

WELLCALL HOLDINGS BERHAD

Registration No.: 200501025213 (707346-W)

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 JUNE 2021**

(The figures have not been audited)

	Note	Individual Quarter		Cumulative Quarter	
		3-Months Ended		9-Months Ended	
		30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
		RM'000	RM'000	RM'000	RM'000
Revenue		35,764	26,322	109,514	97,646
Cost of sales		(22,679)	(17,154)	(66,337)	(61,901)
Gross profit		13,085	9,168	43,177	35,745
Selling & distribution costs		(1,484)	(583)	(4,014)	(2,286)
Administrative expenses		(2,560)	(2,864)	(8,371)	(8,700)
Other operating income		496	226	1,538	1,577
Profit from operations		9,537	5,947	32,330	26,336
Finance costs		(53)	(36)	(147)	(151)
Interest income		118	201	389	863
Share of loss of equity accounted associate, net of tax		(162)	(126)	(410)	(175)
Profit before taxation		9,440	5,986	32,162	26,873
Tax expense		(2,352)	(2,078)	(8,052)	(6,513)
Profit for the period/Total comprehensive income for the period		7,088	3,908	24,110	20,360
Attributable to:					
Equity holders of the Company		7,088	3,908	24,110	20,360
Earnings per share (sen):					
Basic	B11(a)	1.42	0.78	4.84	4.09
Diluted	B11(b)	N/A	N/A	N/A	N/A
Single tier dividend per share (sen)	B9	1.40	1.00	4.20	3.55

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 2020 and the accompanying notes to the Interim Financial Report.

WELLCALL HOLDINGS BERHAD

Registration No.: 200501025213 (707346-W)

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 30 JUNE 2021**

(The figures have not been audited)

	As At	Audited
	30 Jun 2021	30 Sep 2020
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	52,965	56,894
Investment property	3,409	3,485
Capital work-in-progress	958	335
Investment in associate	3,724	4,134
Other investment	10	10
	<u>61,066</u>	<u>64,858</u>
Current assets		
Inventories	19,196	13,793
Trade receivables	3,857	5,577
Other receivables, deposits & prepayments	342	81
Tax recoverable	17	6
Deposits with licensed banks	15,050	15,970
Cash and bank balances	43,697	40,109
	<u>82,159</u>	<u>75,536</u>
TOTAL ASSETS	<u>143,225</u>	<u>140,394</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	68,836	68,836
Retained profits	55,224	52,028
TOTAL EQUITY	<u>124,060</u>	<u>120,864</u>
Non-current liability		
Deferred taxation	4,952	5,174
	<u>4,952</u>	<u>5,174</u>
Current liabilities		
Trade payables	6,186	5,326
Other payables & accruals	6,912	7,729
Tax payable	1,115	1,301
	<u>14,213</u>	<u>14,356</u>
TOTAL LIABILITIES	<u>19,165</u>	<u>19,530</u>
TOTAL EQUITY AND LIABILITIES	<u>143,225</u>	<u>140,394</u>
Net assets per share attributable to equity holders of the Company (RM)	<u>0.249</u>	<u>0.243</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 September 2020 and the accompanying notes to the Interim Financial Report.

WELLCALL HOLDINGS BERHAD

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 JUNE 2021**

(The figures have not been audited)

	<u>Non-Distributable</u> <u>Share</u> <u>Capital</u> <u>RM'000</u>	<u>Distributable</u> <u>Retained</u> <u>Profits</u> <u>RM'000</u>	<u>Total</u> <u>Equity</u> <u>RM'000</u>
At 1 October 2020	68,836	52,028	120,864
Total comprehensive income for the period	-	24,110	24,110
Dividends	-	(20,914)	(20,914)
At 30 June 2021	68,836	55,224	124,060
At 1 October 2019	68,836	47,564	116,400
Total comprehensive income for the period	-	20,360	20,360
Dividends	-	(19,918)	(19,918)
At 30 June 2020	68,836	48,006	116,842

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 2020 and the accompanying notes to the Interim Financial Report.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 JUNE 2021**

(The figures have not been audited)

	9-Months Ended	
	30 Jun 2021	30 Jun 2020
	RM'000	RM'000
Cash Flows from Operating Activities		
Profit before taxation	32,162	26,873
Adjustments for:		
Depreciation of investment property	76	51
Depreciation of property, plant and equipment	4,016	4,169
Unrealised gain on foreign exchange	(324)	(93)
Gain on disposal of property, plant and equipment	-	(134)
Dividend income	(1)	-
Interest income	(389)	(863)
Share of loss of equity accounted associates, net of tax	410	175
Operating profit before working capital changes	35,950	30,178
Net change in inventories	(5,403)	(1,088)
Net change in receivables	1,459	1,566
Net change in payables	42	(3,487)
Cash generated from operations	32,048	27,169
Tax paid	(8,470)	(7,268)
Interest received	389	863
Net cash generated from operating activities	23,967	20,764
Cash Flows from Investing Activities		
Proceeds from disposal of property, plant and equipment	-	134
Dividend received	1	-
Investment In Associate Company	-	(4,402)
Capital work-in-progress	(623)	-
Purchase of property, plant and equipment	(87)	(4,513)
Net cash used in investing activities	(709)	(8,781)
Cash Flows from Financing Activities		
Dividends paid	(20,914)	(19,918)
Net cash used in financing activities	(20,914)	(19,918)
Net Increase/(Decrease) in Cash and Cash Equivalents	2,344	(7,935)
Effect of Exchange Rate Changes	324	93
Cash and Cash Equivalents at beginning of the year	56,079	52,822
Cash and Cash Equivalents at end of the period	58,747	44,980

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 September 2020 and the accompanying notes to the Interim Financial Report.

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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 2020. 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 2020.

Changes in accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 September 2020 except for the adoption of the following new, revised MFRSs, amendments to MFRS and Issues Committee ("IC") Interpretations:

Standards and Amendments Issued But Not Yet Effective

- a) Amendments to MFRS 101: Presentation of Financial Statements
- b) Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors
- c) Amendments to IC Interpretation 22: Foreign Currency Transactions and Advance Consideration
- d) Amendments to MFRS 101: Presentation of Financial Statements - Definition of Materials
- e) Amendments to MFRS 7, MFRS 9 and MFRS 139: Interest Rate Benchmark Reform
- f) Amendments to MFRS 3: Business Combinations - Definition of Business
- g) MFRS 17 Insurance Contracts
- h) Amendments to MFRS 10: Consolidated Financial Statements and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The adoption of above standards and 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 2020 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 2021 amounting to approximately RM6,971,266 was paid on 25 June 2021.

A8. Segmental Information

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

	9-Months Ended	
	30 Jun 2021	30 Jun 2020
Revenue	RM'000	RM'000
Geographical Segments		
Export Market		
USA/Canada	25,047	25,519
Asia	24,090	18,331
Middle East	8,858	8,888
Europe	17,173	16,702
Australia/New Zealand	13,064	9,947
South America	9,854	5,833
Africa	2,377	3,233
	<u>100,463</u>	<u>88,453</u>
Local Market	<u>9,051</u>	<u>9,193</u>
	<u>109,514</u>	<u>97,646</u>
Results		
Export Market	29,504	24,343
Local Market	2,658	2,530
Profit before taxation	<u>32,162</u>	<u>26,873</u>

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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 significant changes in the composition of the Group during the current quarter under review.

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 2021</u>	<u>30 Jun 2020</u>
	<u>RM'000</u>	<u>RM'000</u>
Deposit with licensed banks	15,050	15,550
Cash and bank balances	43,697	29,430
	<u>58,747</u>	<u>44,980</u>
Deposit with licensed banks:		
(a) Islamic	14,050	14,550
(b) Non-Islamic	1,000	1,000
	<u>15,050</u>	<u>15,550</u>
Total cash (excluding Islamic instrument) ("A")	44,697	30,430
Total assets ("B")	143,225	134,353
A/B (%)	31%	23%

A15. Related Party Transactions

Related party transactions with Global Rubber Industry (M) Sdn. Bhd. as follows:

	<u>9-Months Ended</u>	
	<u>30 Jun 2021</u>	<u>30 Jun 2020</u>
	<u>RM'000</u>	<u>RM'000</u>
Sub-contract services for topping of nylon cord on hoses for Wellcall Hose (M) Sdn. Bhd.	788	-

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

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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 2021 RM'000	30 Jun 2020 RM'000	RM'000	%
Revenue				
(a) Export	33,116	23,983	9,133	38%
(b) Local	2,648	2,339	309	13%
	<u>35,764</u>	<u>26,322</u>	9,442	36%
Profit before taxation ("PBT")	<u>9,440</u>	<u>5,986</u>	3,454	58%

For the current quarter ended 30 June 2021, the Group recorded revenue of RM35,764 million, representing an increase of RM9,442 million or approximately 36% on a quarter to quarter basis. The export market and local market contributed approximately 92% and 8% respectively to the Group's revenue.

The Group recorded PBT of RM9.44 million for the current quarter ended 30 June 2021 compared to PBT of RM5.986 million in the corresponding quarter ended 30 June 2020 was mainly in line with the increase of revenue for the current reporting quarter.

Favorable variances of 36% in revenue and 58% in PBT respectively as compare to last corresponding quarter was mainly due to imposition of Movement Control Order ("MCO"), Conditional MCO ("CMCO") and Recovery MCO ("RMCO") resulted from the global Covid-19 pandemic during the quarter ended 30 June 2020.

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

	9-Months Ended		Variance	
	30 Jun 2021 RM'000	30 Jun 2020 RM'000	RM'000	%
Revenue				
(a) Export	100,463	88,453	12,010	14%
(b) Local	9,051	9,193	(142)	-2%
	<u>109,514</u>	<u>97,646</u>	11,868	12%
Profit before taxation ("PBT")	<u>32,162</u>	<u>26,873</u>	5,289	20%

The Group recorded revenue of RM109,514 million, representing an increase of RM11,868 million or approximately 12% from RM97,646 million for the nine (9) months period ended 30 June 2021. The export market contributed approximately 92% to the Group's revenue. The export market registered an increase of 14% while local market registered a decrease of 2% as compared to the corresponding period of the preceding financial year. The overall improvement in revenue were mainly due to the increase in revenue from export market despite continuous slowdown in local market.

The Group recorded a PBT of RM32,162 million for the nine (9) months period ended 30 June 2021 compared to PBT of RM26,873 million recorded in corresponding period of the preceding financial year, representing an increase of RM5,289 million or 20% increase. Higher PBT achieved in the nine (9) months period mainly due to continuation of recovery in global demand for industrial rubber hose as well as the momentum of economy is picking up as compared to imposition of various Movement Control Orders during the period ended 30 June 2020.

B2. Comparison with Previous Quarter Results

	Current Quarter	Preceding Quarter	Variance	
	30 Jun 2021 RM'000	31 Mar 2021 RM'000	RM'000	%
Revenue	35,764	38,229	(2,465)	-6%
Profit before taxation ("PBT")	9,440	11,903	(2,463)	-21%

The Group has recorded a decrease in revenue to RM35,764 million for the current quarter ended 30 June 2021 as compared to RM38,229 million recorded in preceding quarter ended 31 March 2021, mainly due to the continuation imposition of Movement Control Order ("MCO") and Full Movement Control Order ("FMCO") in May 2021 which has affected the Group performance.

As a result of decrease in revenue, the Group recorded a lower PBT of RM9,440 million for the current quarter ended 30 June 2021 as compared to RM11,903 million recorded in the preceding quarter ended 31 March 2021, representing a decrease of RM2,463 million or approximately 21%.

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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**

The Covid-19 pandemic continues to have a profound impact globally and on the Malaysia's economic growth. However, with the continuation for mass vaccination across the country coupled with the implementation of National Recovery Plan direction, we believe this would be able to spur the recovery of the economy. In response to the Covid-19 pandemic, the Group has implemented various precautionary measures at its factories and offices to minimise the risk of Covid-19 infections and to ensure compliance with the standard operating procedures imposed by the Government. Nevertheless, the Group remains cautious, and continue to focus on its operational efficiencies and improve on all areas of operations, technology, manpower and logistics.

Barring any unforeseen circumstances, the Board believes that the Group's prospects in the forthcoming financial year ending 30 September 2021 continues to remain positive and the Group is able to sustain its performance despite 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 3-Months Ended		Cumulative Quarter 9-Months Ended	
	30 Jun 2021 RM'000	30 Jun 2020 RM'000	30 Jun 2021 RM'000	30 Jun 2020 RM'000
Income tax	2,352	1,827	8,274	6,480
Deferred tax	-	251	(222)	33
	<u>2,352</u>	<u>2,078</u>	<u>8,052</u>	<u>6,513</u>

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

B7. Group Borrowings

There were no group borrowings in the current quarter under review.

B8. Profit Before Taxation

	Individual Quarter 3-Months Ended		Cumulative Quarter 9-Months Ended	
	30 Jun 2021 RM'000	30 Jun 2020 RM'000	30 Jun 2021 RM'000	30 Jun 2020 RM'000
Profit for the period is arrived at after charging/(crediting):				
(a) Interest income	(118)	(201)	(389)	(863)
(b) Rental income	(60)	(54)	(168)	(56)
(c) Depreciation of investment property	25	26	76	51
(d) Depreciation of property, plant and equipment	1,270	1,388	4,016	4,169
(e) Unrealized loss/(gain) on foreign exchange	19	819	(324)	(93)
(f) Realized gain on foreign exchange	(414)	(966)	(893)	(1,196)
(g) Gain on disposal of property, plant and equipment	-	-	-	(134)

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 2021. The entitlement date and payment date for the said dividend shall be on 8 September 2021 and 24 September 2021 respectively.

During the previous corresponding period, the Company declared a third single tier dividend of 1.00 sen per share for the financial year ended 30 September 2020 amounting to RM4,979,476.

The total dividend paid and payable by the Company in respect of the financial year ending 30 September 2021 is 4.20 sen per share represented by a total amount of approximately RM20,913,797.

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>	
2021 (3rd single tier dividend)	1.40	6,971,266	Payable
2021 (2nd single tier dividend)	1.40	6,971,266	Paid
2021 (1st single tier dividend)	1.40	6,971,266	Paid
Total dividend payable for the current financial year	<u>4.20</u>	<u>20,913,797</u>	
2020 *	4.95	24,648,404	Paid
2019 *	5.65	28,134,038	Paid
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	3,000,300	Paid
Total dividend paid from financial year 2006 to 2020		<u>311,284,327</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:

	Individual Quarter		Cumulative Quarter	
	3-Months Ended		9-Months Ended	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	RM'000	RM'000	RM'000	RM'000
Profit attributable to equity holders	7,088	3,908	24,110	20,360
Weighted average number of shares in issue ('000)	497,948	497,948	497,948	497,948
Basic earnings per share (sen)	1.42	0.78	4.84	4.09

(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 2021.

BY ORDER OF THE BOARD

TEO SOON MEI (f)
Company Secretary
(SSM PC 201908000235)
(MAICSA 7018590)

23 August 2021