

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 2019**

(The figures have not been audited)

	Note	Individual Quarter		Cumulative Quarter	
		3-Months Ended		9-Months Ended	
		30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
		RM'000	RM'000	RM'000	RM'000
Revenue		41,609	42,930	128,682	125,562
Cost of sales		(25,882)	(30,069)	(83,180)	(87,041)
Gross profit		15,727	12,861	45,502	38,521
Selling & distribution costs		(1,174)	(1,132)	(3,304)	(3,009)
Administrative expenses		(2,513)	(2,392)	(7,739)	(7,182)
Other operating income/(expenses)		613	1,102	1,378	1,076
Profit from operations		12,653	10,439	35,837	29,406
Finance costs		(64)	(141)	(178)	(424)
Interest income		270	209	842	625
Profit before taxation		12,859	10,507	36,501	29,607
Tax expense		(3,406)	(2,713)	(9,438)	(7,790)
Profit for the period		9,453	7,794	27,063	21,817
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		9,453	7,794	27,063	21,817
Attributable to:					
Equity holders of the Company		9,453	7,794	27,063	21,817
Earnings per share (sen):					
Basic	B11(a)	1.90	1.57	5.43	4.38
Diluted	B11(b)	N/A	N/A	N/A	N/A
Single tier dividend per share (sen)	B9	1.40	1.30	4.20	4.05

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 30 JUNE 2019**

(The figures have not been audited)

	As At	Audited
	30 Jun 2019	30 Sep 2018
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	60,757	60,274
Property, plant and equipment - WIP	1,804	644
Other investment	10	10
	<u>62,571</u>	<u>60,928</u>
Current assets		
Inventories	16,908	18,873
Trade receivables	8,678	11,173
Other receivables, deposits & prepayments	404	2,220
Tax recoverable	124	124
Deposits with licensed banks	33,460	25,010
Cash and bank balances	13,456	12,253
	<u>73,030</u>	<u>69,653</u>
TOTAL ASSETS	<u>135,601</u>	<u>130,581</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	68,836	68,836
Retained profits	44,796	38,648
TOTAL EQUITY	<u>113,632</u>	<u>107,484</u>
Non-current liabilities		
Deferred taxation	5,227	4,899
Current liabilities		
Trade payables	5,366	5,873
Other payables & accruals	11,376	12,325
	<u>16,742</u>	<u>18,198</u>
TOTAL LIABILITIES	<u>21,969</u>	<u>23,097</u>
TOTAL EQUITY AND LIABILITIES	<u>135,601</u>	<u>130,581</u>
Net assets per share attributable to equity holders of the Company	<u>0.228</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

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Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 JUNE 2019**

(The figures have not been audited)

		<u>Non-Distributable</u>		<u>Distributable</u>	
	Note	Share Capital RM'000	Share Premium RM'000	Retained Profit RM'000	Total Equity RM'000
At 1 October 2018	1	68,836	-	38,648	107,484
Total comprehensive income for the period		-	-	27,063	27,063
Dividends		-	-	(20,915)	(20,915)
At 30 June 2019		68,836	-	44,796	113,632
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

Note 1:

With the Companies Act 2016 ("CA 2016") that had taken effect on 31 January 2017, the credit standing in the share premium account of RM2.443 million had 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 had approved to transfer the share premium account of RM2.443 million to the share capital account.

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 THIRD QUARTER ENDED 30 JUNE 2019**

(The figures have not been audited)

	9-Months Ended	
	30 Jun 2019	30 Jun 2018
	RM'000	RM'000
Cash Flows from Operating Activities		
Profit before taxation	36,501	29,607
Adjustments for:		
Depreciation of property, plant and equipment	3,909	4,105
Unrealised (gain)/loss on foreign exchange	(660)	(965)
(Gain)/Loss on disposal of property, plant and equipment	-	(55)
Interest expense	-	241
Interest income	(842)	(625)
Operating profit before working capital changes	38,908	32,308
Net change in inventories	1,965	(682)
Net change in receivables	4,316	(1,215)
Net change in payables	(2,518)	406
Cash generated from operations	42,671	30,817
Tax paid	(8,053)	(4,421)
Interest paid	-	(241)
Interest received	842	625
Net cash generated from operating activities	35,460	26,780
Cash Flows from Investing Activities		
Proceeds from disposal of property, plant and equipment	-	55
Purchase of property, plant and equipment	(5,552)	(6,083)
Net cash used in investing activities	(5,552)	(6,028)
Cash Flows from Financing Activities		
Dividends paid	(20,915)	(21,412)
Repayment of term loans	-	(1,931)
Net cash used in financing activities	(20,915)	(23,343)
Net Increase/(Decrease) in Cash and Cash Equivalents	8,993	(2,591)
Effect of Exchange Rate Changes	660	965
Cash and Cash Equivalents at beginning of the year	37,263	39,239
Cash and Cash Equivalents at end of the period	46,916	37,613

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 especially MFRS 9 : Financial Instruments and MFRS 15 : Revenue from Contracts with Customers. 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 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

Please refer to Part B Note B7.

A7. Dividend Paid

A second single tier dividend of 1.40 sen per share on 497,947,555 ordinary shares in respect of the financial year ending 30 September 2019 amounting to approximately RM6,971,266 was paid on 28 June 2019.

A8. Segmental Information

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

Geographical Segments	9-Months Ended	
	30 Jun 2019	30 Jun 2018
<u>Revenue</u>	<u>RM'000</u>	<u>RM'000</u>
<i>Export Market</i>		
USA/Canada	39,896	32,780
Asia	19,789	19,799
Middle East	9,725	11,929
Europe	21,167	21,182
Australia/New Zealand	13,114	13,922
South America	9,865	9,734
Africa	3,350	2,563
	<u>116,906</u>	<u>111,909</u>
<i>Local Market</i>	<u>11,776</u>	<u>13,653</u>
	<u>128,682</u>	<u>125,562</u>
 <u>Results</u>		
<i>Export Market</i>	33,161	26,388
<i>Local Market</i>	3,340	3,219
Profit before taxation	<u>36,501</u>	<u>29,607</u>

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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 2019</u>	<u>30 Jun 2018</u>
	<u>RM'000</u>	<u>RM'000</u>
Deposit with licensed banks	33,460	23,330
Cash and bank balances	13,456	14,283
	<u>46,916</u>	<u>37,613</u>
Deposit with licensed banks:		
(a) Islamic	32,460	20,080
(b) Non-Islamic	1,000	3,250
	<u>33,460</u>	<u>23,330</u>
Total cash (excluding Islamic instrument) ("A")	14,456	17,533
Total assets ("B")	135,601	127,699
A/B (%)	11%	14%

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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 2019	30 Jun 2018		
	RM'000	RM'000	RM'000	%
Revenue				
(a) Export	37,503	37,918	(415)	-1%
(b) Local	4,106	5,012	(906)	-18%
	<u>41,609</u>	<u>42,930</u>	(1,321)	-3%
Profit before taxation ("PBT")	<u>12,859</u>	<u>10,507</u>	2,352	22%

For the current quarter ended 30 June 2019, the Group recorded revenue of RM41.609 million, representing a slight decrease by RM1.321 million or approximately 3% on a quarter to quarter basis. The export market and local market contributed approximately 90% and 10% respectively to the Group's revenue. The slight decrease in revenue mainly due to the volatility of global economic sentiment which had affected the demand for industrial rubber hose market.

The Group's PBT of RM12.859 million for the current quarter ended 30 June 2019 compared to PBT of RM10.507 million recorded in the corresponding quarter ended 30 June 2018 mainly due to lower cost of production resulted from cost optimization of raw materials costs.

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

	9-Months Ended		Variance	
	30 Jun 2019	30 Jun 2018		
	RM'000	RM'000	RM'000	%
Revenue				
(a) Export	116,906	111,909	4,997	4%
(b) Local	11,776	13,653	(1,877)	-14%
	<u>128,682</u>	<u>125,562</u>	3,120	2%
Profit before taxation ("PBT")	<u>36,501</u>	<u>29,607</u>	6,894	23%

The Group recorded revenue of RM128.682 million, representing an increase of RM3.120 million or approximately 2% from RM125.562 million for the nine (9) months period ended 30 June 2019. The export market contributed approximately 91% to the Group's revenue. The export market registered an increase of 4% while local market registered a decrease of 14% as compared to the corresponding period of the preceding financial year. The overall improvement in revenue were mainly fairly benefited from the increase in selling price and volume for some hoses.

The Group recorded a PBT of RM36.501 million for the nine (9) months period ended 30 June 2019 compared to PBT of RM29.607 million recorded in corresponding period of the preceding financial year, representing an increase of RM6.894 million or 23% increase. Higher PBT achieved in current nine (9) months period mainly due to increase in revenue from export market coupled with lower cost of production despite a slowdown in the local market.

B2. Comparison with Previous Quarter Results

	Current	Preceding	Variance	
	Quarter	Quarter		
	3-Months Ended			
	30 Jun 2019	31 Mar 2019	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	41,609	41,607	2	0%
Profit before taxation ("PBT")	12,859	11,061	1,798	16%

The Group has recorded and maintained a fairly consistent revenue of RM41.609 million for the current quarter ended 30 June 2019 as compared to RM41.607 million recorded in the preceding quarter ended 31 March 2019 despite the volatility of global economic sentiment which had affected the demand for industrial rubber hose market.

The Group recorded PBT of RM12.859 million for the current quarter ended 30 June 2019 as compared to RM11.061 million recorded in the preceding quarter ended 31 March 2019 mainly due to continuous effort in cost optimization.

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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. Moving forward, 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 expects 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 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 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

	3-Months Ended		9-Months Ended	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	RM'000	RM'000	RM'000	RM'000
Income tax	3,199	2,675	9,110	7,131
Deferred tax	207	38	328	659
	<u>3,406</u>	<u>2,713</u>	<u>9,438</u>	<u>7,790</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	
	30 Jun 2019	30 Jun 2018
	RM'000	RM'000
Islamic Term Loan (Secured)		
(a) Short term	-	2,574
(b) Long term	-	3,861
	<u>-</u>	<u>6,435</u>

B8. Profit Before Taxation

	3-Months Ended		9-Months Ended	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	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	1,303	1,375	3,909	4,105
(b) Unrealized loss/(gain) on foreign exchange	(536)	(1,237)	(660)	(965)
(c) Interest expense	-	74	-	241
(d) (Gain)/Loss on disposal of property, plant and equipment	-	(3)	-	(55)

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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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 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 11 September 2019 and 27 September 2019 respectively.

During the previous corresponding period, the Company declared a third interim single tier dividend of 1.30 sen per share for the financial year ended 30 September 2018 amounting to RM6,473,318.

The total dividend paid and payable by the Company in respect of the financial year ending 30 September 2019 is 4.20 sen per share represented by a total amount of approximately RM20,913,798.

Records of Dividends

<u>Financial Year</u>	<u>Dividend Per Share</u> <u>Sen</u>	<u>Total Dividend</u> <u>RM</u>	<u>Status</u>
2019 (3rd single tier dividend)	1.40	6,971,266	Payable
2019 (2nd single tier dividend)	1.40	6,971,266	Paid
2019 (1st single tier dividend)	1.40	6,971,266	Paid
Total dividend paid and payable for the current financial year	<u>4.20</u>	<u>20,913,798</u>	
2018	5.45	27,138,145	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	<u>3,000,300</u>	Paid
Total dividend paid from financial year 2006 to 2018		<u>258,501,885</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

The Group was not engaged in any material litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Group 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 Group.

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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:

	3-Months Ended		9-Months Ended	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	RM'000	RM'000	RM'000	RM'000
Profit attributable to equity holders	9,453	7,794	27,063	21,817
Weighted average number of shares in issue ('000)	497,948	497,948	497,948	497,948
Basic earnings per share (sen)	1.90	1.57	5.43	4.38

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

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 23 August 2019.

BY ORDER OF THE BOARD

TEO SOON MEI (f) (MAICSA 7018590)

Company Secretary

23 August 2019