	2,641	7,131	8,562
Deferred tax	38	36	659	228
	<u>2,713</u>	<u>2,677</u>	<u>7,790</u>	<u>8,790</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
	30 Jun 2018	30 Sep 2017
	RM'000	RM'000
Islamic Term Loan (Secured)		
(a) Short term	2,574	2,574
(b) Long term	3,861	5,792
	<u>6,435</u>	<u>8,366</u>

B8. Profit Before Taxation

	Individual Quarter		Cumulative Quarter	
	3-Months Ended		9-Months Ended	
	30 Jun 2018	30 Jun 2017	30 Jun 2018	30 Jun 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	1,375	1,382	4,105	4,334
(b) Unrealized (gain)/loss on foreign exchange	(1,237)	241	(965)	29
(c) Interest expense	74	166	241	518
(d) Gain on disposal of property, plant and equipment	(3)	-	(55)	(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. Dividends**

The Board of Directors have recommended a third interim single tier dividend of 1.30 sen per share amounting to approximately RM6,473,318 in respect of financial year ending 30 September 2018. The entitlement date and payment date for the said dividends shall be on 13 September 2018 and 28 September 2018 respectively.

During the previous corresponding period, the Company declared a third interim single tier dividend of 1.55 sen per share for the financial year ended 30 September 2017 amounting to RM7,718,187.

The total dividend paid and payable by the Company in respect of the financial year ending 30 September 2018 is 4.05 sen per share represented by a total amount of approximately RM20,166,879.

Records of Dividends

<u>Financial Year</u>	<u>Dividend Per Share</u>	<u>Total Dividend</u>	<u>Status</u>
	<u>Sen</u>	<u>RM</u>	
2018 (3rd interim)	1.30	6,473,318	Payable
2018 (2nd interim)	1.20	5,975,371	Paid
2018 (1st interim)	1.55	7,718,190	Paid
	<u>4.05</u>	<u>20,166,879</u>	
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>251,530,619</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		9-Months Ended	
	30 Jun 2018	30 Jun 2017	30 Jun 2018	30 Jun 2017
	RM'000	RM'000	RM'000	RM'000
Profit attributable to equity holders	7,794	8,093	21,817	26,285
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) *	497,948	497,948	497,948	497,948
Basic earnings per share (sen)	1.57	1.63	4.38	5.28

(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.

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 27 August 2018.

BY ORDER OF THE BOARD

TEO SOON MEI (f) (MAICSA 7018590)

Company Secretary

27 August 2018