

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 2022**

(The figures have not been audited)

	Note	Individual Quarter		Cumulative Quarter	
		3-Months Ended		9-Months Ended	
		30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
		RM'000	RM'000	RM'000	RM'000
Revenue		47,134	35,764	129,761	109,514
Cost of sales		(29,811)	(22,679)	(82,790)	(66,337)
Gross profit		17,323	13,085	46,971	43,177
Selling & distribution costs		(2,211)	(1,484)	(6,291)	(4,014)
Administrative expenses		(2,876)	(2,560)	(8,948)	(8,371)
Other operating income		1,756	496	2,865	1,538
Profit from operations		13,992	9,537	34,597	32,330
Finance costs		(48)	(53)	(129)	(147)
Interest income		66	118	237	389
Share of loss of equity accounted associate, net of tax		(148)	(162)	(446)	(410)
Profit before taxation		13,862	9,440	34,259	32,162
Tax expense		(3,085)	(2,352)	(8,607)	(8,052)
Profit for the period/Total comprehensive income for the period		10,777	7,088	25,652	24,110
Attributable to:					
Equity holders of the Company		10,777	7,088	25,652	24,110
Earnings per share (sen):					
Basic	B11(a)	2.16	1.42	5.15	4.84
Diluted	B11(b)	N/A	N/A	N/A	N/A
Single tier dividend per share (sen)	B9	1.60	1.40	4.40	4.20

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 2021 and the accompanying notes to the Interim Financial Report.

WELLCALL HOLDINGS BERHAD

Registration No.: 200501025213 (707346-W)

Incorporated in Malaysia

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 30 JUNE 2022**

(The figures have not been audited)

	<u>As At</u>	<u>Audited</u>
	<u>30 Jun 2022</u>	<u>30 Sep 2021</u>
	<u>RM'000</u>	<u>RM'000</u>
ASSETS		
Non-current assets		
Property, plant and equipment	48,512	51,729
Investment property	4,307	4,418
Investment in associate	3,024	3,470
Other investment	10	10
	<u>55,853</u>	<u>59,627</u>
Current assets		
Inventories	28,506	20,142
Trade receivables	1,619	6,486
Other receivables, deposits & prepayments	350	109
Tax recoverable	12	12
Deposits with licensed banks	11,150	15,650
Cash and bank balances	48,388	45,940
	<u>90,025</u>	<u>88,339</u>
TOTAL ASSETS	<u>145,878</u>	<u>147,966</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	68,836	68,836
Retained profits	56,065	58,298
TOTAL EQUITY	<u>124,901</u>	<u>127,134</u>
Non-current liability		
Deferred taxation	4,840	4,953
	<u>4,840</u>	<u>4,953</u>
Current liabilities		
Trade payables	5,988	5,101
Other payables & accruals	8,325	9,228
Tax payable	1,824	1,550
	<u>16,137</u>	<u>15,879</u>
TOTAL LIABILITIES	<u>20,977</u>	<u>20,832</u>
TOTAL EQUITY AND LIABILITIES	<u>145,878</u>	<u>147,966</u>
Net assets per share attributable to equity holders of the Company (RM)	<u>0.251</u>	<u>0.255</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 September 2021 and the accompanying notes to the Interim Financial Report.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 JUNE 2022**

(The figures have not been audited)

	<u>Non-Distributable</u>	<u>Distributable</u>	
	Share Capital RM'000	Retained Profits RM'000	Total Equity RM'000
At 1 October 2021	68,836	58,298	127,134
Total comprehensive income for the period	-	25,652	25,652
Dividends	-	(27,885)	(27,885)
At 30 June 2022	68,836	56,065	124,901
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

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 2021 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 2022**

(The figures have not been audited)

	9-Months Ended	
	30 Jun 2022	30 Jun 2021
	RM'000	RM'000
Cash Flows from Operating Activities		
Profit before taxation	34,259	32,162
Adjustments for:		
Depreciation of investment property	111	76
Depreciation of property, plant and equipment	3,686	4,016
Unrealised gain on foreign exchange	(1,319)	(324)
Gain on disposal of property, plant and equipment	(26)	-
Dividend income	(1)	(1)
Property, plant and equipment written off	2	-
Interest income	(238)	(389)
Share of loss of equity accounted associates, net of tax	446	410
Operating profit before working capital changes	36,920	35,950
Net change in inventories	(8,364)	(5,403)
Net change in receivables	4,626	1,459
Net change in payables	(16)	42
Cash generated from operations	33,166	32,048
Tax paid	(8,447)	(8,470)
Interest received	238	389
Net cash generated from operating activities	24,957	23,967
Cash Flows from Investing Activities		
Proceeds from disposal of property, plant and equipment	26	-
Dividend received	1	1
Capital work-in-progress	-	(623)
Purchase of property, plant and equipment	(470)	(87)
Net cash used in investing activities	(443)	(709)
Cash Flows from Financing Activities		
Dividends paid	(27,885)	(20,914)
Net cash used in financing activities	(27,885)	(20,914)
Net (Decrease)/Increase in Cash and Cash Equivalents	(3,371)	2,344
Effect of Exchange Rate Changes	1,319	324
Cash and Cash Equivalents at beginning of the year	61,590	56,079
Cash and Cash Equivalents at end of the period	59,538	58,747

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 September 2021 and the accompanying notes to the Interim Financial Report.

WELLCALL HOLDINGS BERHAD

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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 2021. 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 2021.

Changes in accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 September 2021 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 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform-Phase 2
- b) Amendments to MFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30th June, 2021
- c) MFRS 1: Annual Improvements to MFRS Standards 2018 - 2020
- d) Amendments to MFRS 3 Business Combinations: Reference to the Conceptual
- e) MFRS 9: Annual Improvements to MFRS Standards 2018 -2020
- f) Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use
- g) Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets - Onerous Contract - Cost of Fulfilling a Contract
- h) Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current
- i) Amendments to MFRS 108: Definition of Accounting Estimates
- j) Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- k) MFRS 17 Insurance Contracts
- l) 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 2021 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 2022 amounting to approximately RM6,971,266 was paid on 24 June 2022.

A8. Segmental Information

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

Geographical Segments	9-Months Ended	
	30 Jun 2022	30 Jun 2021
<u>Revenue</u>	<u>RM'000</u>	<u>RM'000</u>
Export Market		
USA/Canada	35,274	25,047
Asia	23,290	24,090
Middle East	7,650	8,858
Europe	18,831	17,173
Australia/New Zealand	16,710	13,064
South America	11,597	9,854
Africa	4,085	2,377
	117,437	100,463
Local Market	12,324	9,051
	129,761	109,514
Results		
Export Market		
Local Market	31,005	29,504
Profit before taxation	3,254	2,658
	34,259	32,162

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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 revaluation 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:

	As at	As at
	30 Jun 2022	30 Jun 2021
	RM'000	RM'000
Deposit with licensed banks	11,150	15,050
Cash and bank balances	48,388	43,697
	59,538	58,747
Deposit with licensed banks:		
(a) Islamic	10,150	14,050
(b) Non-Islamic	1,000	1,000
	11,150	15,050
Total cash (excluding Islamic instrument) ("A")	35,580	31,022
Total assets ("B")	145,878	143,225
A/B (%)	24%	22%

A15. Related Party Transactions

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

	9-Months Ended	
	30 Jun 2022	30 Jun 2021
	RM'000	RM'000
Sub-contract services for topping of nylon cord on hoses for Wellcall Hose (M) Sdn. Bhd.	2,292	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 2022	30 Jun 2021	RM'000	%
	RM'000	RM'000	RM'000	
Revenue				
(a) Export	42,736	33,116	9,620	29%
(b) Local	4,398	2,648	1,750	66%
	<u>47,134</u>	<u>35,764</u>	11,370	32%
Profit before taxation ("PBT")	<u>13,862</u>	<u>9,440</u>	4,422	47%

For the current quarter ended 30 June 2022, the Group recorded revenue of RM47.134 million, representing an increase of RM11.370 million or approximately 32% on a quarter to quarter basis. The export market and local market contributed approximately 91% and 9% respectively to the Group's revenue. The increased in revenue for the current quarter was mainly arising from higher demand volume coupled with slight increase in pricing for certain products. Additionally, the uplifting of total lockdown or Full Movement Control Order by the Malaysian Government imposed in previous quarter ended 30 June 2021 had further elevated the momentum of cross border activities.

The Group achieved PBT of RM13.862 million for the current quarter ended 30 June 2022, representing a favorable increase of 47% from RM9.440 million in the corresponding quarter mainly resulted from the increased in revenue for the current reporting quarter.

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

	9-Months Ended		Variance	
	30 Jun 2022	30 Jun 2021	RM'000	%
	RM'000	RM'000	RM'000	
Revenue				
(a) Export	117,437	100,463	16,974	17%
(b) Local	12,324	9,051	3,273	36%
	<u>129,761</u>	<u>109,514</u>	20,247	18%
Profit before taxation ("PBT")	<u>34,259</u>	<u>32,162</u>	2,097	7%

The Group recorded revenue of RM129.761 million, representing an increase of RM20.247 million or approximately 18% from RM109.514 million for the nine (9) months period ended 30 June 2022. The export market contributed approximately 91% to the Group's revenue. The export market registered an increase of 17% while local market registered an increase of 36% as compared to the corresponding period of the preceding financial year. The overall improvement in revenue was mainly due to the increase of demand from both local and export market in line with the gradual improvement of global economy sentiment and trade momentum of the industrial rubber hose market.

The Group recorded a PBT of RM34.259 million for the nine (9) months period ended 30 June 2022 compared to PBT of RM32.162 million recorded in corresponding period of the preceding financial year, representing an increase of RM2.097 million or 7% increase. Higher PBT achieved in the nine (9) months period mainly due to improvement in revenue coupled with post-pandemic market demand recovery.

B2. Comparison with Previous Quarter Results

	Current	Preceding	Variance	
	Quarter	Quarter		
	3-Months Ended		RM'000	%
	30 Jun 2022	31 Mar 2022	RM'000	
	RM'000	RM'000	RM'000	
Revenue	47,134	42,962	4,172	10%
Profit before taxation ("PBT")	13,862	11,284	2,578	23%

The Group recorded an increase in revenue to RM47.134 million for the current quarter ended 30 June 2022 as compared to RM42.962 million recorded in preceding quarter, representing an increase of RM4.172 million or approximately 10% mainly due to continuation of increasing momentum of global demands for industrial rubber hoses.

As a result of increased in revenue, the Group recorded a higher PBT of RM13.862 million for the current quarter ended 30 June 2022 as compared to RM11.284 million recorded in the preceding quarter ended 31 March 2022, representing an increase of RM2.578 million or approximately 23%.

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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 Board is optimistic that the Group will remain resilient and able to sustain its market share and positioning despite the challenges ahead in the global economy, especially global economy impact arising from lockdowns in China, on-going Russia-Ukraine crisis and risk of stagflation. Nevertheless, the Group will continue to manage its operating costs and market share by responding swiftly to the fluctuation of supply and demand chain mechanism especially inherently with high freight and raw material costs.

Barring of unforeseen circumstances and the vibrancy of the global economy sentiment, the Board believes that the Group's future prospects in the forthcoming financial year ending 30 September 2022 continues to remain positive especially with the gradual increase in the momentum of global demand for industrial rubber hoses.

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 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	RM'000	RM'000	RM'000	RM'000
Income tax	3,313	2,352	8,720	8,274
Deferred tax	(228)	-	(113)	(222)
	<u>3,085</u>	<u>2,352</u>	<u>8,607</u>	<u>8,052</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 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after charging/(crediting):				
(a) Interest income	(66)	(118)	(238)	(389)
(b) Rental income	(66)	(60)	(186)	(168)
(c) Depreciation of investment property	37	25	111	76
(d) Depreciation of property, plant and equipment	1,194	1,270	3,686	4,016
(e) Unrealized (gain)/loss on foreign exchange	(1,256)	19	(1,319)	(324)
(f) Realized gain on foreign exchange	(388)	(414)	(1,189)	(893)
(g) Gain on disposal of property, plant and equipment	-	-	(26)	-

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 1.60 sen per share amounting to approximately RM7,967,161 in respect of financial year ending 30 September 2022. The entitlement date and payment date for the said dividend shall be on 7 September 2022 and 23 September 2022 respectively.

During the previous corresponding period, the Company declared a third single tier dividend of 1.40 sen per share for the financial year ended 30 September 2021 amounted to RM6,971,266.

The total dividend paid and payable by the Company in respect of the financial year ending 30 September 2022 is 4.40 sen per share represented by a total amount of approximately RM21,909,692.

Records of Dividends

<u>Financial Year</u>	<u>Dividend Per Share</u>	<u>Total Dividend</u>	<u>Status</u>
	Sen	RM	
2022 (3rd single tier dividend)	1.60	7,967,161	Payable
2022 (2nd single tier dividend)	1.40	6,971,266	Paid
2022 (1st single tier dividend)	1.40	6,971,266	Paid
Total dividend paid and payable for the current financial year	<u>4.40</u>	<u>21,909,692</u>	
2021 *	7.00	34,856,330	Paid
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 2021		<u>346,140,657</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 3-Months Ended		Cumulative Quarter 9-Months Ended	
	30 Jun 2022 RM'000	30 Jun 2021 RM'000	30 Jun 2022 RM'000	30 Jun 2021 RM'000
Profit attributable to equity holders	10,777	7,088	25,652	24,110
Weighted average number of shares in issue ('000)	497,948	497,948	497,948	497,948
Basic earnings per share (sen)	2.16	1.42	5.15	4.84

(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 22 August 2022

BY ORDER OF THE BOARD

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

22 August 2022