

WELLCALL HOLDINGS BERHAD

Registration No.: 200501025213 (707346-W)

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 31 MARCH 2023**

(The figures have not been audited)

	Note	Individual Quarter		Cumulative Quarter	
		3-Months Ended		6-Months Ended	
		31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022
		RM'000	RM'000	RM'000	RM'000
Revenue		50,138	42,962	102,732	82,627
Cost of sales		(29,694)	(26,454)	(64,522)	(52,979)
Gross profit		20,444	16,508	38,210	29,648
Selling & distribution costs		(1,275)	(2,588)	(2,567)	(4,080)
Administrative expenses		(3,339)	(3,231)	(6,603)	(6,072)
Other operating expenses		683	737	(1,058)	1,109
Profit from operations		16,513	11,426	27,982	20,605
Finance costs		(52)	(39)	(107)	(81)
Interest income		466	51	807	171
Share of loss of equity accounted associate, net of tax		-	(154)	-	(298)
Profit before taxation		16,927	11,284	28,682	20,397
Tax expense		(4,110)	(3,355)	(7,806)	(5,522)
Profit for the period/Total comprehensive income for the period		12,817	7,929	20,876	14,875
Attributable to:					
Equity holders of the Company		12,817	7,929	20,876	14,875
Earnings per share (sen):					
Basic	B11(a)	2.57	1.59	4.19	2.99
Diluted	B11(b)	N/A	N/A	N/A	N/A
Single tier dividend per share (sen)	B9	1.80	1.40	3.20	2.80

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 2022 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 31 MARCH 2023**

(The figures have not been audited)

	<u>As At</u>	<u>Audited</u>
	<u>31 Mar 2023</u>	<u>30 Sep 2022</u>
	<u>RM'000</u>	<u>RM'000</u>
ASSETS		
Non-current assets		
Property, plant and equipment	45,574	47,327
Investment property	4,250	4,326
Capital work-in-progress	3,329	-
Other investment	10	10
	<u>53,163</u>	<u>51,663</u>
Current assets		
Inventories	27,558	29,058
Trade receivables	5,234	13,962
Other receivables, deposits & prepayments	730	1,938
Tax recoverable	13	13
Deposits with licensed banks	10,500	12,150
Cash and bank balances	54,064	50,622
	<u>98,099</u>	<u>107,743</u>
TOTAL ASSETS	<u>151,262</u>	<u>159,406</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	68,836	68,836
Retained profits	56,694	55,736
TOTAL EQUITY	<u>125,530</u>	<u>124,572</u>
Non-current liability		
Deferred taxation	4,670	4,613
	<u>4,670</u>	<u>4,613</u>
Current liabilities		
Trade payables	6,496	6,126
Other payables & accruals	9,519	21,672
Tax payable	5,047	2,423
	<u>21,062</u>	<u>30,221</u>
TOTAL LIABILITIES	<u>25,732</u>	<u>34,834</u>
TOTAL EQUITY AND LIABILITIES	<u>151,262</u>	<u>159,406</u>
Net assets per share attributable to equity holders of the Company (RM)	<u>0.252</u>	<u>0.250</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 September 2022 and the accompanying notes to the Interim Financial Report.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 31 MARCH 2023**

(The figures have not been audited)

	<u>Non-Distributable</u> Share Capital RM'000	<u>Distributable</u> Retained Profits RM'000	<u>Total Equity RM'000</u>
At 1 October 2022	68,836	55,736	124,572
Total comprehensive income for the period	-	20,876	20,876
Dividends	-	(19,918)	(19,918)
At 31 March 2023	68,836	56,694	125,530
At 1 October 2021	68,836	58,298	127,134
Total comprehensive income for the period	-	14,875	14,875
Dividends	-	(20,914)	(20,914)
At 31 March 2022	68,836	52,259	121,095

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 2022 and the accompanying notes to the Interim Financial Report.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 31 MARCH 2023**

(The figures have not been audited)

	6-Months Ended	
	31 Mar 2023	31 Mar 2022
	RM'000	RM'000
Cash Flows from Operating Activities		
Profit before taxation	28,682	20,397
Adjustments for:		
Depreciation of investment property	75	74
Depreciation of property, plant and equipment	2,387	2,492
Unrealised (gain)/loss on foreign exchange	2,058	(63)
Gain on disposal of property, plant and equipment	(50)	(26)
Dividend income	(31)	(1)
Property, plant and equipment written off	-	2
Interest income	(807)	(171)
Share of loss of equity accounted associates, net of tax	-	298
Operating profit before working capital changes	32,314	23,002
Net change in inventories	1,501	(4,849)
Net change in receivables	9,935	3,841
Net change in payables	(11,783)	(2,872)
Cash generated from operations	31,967	19,122
Tax paid	(5,124)	(5,126)
Interest received	807	171
Net cash generated from operating activities	27,650	14,167
Cash Flows from Investing Activities		
Proceeds from disposal of property, plant and equipment	50	26
Dividend received	31	1
Capital work-in-progress	(3,329)	-
Purchase of property, plant and equipment	(634)	(453)
Net cash used in investing activities	(3,882)	(426)
Cash Flows from Financing Activities		
Dividends paid	(19,918)	(20,914)
Net cash used in financing activities	(19,918)	(20,914)
Net (Decrease)/Increase in Cash and Cash Equivalents	3,850	(7,173)
Effect of Exchange Rate Changes	(2,058)	63
Cash and Cash Equivalents at beginning of the year	62,772	61,590
Cash and Cash Equivalents at end of the period	64,564	54,480

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 September 2022 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 2022. 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 2022.

Changes in accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 September 2022 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 MFRSs: Annual Improvements to MFRSs 2018 – 2020 Cycle
- b) Amendments to MFRS 3: Reference to the Conceptual Framework
- c) Amendments to MFRS 116: Proceeds before Intended Use
- d) Amendments to MFRS 137: Onerous Contract- Cost of Fulfilling a Contract
- e) MFRS 17 and amendments to MFRS 17: Insurance Contracts
- f) Amendments to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information
- g) Amendments to MFRS 101: Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies
- h) Amendments to MFRS 108: Definition of Accounting Estimates
- i) Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- j) Amendments to MFRS 10 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 2022 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 first single tier dividend of 1.40 sen per share on 497,947,555 ordinary shares in respect of the financial year ending 30 September 2023 amounted to approximately RM6,971,266 was paid on 24 March 2023.

A8. Segmental Information

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

	6-Months Ended	
	31 Mar 2023	31 Mar 2022
	RM'000	RM'000
Geographical Segments		
Revenue		
Export Market		
USA/Canada	30,333	23,353
Asia	20,793	14,164
Middle East	5,556	4,741
Europe	9,986	12,073
Australia/New Zealand	16,082	11,606
South America	10,854	7,660
Africa	2,333	1,104
	<u>95,937</u>	<u>74,701</u>
Local Market	6,795	7,926
	<u>102,732</u>	<u>82,627</u>
Results		
Export Market	26,785	18,440
Local Market	1,897	1,957
Profit before taxation	<u>28,682</u>	<u>20,397</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 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:

	<u>As at</u>	<u>As at</u>
	<u>31 Mar 2023</u>	<u>31 Mar 2022</u>
	<u>RM'000</u>	<u>RM'000</u>
Deposit with licensed banks	10,500	9,950
Cash and bank balances	54,064	44,530
	<u>64,564</u>	<u>54,480</u>
Deposit with licensed banks:		
(a) Islamic	10,500	8,950
(b) Non-Islamic	-	1,000
	<u>10,500</u>	<u>9,950</u>
Total cash (excluding Islamic instrument) ("A")	39,508	31,728
Total assets ("B")	151,262	139,451
A/B (%)	26%	23%

A15. Related Party Transactions

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

	<u>6-Months Ended</u>	
	<u>31 Mar 2023</u>	<u>31 Mar 2022</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.	1,933	1,524

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	
	31 Mar 2023	31 Mar 2022	RM'000	%
	RM'000	RM'000	RM'000	
Revenue				
(a) Export	46,439	38,932	7,507	19%
(b) Local	3,699	4,030	(331)	-8%
	<u>50,138</u>	<u>42,962</u>	7,176	17%
Profit before taxation ("PBT")	<u>16,927</u>	<u>11,284</u>	5,643	50%

For the current quarter ended 31 March 2023, the Group recorded revenue of RM50.138 million, representing an increase of RM7.176 million or approximately 17% on a quarter to quarter basis. The export market and local market contributed approximately 93% and 7% respectively to the Group's revenue. The increase in revenue was mainly resulted from the continuation of the Group's effort in capturing the global market share arising from the strengthening global market demand for industrial rubber hose.

The Group achieved PBT of RM16.927 million for the current quarter ended 31 March 2023, representing an increase of 50% from RM11.284 million in the corresponding quarter mainly due to improvement in revenue.

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

	6-Months Ended		Variance	
	31 Mar 2023	31 Mar 2022	RM'000	%
	RM'000	RM'000	RM'000	
Revenue				
(a) Export	95,937	74,701	21,236	28%
(b) Local	6,795	7,926	(1,131)	-14%
	<u>102,732</u>	<u>82,627</u>	20,105	24%
Profit before taxation ("PBT")	<u>28,682</u>	<u>20,397</u>	8,285	41%

The Group recorded revenue of RM102.732 million, representing an increase of RM20.105 million or approximately 24% from RM82.627 million for the six (6) months period ended 31 March 2023. The export market contributed approximately 93% to the Group's revenue. The export market registered an increase of 28% while local market registered a decrease of 14% as compared to the corresponding period of the preceding financial year. The overall improvement in revenue was mainly due to the Group's effort to tap in the global sales growth for industrial rubber hose market.

The Group recorded a PBT of RM28.682 million for the six (6) months period ended 31 March 2023 compared to PBT of RM20.397 million recorded in corresponding period of the preceding financial year, representing an increase of RM8.285 million or 41% increase. Higher PBT achieved in the six (6) months period mainly due to improvement in revenue.

B2. Comparison with Previous Quarter Results

	Current	Preceding	Variance	
	Quarter	Quarter		
	3-Months Ended		RM'000	
	31 Mar 2023	31 Dec 2022	RM'000	
	RM'000	RM'000	RM'000	
Revenue	50,138	52,594	(2,456)	-5%
Profit before taxation ("PBT")	16,927	11,754	5,173	44%

The Group recorded a decrease in revenue to RM50.138 million for the current quarter ended 31 March 2023 as compared to RM52.594 million recorded in preceding quarter last year, representing a decrease of RM2.456 million or approximately 5% mainly due to rescheduling of deliveries by customers during the festival season holidays.

Despite the slight decrease in revenue, the Group recorded a higher PBT of RM16.927 million for the current quarter ended 31 March 2023 as compared to RM11.754 million recorded in the preceding quarter ended 31 December 2022, representing an increase of RM5.173 million or approximately 44% mainly due to higher closing inventories which are scheduled to be shipped out in subsequent reporting period to customers.

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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. The Group is actively managing on the supply chain and material costs and also embarking on cost optimisation exercises as well as improving operation efficiency. Nevertheless, the Group is positive towards the high demand for low and medium pressure industrial rubber hose that enables the Group to sustain and widen its market base positioning.

Barring of unforeseen circumstances and the vibrancy of the global economy sentiment, the Board believes that the Group's future prospects in the financial year ending 30 September 2023 continues to remain positive especially with the continuation of 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 6-Months Ended	
	31 Mar 2023 RM'000	31 Mar 2022 RM'000	31 Mar 2023 RM'000	31 Mar 2022 RM'000
Income tax	4,304	3,004	7,749	5,407
Deferred tax	(194)	351	57	115
	<u>4,110</u>	<u>3,355</u>	<u>7,806</u>	<u>5,522</u>

The deferred tax liabilities arose from accelerated capital allowances over depreciation of 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 6-Months Ended	
	31 Mar 2023 RM'000	31 Mar 2022 RM'000	31 Mar 2023 RM'000	31 Mar 2022 RM'000
Profit for the period is arrived at after charging/(crediting):				
(a) Interest income	(466)	(51)	(807)	(171)
(b) Rental income	(66)	(60)	(132)	(120)
(c) Depreciation of investment property	37	37	75	74
(d) Depreciation of property, plant and equipment	1,197	1,239	2,387	2,492
(e) Unrealized (gain)/loss on foreign exchange	(70)	(165)	2,058	(63)
(f) Realized (gain)/loss on foreign exchange	(413)	(457)	(697)	(801)
(g) Gain on disposal of property, plant and equipment	(50)	(6)	(50)	(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 second single tier dividend of 1.80 sen per share amounting to approximately RM8,963,056 in respect of financial year ending 30 September 2023. The entitlement date and payment date for the said dividend shall be on 15 June 2023 and 22 June 2023 respectively.

During the previous corresponding period, the Company declared a second single tier dividend of 1.40 sen per share for the financial year ended 30 September 2022 amounted to RM6,971,266.

The total dividend paid and payable by the Company in respect of the financial year ending 30 September 2023 is 3.20 sen per share represented by a total amount of approximately RM15,934,322.

Records of Dividends

<u>Financial Year</u>	<u>Dividend Per Share</u>	<u>Total Dividend</u>	<u>Status</u>
	Sen	RM	
2023 (2nd single tier dividend)	1.80	8,963,056	Payable
2023 (1st single tier dividend)	1.40	6,971,266	Paid
Total dividend paid and payable for the current financial year	<u>3.20</u>	<u>15,934,322</u>	
2022 *	7.00	34,856,329	Paid
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 2022		<u>380,996,986</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 6-Months Ended	
	31 Mar 2023 RM'000	31 Mar 2022 RM'000	31 Mar 2023 RM'000	31 Mar 2022 RM'000
Profit attributable to equity holders	12,817	7,929	20,876	14,875
Weighted average number of shares in issue ('000)	497,948	497,948	497,948	497,948
Basic earnings per share (sen)	<u>2.57</u>	<u>1.59</u>	<u>4.19</u>	<u>2.99</u>

(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 30 May 2023.

BY ORDER OF THE BOARD

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

30 May 2023