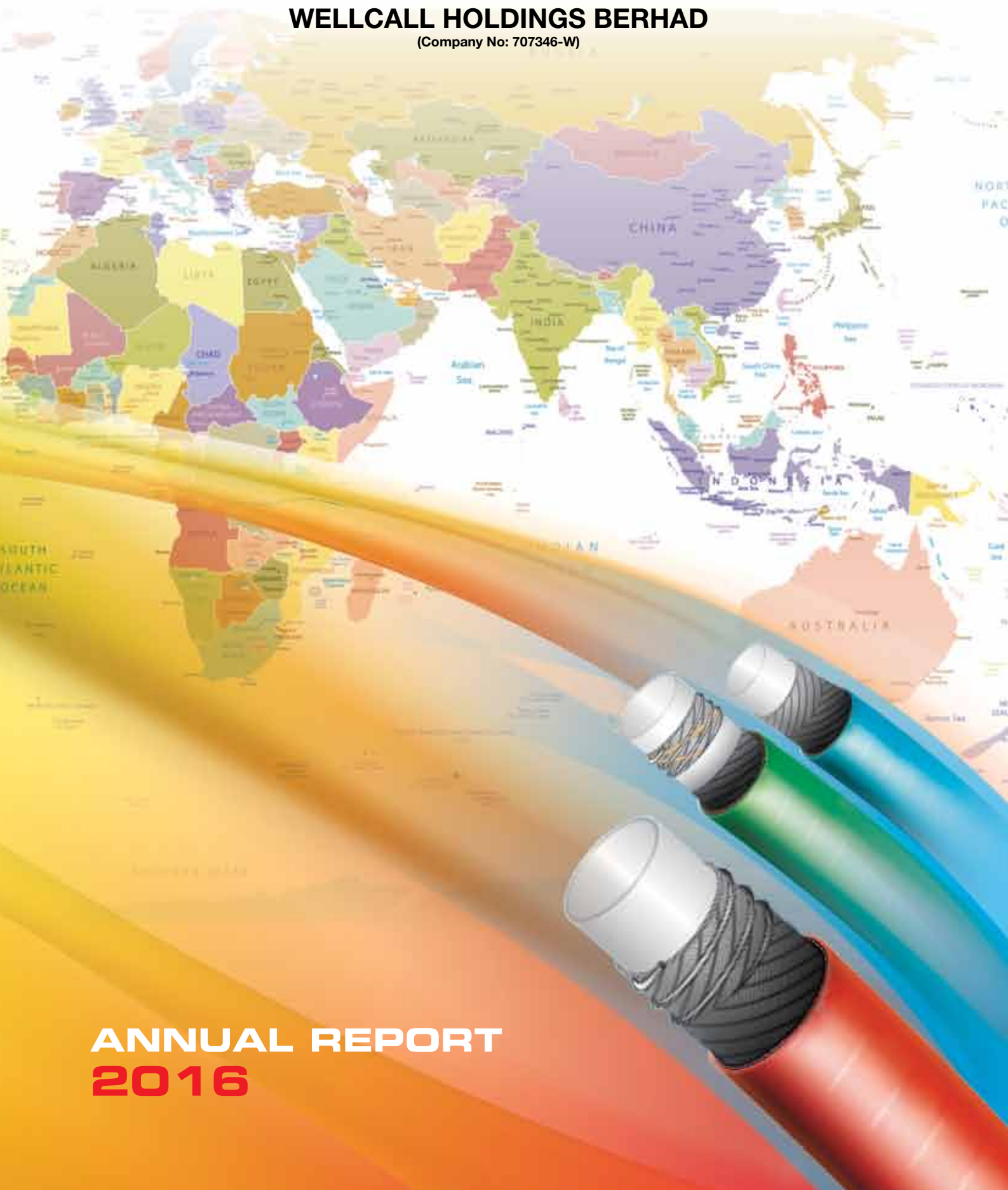




WELLCALL HOLDINGS BERHAD

(Company No: 707346-W)



ANNUAL REPORT
2016

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Ng Peng Hong @ Ng Peng Hay

Group Independent Non-Executive Chairman
(Redesignated w.e.f. 01/10/2016)

Huang Sha

Group Non-Independent Managing Director
(Redesignated w.e.f. 01/10/2016)

Tan Kang Seng

Non-Independent Non-Executive Director

Tan Kang Foon

Non-Independent Non-Executive Director
(Appointed w.e.f. 24/08/2016)
Alternate Director to Tan Kang Seng
(Cessation w.e.f. 24/08/2016)

Leong Hon Chong

Non-Independent Executive Director

Huang Kai Lin

Alternate Director to Leong Hon Chong

YB Dato' Haji Mohtar Bin Nong

Independent Non-Executive Director

Goh Hoon Leum

Independent Non-Executive Director

Yang Chong Yaw, Alan

Independent Non-Executive Director

Yong Peng Tak

Independent Non-Executive Director

PRINCIPAL PLACE OF BUSINESS

Plot 48, Jalan Johan 2/5,
Kawasan Perindustrian Pengkalan II,
Fasa II,
31500 Lahat, Ipoh,
Perak Darul Ridzuan.
Tel : 05-366 8805
Fax : 05-366 8768
E-mail : wellcall@wellcall.com.my
Website : www.wellcallholdings.com

REGISTERED OFFICE

No. 4-1, Kompleks Niaga
Melaka Perdana,
Jalan KNMP 3,
Bukit Katil,
75450 Melaka.
Tel : 06-232 6033
Fax : 06-232 6034

AUDIT COMMITTEE

Goh Hoon Leum

Independent Non-Executive Director
Chairman

Yang Chong Yaw, Alan

Independent Non-Executive Director
Member

Tan Kang Seng

Non-Independent Non-Executive Director
Member

Yong Peng Tak

Independent Non-Executive Director
Member

REMUNERATION COMMITTEE

Goh Hoon Leum

Independent Non-Executive Director
Chairman

Yang Chong Yaw, Alan

Independent Non-Executive Director
Member

Huang Sha

Group Non-Independent Managing Director
Member

NOMINATION COMMITTEE

Yong Peng Tak

Independent Non-Executive Director
Chairman (Appointed w.e.f. 24/08/2016)

Datuk Ng Peng Hong @ Ng Peng Hay

Independent Non-Executive Chairman
Chairman (Cessation w.e.f. 24/08/2016)

Goh Hoon Leum

Independent Non-Executive Director
Member

Yang Chong Yaw, Alan

Independent Non-Executive Director
Member

CORPORATE DISCLOSURE COMMITTEE

Huang Kai Lin

Alternate Director to Leong Hon Chong
Chairman

Leong Hon Chong

Non-Independent Executive Director
Member

Yu Tat Keong

Corporate Affairs Manager
Member

RISK MANAGEMENT COMMITTEE

Huang Kai Lin

Alternate Director to Leong Hon Chong
Chairman

Yu Tat Keong

Corporate Affairs Manager
Member

Liew Kean Peng

Factory Manager
Member

Lee Li Peng

Marketing Manager
Member

Foo Lai Bee

Finance Manager
Member

Mazlan bin Muhamad Yusof

Store Manager
Member

Lee Sook Kin

Facility Manager
Member

Yap Hong Ming

R&D Assistant Manager
Member

Su Mee Ping

Human Resource Assistant Manager
Member

Yeong Yoke Wei

Purchasing Senior Executive
Member

Yee Yiing Fern

Information Technology Executive
Member

REGISTRAR

Symphony Share Registrars
Sdn. Bhd.
Level 6, Symphony House,
Pusat Dagangan Dana 1,
Jalan PJU 1A/46,
47301 Petaling Jaya,
Selangor Darul Ehsan.
Tel : 03-7841 8000
Fax : 03-7841 8151 / 52

PRINCIPAL BANKERS

Malayan Banking Berhad
HSBC Bank Malaysia Berhad

AUDITORS

Ong & Wong
Chartered Accountants
Unit C-20-5, 20th Floor, Block C,
Megan Avenue II,
No. 12, Jalan Yap Kwan Seng,
50450 Kuala Lumpur.
Tel : 03-2161 1000
Fax : 03-2166 9131

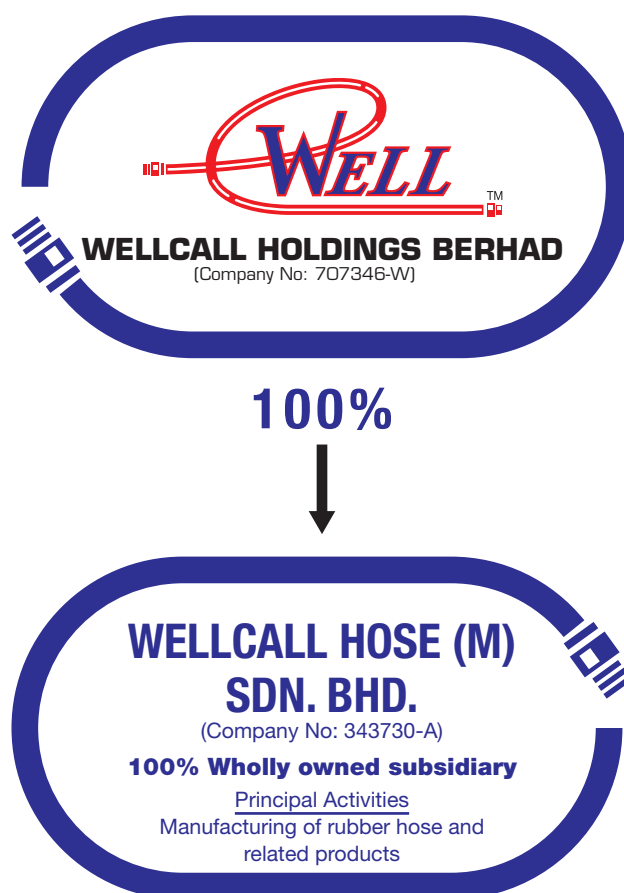
COMPANY SECRETARIES

Teo Soon Mei
(MAICSA 7018590)
Chua Siew Yin
(MAICSA 7065531)

STOCK EXCHANGE LISTING

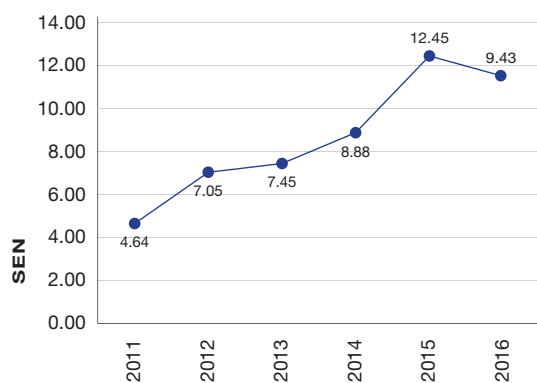
Main Market
Bursa Malaysia Securities Berhad
Stock Name : Wellcal
Stock Code : 7231
Sector : Industrial Products

CORPORATE STRUCTURE



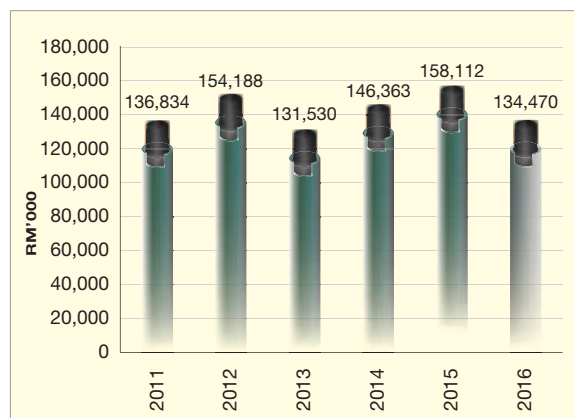
SIX YEARS GROUP FINANCIAL REVIEW

NET EARNINGS PER SHARE



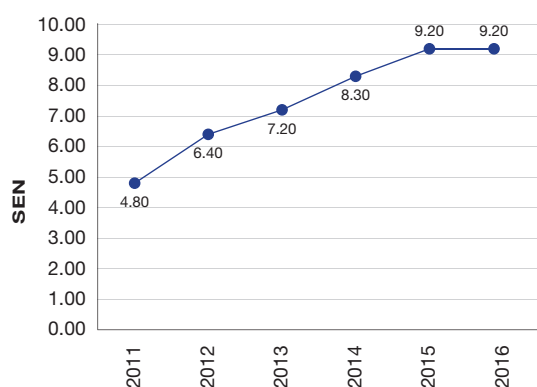
Financial Year Ended 30 September

REVENUE



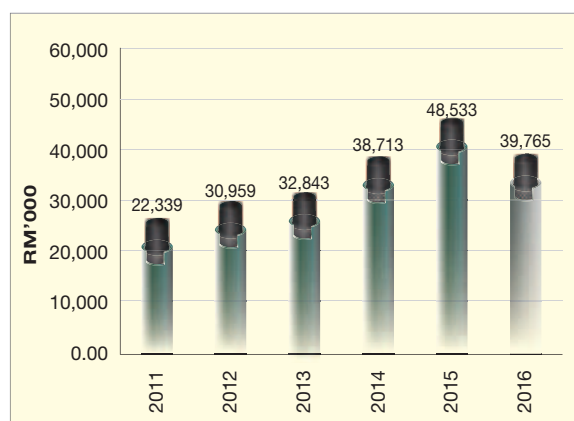
Financial Year Ended 30 September

DIVIDEND PER SHARE



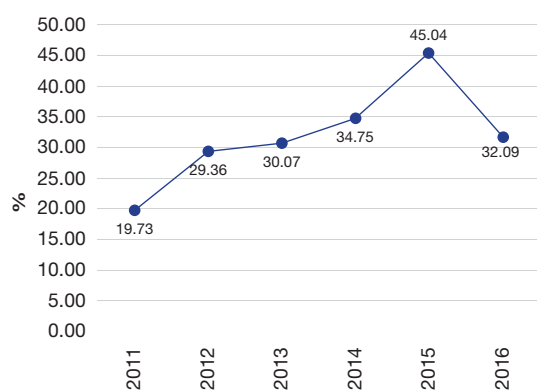
Financial Year Ended 30 September

PROFIT BEFORE TAXATION



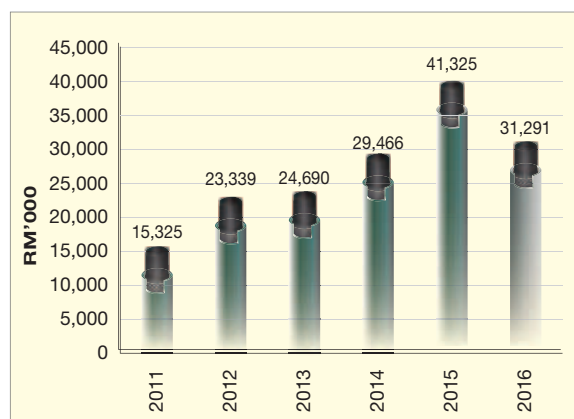
Financial Year Ended 30 September

RETURN ON CAPITAL EMPLOYED



Financial Year Ended 30 September

PROFIT AFTER TAXATION



Financial Year Ended 30 September

Six Years Group Financial Review

[cont'd]

	Financial Year Ended 30 September					
	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000
Revenue	136,834	154,188	131,530	146,363	158,112	134,470
Earnings Before Interest, Depreciation and Taxation	24,858	34,091	35,626	41,727	52,526	46,212
Interest Expense	(258)	(253)	(227)	(260)	(482)	(977)
Interest Income	901	940	875	965	828	789
Depreciation	(3,162)	(3,819)	(3,431)	(3,719)	(4,339)	(6,259)
Profit Before Taxation	22,339	30,959	32,843	38,713	48,533	39,765
Tax Expense	(7,014)	(7,620)	(8,153)	(9,247)	(7,208)	(8,474)
Profit Attributable to Equity Holders	15,325	23,339	24,690	29,466	41,325	31,291
Net Assets/Shareholders' Equity (RM'000)	77,978	80,991	83,216	86,356	97,140	97,890
Total Assets (RM'000)	91,385	94,301	98,112	106,824	139,319	133,799
Net EPS (Sen) ²	4.64	7.05	7.45	8.88	12.45	9.43
Net Dividend Per Share tax exempt/single tier (Sen) ²	4.80	6.40	7.20	8.30	9.20	9.20
Return On Capital Employed (%)	19.73	29.36	30.07	34.75	45.04	32.09
Return On Assets (%)	17.29	25.14	25.66	28.91	33.58	22.91
Weighted Average Number of Shares ('000) ¹	330,138	331,085	331,503	331,769	331,965	331,965
Par Value of Ordinary Shares (RM)	0.20	0.20	0.20	0.20	0.20	0.20
Net Assets Per Share (Sen)	23.62	24.46	25.10	26.03	29.26	22.49

Note:

1. The Weighted Average Number of Shares in Issue had been adjusted to reflect the share split of every one (1) existing share of RM0.50 each in Wellcall into two and half (2.5) ordinary shares of RM0.20 each in Wellcall ("Shares") ("Share Split"), which was completed on 26 March 2015.
2. Adjusted to reflect the Share Split.

AWARDS



Year	Awards
2004	6th Global Golden Solid Awards
2005	28th Taiwan & 14th Overseas Entrepreneurs Awards
2008	KPMG Shareholder Value Awards
2013	Forbes Asia's 200 Best Under Billion Awards
2015	Golden Eagle Award
2015	Malaysia Rubber Export Promotion Council Industry Awards 2015 – <i>Malaysia Largest Exporter of Dry Rubber Products Awards</i>
2015	Asia Pacific Entrepreneurship Awards 2015 Malaysia – <i>Outstanding Category</i>
2015	Golden Eagle Awards – <i>Eminent Eagles</i>
2015	Best Under Billion Awards (BUBA) 2015 – <i>Best Return on Assets</i>
2016	Best Under Billion Awards (BUBA) 2016 – <i>Best in Transparency</i>

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of Wellcall Holdings Berhad ("Wellcall") and its subsidiary company ("Group") for the financial year ended 30 September 2016 ("FYE 2016").

PERFORMANCE REVIEW

The Group recorded revenue of RM134.470 million, representing a decrease of RM23.642 million or approximately 15% as compared to RM158.112 million in the previous financial year ended 30 September 2015 ("FYE 2015"). The overall decline in revenue was mainly attributable to the softening of demand resulted from slower recovery of global demand for industrial rubber hose.

The Group recorded a profit after taxation ("PAT") of RM31.291 million for FYE 2016 compared to PAT of RM41.325 million recorded in FYE 2015, representing a decrease of RM10.034 million or approximately 24%. Higher PAT in FYE 2015 mainly arising from favourable foreign exchange gain amounting to RM5.574 million and higher tax incentives of RM5.140 million.

Lower PAT for FYE 2016 mainly resulted from decrease in revenue coupled with lower foreign exchange gain of RM1.386 million (included in other operating income) and tax incentives of RM1.065 million. However, this had been compensated by lower operating expenses.

The Group enjoyed lower expenses for FYE 2016 mainly resulted from the operational efficiencies, productivity and better management of expenses during the year although prices of raw materials and foreign exchange were volatile.

The table below highlights the Group's key financial performance for FYE 2016:

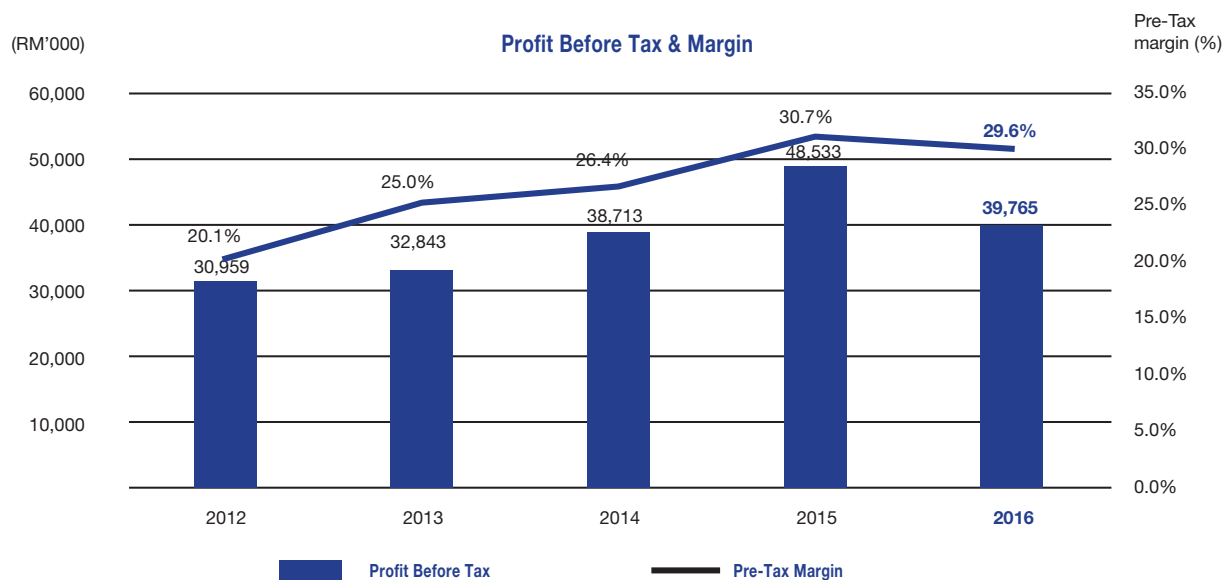
RM'000	FYE 2016	FYE 2015	Change
Revenue	134,470	158,112	-23,642
Expenses	97,087	116,033	-18,946
Other Operating Income	2,382	6,454	-4,072
Gross Profit	51,467	56,170	-4,703
Profit Before Taxation	39,765	48,533	-8,768
Profit After Taxation	31,291	41,325	-10,034
Gross Profit Margin	38.3%	35.5%	+2.8%
Pre-Tax Margin	29.6%	30.7%	-1.1%
Net Profit Margin	23.3%	26.1%	-2.8%

Despite lower revenue and profit generated for FYE 2016, the financial standing of the Group remains strong with sustainable profit before taxation and margin exceeding RM30 million and 20% margin respectively for the past five (5) financial years amidst the competitive and challenging global environment.

Chairman's Statement and Management Discussion & Analysis

[cont'd]

PERFORMANCE REVIEW (CONT'D)



STRONG FINANCIAL POSITION WITH HEALTHY CASH FLOWS

RM'000	FYE 2016	FYE 2015	Change
Total Assets	133,798	139,319	-4.0%
Total Liabilities	35,908	42,179	-14.9%
Total Equity	97,890	97,140	+0.8%
Total Borrowings	18,258	17,612	+3.7%
Cash and Bank Balances	36,829	36,483	+0.9%
Issued and Fully Paid Capital ('000)	331,965	331,965	–
Net Asset Per Share (sen)	22.5	29.3	-6.8
Basic Earnings Per Share (sen)	9.4	12.5	-3.1

Total borrowings stood at RM18.258 million, which has been utilized to fund the new plant and expected to be normalised without any major borrowings. The Group continued generating healthy cash flows with cash and bank balances improving from RM36.483 million (FYE 2015) to RM36.829 million (FYE 2016).

The Management believes that continuous reinvestment is essential for the Group to be competitive in the volatile market to ensure sustainable growth in delivering long term value to its stakeholders. The Group is also keeping up with technological changes whereby continuous capital investment are vital to enhance the efficiency and productivity. Therefore, the Group has continued to upgrade its plant and equipment in FYE 2016 amounting to RM7.433 million.

The Group's financial position remains positive with 22.5 sen net assets per share for FYE 2016 (FYE 2015: 29.3 sen per share). Basic earnings per share in FYE 2016 was 9.4 sen per share as compared to 12.5 sen per share in FYE 2015 mainly resulted from lower earnings for the year. Nevertheless, Wellcall maintains its high dividend payout ratio for the past five years, that was 98% in FYE 2016, 74% in FYE 2015.

Chairman's Statement and Management Discussion & Analysis

[cont'd]

OPERATION AND BUSINESS REVIEW

The principal activity of Wellcall is investment holding, while the principal activity of a wholly-owned subsidiary is manufacturing industrial rubber hose for customers who are mainly in the business of distributing rubber hose to original equipment manufacturers. Therefore, the Group's business segment mainly comprises the manufacture and sale of rubber hose and related products, which is confined to one business and by geographical segment.

Our export market accounted for 91% of the Group's revenue covering over 70 countries while the remainder was from local market. Hence, the market sentiment in the global economy plays an important role in driving the demand for rubber hose especially for replacement demand as well as product variations and penetration to new markets.

RM'000	FYE 2016		FYE 2015	
Export Sales	121,695	90.5%	143,978	91.1%
Local Sales	12,775	9.5%	14,134	8.9%
Total Sales	134,470	100.0%	158,112	100.0%

We have been continuously leveraging on our extensive customer network, improved productivity, quality services and our product range in FYE 2016. We will continue to further enhance our competitive strengths in these areas to stay ahead of market trends. The additional capacity installed from our third plant is readily onstream to serve and sustain our longer-term growth especially to cater for the global demand surge.

Our 20 years of track record in rubber hose industry and over 35 years of industry knowledge have serve a concrete platform for our presence in the rubber hose industry globally. Our product quality and reputable customer service have also aided us to expand our customer base to more than 180 customers. Besides product quality and reputable customer service, the Group has a strong research and development capabilities teamed by experienced personnel to deliver improved and innovative products and new processes.

The Group has also broadened its product range to various application markets ranging from air and water, oil and gas, welding, automotive, ship building, abrasion, food and beverages and chemical applications. Additionally, the Group possess the ability to manufacture and suit its customers' product requirements in terms of rubber hose sizes, pressures and temperature resistance. Our products are accredited by independent third party for product quality assurance and recognition such as SGS, Lloyd's Register, Flinders Cook, SIRIM QAS International and Malaysia Rubber Board.

Nevertheless, the Group continues to strive ahead to perform well and to maintain its dividend payout ratio of at least 50% of the net profit for the year, that was 98% in FYE 2016 (FYE 2015: 74%). Increasing customers base and revenue coupled with operational efficiencies are the key drivers of the Group to achieve its profitability. The Group's revenue and purchases primarily traded in foreign currency and it is the Group's practice to keep the foreign currency exposure to an acceptable level.

To enrich and attract the talent pool, the Group continues to recruit or engaged professionals and more experience personnel from various fields to cater for future expansion. The Group reviews its human resource policies and practices to ensure staff welfares are taken care as well as being upgraded periodically.

We trust that with the Group's strength, capabilities and concrete underlying fundamentals, the Group would be able to drive forward positively in the uncertain yet challenging economy.

Chairman's Statement and Management Discussion & Analysis

[cont'd]

INDUSTRY TREND, DEVELOPMENT AND PROSPECT

Demand for industrial rubber hoses will continue to see a gradual recovery from both emerging and developed economies. Moving forward, the Group will 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 to trend at higher levels due to supply and demand mechanism of raw materials and foreign exchange volatility.

Meanwhile, the additional capacity from new plant supports the Group in further strengthening its position in the market with a wider range of industrial hose. However, the outlook of the global economy remains challenging and uncertain. Nevertheless, the Group strategies are to focus on leveraging on its extensive customer network, improved productivity, quality services and product range to enhance its competitive edge.

Barring any unforeseen circumstances, the Board believes that the Group's prospects in the forthcoming financial year ending 30 September 2017 ("FYE 2017") remains positive with challenges ahead and hopes to achieve a better result than this year. The Group will continue to be well positioned to improve our performance in forthcoming FYE 2017, strive towards maintaining the Group's vision to be the world's leading manufacturer of quality industrial hoses. We are also encouraged by our customers for continuous growth and expansion in our core business with the support from all stakeholders.

CORPORATE GOVERNANCE

The Group is committed to implement the best practice of corporate governance to enhance and increase shareholders' value. The Group has its risk management and internal control procedures in place to ensure transparency, accountability and integrity are attained and maintained in managing the Group businesses.

Policies that the Group has officially adopted includes Corporate Disclosure Policy, Fraud Policy, Whistle Blowing Policy, Enterprise Risk Management Policy, Succession Planning Policy and Emergency Succession Policy, where the Group will continue to adopt more corporate policies to ensure sustainability of the Group.

The Board of Directors' responsibilities for preparing the annual audited financial statements are disclosed in the Directors' Responsibilities Statement set in this Annual Report 2016.

The audited financial statements of Wellcall is not subject to any qualification as disclosed in the Independent Auditors' Report to the Members.

DIVIDEND

The Board of Directors is not recommending any final dividend payment for FYE 2016.

For FYE 2016, the Company had:

- (i) On 23rd March 2016, paid a first interim single tier dividend of 2.30 sen per share on 331,965,037 ordinary shares of RM0.20 each amounting to RM7,635,196;
- (ii) On 20th June 2016, paid a second interim single tier dividend of 2.30 sen per share on 331,965,037 ordinary shares of RM0.20 each amounting to RM7,635,196;
- (iii) On 28th September 2016, paid a third interim single tier dividend of 2.30 sen per share on 331,965,037 ordinary shares of RM0.20 each amounting to RM7,635,196; and
- (iv) On 23rd December 2016, paid a special interim single tier dividend of 2.30 sen per share on 331,965,037 ordinary shares of RM0.20 each amounting to RM7,635,196.

The Group has been consistently paying out dividends with increasing trend over the past five (5) financial years and remain at 9.20 sen per share in FYE 2016. The Group has also maintained its dividend pay-out ratio over the past five (5) financial years, where stood at 98% in FYE 2016 (FYE 2015: 74%).

Chairman's Statement and Management Discussion & Analysis

[cont'd]

APPRECIATION

On behalf of the Board of Directors, I wish to express my sincere appreciation and gratitude to all our valued shareholders, business associates, government agencies, financial institutions, investment analysts, bankers and fund managers, customers, suppliers and friends for their continuous support, co-operation and confidence towards our products and services. Our appreciation is also extended to our employees for their commitment, dedication, invaluable contribution, skills, energy and professionalism towards the performance of the Group. The successes of the Group achieved in FYE 2016 could not have been possible without their efforts. I would also like to thank our fellow Directors for their valuable advice, guidance and support rendered to the Group.

DATUK NG PENG HONG @ NG PENG HAY
Chairman

DIRECTORS' PROFILE

DATUK NG PENG HONG @ NG PENG HAY, D.M.S.M., D.S.M., P.J.K.

Age	:	64
Gender	:	Male
Nationality	:	Malaysian
Qualification	:	Malaysia Certificate of Education
Occupation	:	Company Director
Position	:	Group Independent Non-Executive Chairman (Redesignated w.e.f. 01/10/2016)
Board Committee	:	Chairman of Nomination Committee (Cessation w.e.f. 24/08/2016)
Date First Appointed to the Board	:	17 April 2006

Other Directorships of Public Companies:

- (a) Bonia Corporation Berhad
- (b) Farm's Best Berhad
- (c) ICapital.Biz Berhad

Conflict of Interest:

None

Board Meetings Attended in the Financial Year:

5 out of 5

List of Convictions for Offences Within the Past 5 Years Other Than Traffic Offences:

None

Securities Holding in the Company:

- (a) Direct : Nil
- (b) Indirect : Nil

Securities Holding in Subsidiaries:

Nil

Family Relationship with Any Director and/or Major Shareholders of the Company:

None

WORKING EXPERIENCE

He was appointed to the Board of Wellcall on 17 April 2006. He served as the State Assemblyman for Tengkeru Constituency under Barisan Nasional between 1982 and 1986. He then served as a Senator in the Malaysian Parliament from 1987 to 1993. His first involvement in social activities was upon completing his secondary education. He was appointed as the Investment Co-ordinator of the Malacca State Development Corporation to handle direct investments in the State of Melaka since 1988. Together with his team of officials and his excellent public relations, he has helped in attracting numerous Taiwanese, Singaporean and Chinese investors into the State of Melaka. In recognition of his efforts and dedication, he was conferred the Darjah Mulia Seri Melaka by his Excellency, the Governor of Melaka in 1992. On 17 July 1999, the Taiwanese Government awarded him the Economic Medal. Presently, he is the Chairman of Koperasi Jayadiri Malaysia Berhad.

Directors' Profile

[cont'd]

HUANG SHA, P.M.P

Age	:	61
Gender	:	Male
Nationality	:	Taiwanese (Malaysian Permanent Resident)
Qualification	:	Secondary Education, Taiwan
Occupation	:	Company Director
Position	:	Group Non-Independent Managing Director (Redesignated w.e.f. 01/10/2016)
Board Committee	:	Member of Remuneration Committee
Date First Appointed to the Board	:	17 April 2006

Other Directorships of Public Companies:

None

Conflict of Interest:

None

Board Meetings Attended in the Financial Year:

5 out of 5

List of Convictions for Offences Within the Past 5 Years Other Than Traffic Offences:

None

Securities Holding in the Company:

- (a) Direct : 11,283,545 ordinary shares
- (b) Indirect : 487,500 ordinary shares

Securities Holding in Subsidiaries:

Deemed to have interest in shares of the subsidiary to the extend the Company has an interest.

Family Relationship with Any Director and/or Major Shareholders of the Company:

Father of Huang Kai Lin, Alternate Director to Leong Hon Chong

WORKING EXPERIENCE

He was appointed to the Board of Wellcall on 17 April 2006 and was appointed Managing Director at the even date. Huang Sha began his career in 1972 upon completing his secondary education and worked for various manufacturers of rubber products in Taiwan and Indonesia and progressed to the position of production manager. From 1989 to the mid-1990s, he joined Jetflo Robin (M) Sdn. Bhd., a manufacturer of industrial rubber hose, as a General Manager. Subsequently, he established our subsidiary, Wellcall Hose (M) Sdn. Bhd. ("WHSB"), together with 2 other partners. With his in-depth knowledge, skills and expertise in all aspects of the manufacturing of rubber hose for more than 30 years, he has formulated our subsidiary's strategic plans to be in line with the changes in the trends of various industries and customers' needs. He has also led WHSB to new heights by diversifying its customer's base and expanding its existing product range in the oil and gas sector as well as developing three (3) new rubber hose, namely food and beverage hose, chemical hose and steam hose. As recognition for his achievement in the industry, he was awarded the Winner of the Global Top Enterprise Golden Solid Awards by the Chinese Enterprise Development Association of Taiwan on 2 October 2004 and won The Asia Pacific Entrepreneurship Awards 2015 in September 2015. He also heads our R&D division where he plays a pivotal role in the product formulation and development. He is also the Managing Director of our subsidiary, WHSB, where he is currently responsible for the strategic planning and development of our Group.

TAN KANG SENG

Age	:	49
Gender	:	Male
Nationality	:	Malaysian
Qualification	:	Malaysian Certificate of Education
Occupation	:	Company Director
Position	:	Non-Independent Non-Executive Director
Board Committee	:	Member of Audit Committee
Date First Appointed to the Board	:	17 April 2006

Other Directorships of Public Companies:

None

Conflict of Interest:

None

Board Meetings Attended in the Financial Year:

5 out of 5

List of Convictions for Offences Within the Past 5 Years Other Than Traffic Offences:

None

Securities Holding in the Company:

- (a) Direct : 1,125,000 ordinary shares
- (b) Indirect : 36,619,652 ordinary shares

Securities Holding in Subsidiaries:

Deemed to have interest in shares of the subsidiary to the extend the Company has an interest.

Family Relationship with Any Director and/or Major Shareholders of the Company:

Father of Tan Kang Foon, Non-Independent Non-Executive Director

WORKING EXPERIENCE

He was appointed to the Board of Wellcall on 17 April 2006. Upon completion of his secondary education in 1984, he was involved in his family business, Poh Huat Chan, which is mainly a wholesaler of religion-related prayer offering products. In 2000, he became the personal assistant to Datuk Ng Peng Hong @ Ng Peng Hay and subsequently he resigned in September 2006 to focus in his business. Throughout his career spanning more than 18 years, Tan Kang Seng has gained vast experience in the retail and commercial sector. He is also a Non-Executive Director of Wellcall Hose (M) Sdn. Bhd., a wholly owned subsidiary of Wellcall.

Directors' Profile

[cont'd]

TAN KANG FOON

Age	:	26
Gender	:	Male
Nationality	:	Malaysian
Qualification	:	Bachelor of Commerce University of Melbourne, Australia
Occupation	:	Company Director
Position	:	Non-Independent Non-Executive Director (Appointed w.e.f. 24/08/2016)
Board Committee	:	None
Date First Appointed to the Board	:	26 February 2015, as Alternate Director to Tan Kang Seng (Cessation w.e.f. 24/08/2016) 24 August 2016, as Non-Independent Non-Executive Director

Other Directorships of Public Companies:

None

Conflict of Interest:

None

Board Meetings Attended in the Financial Year:

5 out of 5 *

List of Convictions for Offences Within the Past 5 Years Other Than Traffic Offences:

None

Securities Holding in the Company:

- (a) Direct : Nil
- (b) Indirect : Nil

Securities Holding in Subsidiaries:

Nil

Family Relationship with Any Director and/or Major Shareholders of the Company:

Son of Tan Kang Seng, Non-Independent Non-Executive Director

WORKING EXPERIENCE

He was appointed to Board of Wellcall on 26 February 2015. He graduated from the University of Melbourne, Australia with a Bachelor of Commerce in 2013. He started his career as an auditor in KPMG. Services Pte. Ltd. Singapore. He is currently a director of real estate development division in Grand Millennium Sdn. Bhd., a Company that is engaged in real estate development.

Note:-

* He attended 5 meetings by invitation.

GOH HOON LEUM

Age	:	66
Gender	:	Male
Nationality	:	Singaporean
Qualification	:	(a) Master of Property University of Newcastle, Australia
		(b) Bachelor of Land Economics (2nd Class Honours) University of Technology, Sydney
		(c) Diploma in Management Association of Business Executive, UK
Occupation	:	Company Director
Position	:	Independent Non-Executive Director
Board Committee	:	(a) Chairman of Audit Committee (b) Chairman of Remuneration Committee (c) Member of Nomination Committee
Date First Appointed to the Board	:	08 December 2010

Other Directorships of Public Companies:

Success Dragon International Holdings Limited (listed in Hong Kong Stock Exchange)

Conflict of Interest:

None

Board Meetings Attended in the Financial Year:

4 out of 5

List of Convictions for Offences Within the Past 5 Years Other Than Traffic Offences:

None

Securities Holding in the Company:

- (a) Direct : Nil
- (b) Indirect : Nil

Securities Holding in Subsidiaries:

Nil

Family Relationship with Any Director and/or Major Shareholders of the Company:

None

WORKING EXPERIENCE

He was appointed to the Board of Wellcall on 8 December 2010. Goh Hoon Leum is the Fellow member of Singapore Institute of Surveyors and Valuers and he is also a member of Australia Property Institute. Goh Hoon Leum has more than 35 years of experience in construction and property development industry and he is a licensed Appraiser in Lands & Buildings. Goh Hoon Leum was conferred a Public Service Medal (PBM) in 1996 by the President of The Republic of Singapore for his contribution to the community.

Directors' Profile

[cont'd]

LEONG HON CHONG

Age	:	71
Gender	:	Male
Nationality	:	Malaysian
Qualification	:	Bachelor of Commerce (Accountancy) University of Otago, New Zealand
Occupation	:	Company Director
Position	:	Non-Independent Executive Director
Board Committee	:	None
Date First Appointed to the Board	:	17 April 2006

Other Directorships of Public Companies:

None

Conflict of Interest:

None

Board Meetings Attended in the Financial Year:

5 out of 5

List of Convictions for Offences Within the Past 5 Years Other Than Traffic Offences:

None

Securities Holding in the Company:

- (a) Direct : 3,579,567 ordinary shares
- (b) Indirect : Nil

Securities Holding in Subsidiaries:

Deemed to have interest in shares of the subsidiary to the extend the Company has an interest.

Family Relationship with Any Director and/or Major Shareholders of the Company:

None

WORKING EXPERIENCE

He was appointed to the Board of Wellcall on 17 April 2006. He graduated from the University of Otago in New Zealand with a Bachelor of Commerce (Accountancy) in 1970. He started his career as an auditor with Swenry & Co., a public accounting firm in New Zealand. After 2 years, he joined Malaysia Vetsing Sdn. Bhd. as an Accounts Supervisor till 1975. From 1975 to 1985, he furthered his career with Carter Semiconductor Sdn. Bhd. as a Controller for the company's administration, finance and marketing divisions. In 1985 he set up a proprietorship providing management consultancy services till mid-1990s. Subsequently, he established Wellcall Hose (M) Sdn. Bhd. together with Huang Sha and Lin Kun Pao and was appointed as an Executive Director of Wellcall Hose (M) Sdn. Bhd. where he is currently responsible for the administration and marketing functions of the Group.

HUANG KAI LIN

Age	:	32
Gender	:	Male
Nationality	:	Taiwanese (Malaysian Permanent Resident)
Qualification	:	Bachelor of Chemical Engineering National Taiwan University, Taiwan
Occupation	:	General Manager
Position	:	Alternate Director to Leong Hon Chong
Board Committee	:	(a) Chairman of Risk Management Committee (b) Chairman of Corporate Disclosure Committee
Date First Appointed to the Board	:	12 April 2010

Other Directorships of Public Companies:

None

Conflict of Interest:

None

Board Meetings Attended in the Financial Year:

5 out of 5 *

List of Convictions for Offences Within the Past 5 Years Other Than Traffic Offences:

None

Securities Holding in the Company:

- (a) Direct : Nil
(b) Indirect : 1,457,900 ordinary shares

Securities Holding in Subsidiaries:

Deemed to have interest in shares of the subsidiary to the extend the Company has an interest.

Family Relationship with Any Director and/or Major Shareholders of the Company:

Son of Huang Sha, P.M.P., Group Non-Independent Managing Director

WORKING EXPERIENCE

He was appointed to the Board of Wellcall on 12 April 2010. He graduated from the National Taiwan University, Taiwan with a Bachelor of Chemical Engineering in 2008. He has several years of working experience in the rubber product industry and later joined as an engineer, in the Research and Development department of Wellcall Hose (M) Sdn. Bhd..

Note:-

* He attended 5 meetings by invitation.

Directors' Profile

[cont'd]

Y.B. DATO' HAJI MOHTAR BIN NONG, D.P.M.T., A.S.M., P.J.C., P.J.K., B.L.B.

Age	:	61
Gender	:	Male
Nationality	:	Malaysian
Qualification	:	(a) Bachelor of Economics (Hons) University Kebangsaan Malaysia (b) Master in Business Administration University of Dubuque, Iowa, USA
Occupation	:	Company Director
Position	:	Independent Non-Executive Director
Board Committee	:	None
Date First Appointed to the Board	:	17 April 2006

Other Directorships of Public Companies:

Astino Berhad

Conflict of Interest:

None

Board Meetings Attended in the Financial Year:

5 out of 5

List of Convictions for Offences Within the Past 5 Years Other Than Traffic Offences:

None

Securities Holding in the Company:

(a) Direct : Nil

(b) Indirect : Nil

Securities Holding in Subsidiaries:

Nil

Family Relationship with Any Director and/or Major Shareholders of the Company:

None

WORKING EXPERIENCE

He was appointed to the Board of Wellcall on 17 April 2006. He obtained his Master in Business Administration from University of Dubuque, Iowa, USA in 1994 and a Bachelor of Economics (Hons) from Universiti Kebangsaan Malaysia in 1978. He served in various positions within the Terengganu State from 1978 until 2010 including General Manager of Yayasan Pembangunan Usahawan Terengganu, President of Majlis Perbandaran Kuala Terengganu and State Financial Officer. He was appointed as the Terengganu State Secretary in January 2007 and subsequently retired in 2010. He is also currently a director of various private companies and Astino Berhad.

YANG CHONG YAW, ALAN

Age	:	47
Gender	:	Male
Nationality	:	Malaysian
Qualification	:	(a) Bachelor of Economics (Accounting & Finance), Macquarie University, Sydney, Australia (b) Master of Business Administration Macquarie Graduate School of Management Sydney, Australia (c) Member of CPA Australia
Occupation	:	Company Director
Position	:	Independent Non-Executive Director
Board Committee	:	(a) Member of Audit Committee (b) Member of Remuneration Committee (c) Member of Nomination Committee
Date First Appointed to the Board	:	17 April 2006

Other Directorships of Public Companies:

None

Conflict of Interest:

None

Board Meetings Attended in the Financial Year:

5 out of 5

List of Convictions for Offences Within the Past 5 Years Other Than Traffic Offences:

None

Securities Holding in the Company:

- (a) Direct : 675,000 ordinary shares
- (b) Indirect : Nil

Securities Holding in Subsidiaries:

Deemed to have interest in shares of the subsidiary to the extend the Company has an interest.

Family Relationship with Any Director and/or Major Shareholders of the Company:

None

WORKING EXPERIENCE

He was appointed to the Board of Wellcall on 17 April 2006. He obtained his Master of Business Administration from Macquarie Graduate School of Management, Sydney, Australia in 1999 and a Bachelor of Economics (Accounting and Finance) from Macquarie University, Sydney, Australia in 1992. He is also a member of Certified Practising Accountants Australia (CPA Australia). Yang Chong Yaw, Alan has more than 20 years of experience in corporate finance and accounting. He is presently the Chief Operating Officer of Firegent iASP Sdn. Bhd., a company that assists banks in providing personalised data-driven advice to customers.

Directors' Profile

[cont'd]

YONG PENG TAK

Age	:	47
Gender	:	Male
Nationality	:	Malaysian
Qualification	:	(a) Bachelor of Accountancy The National University of Singapore (b) Master of Business Administration Imperial College of Science, Technology and Medicine University of London (c) Fellow Chartered Accountant Institute of Singapore Chartered Accountant (d) Chartered Financial Analyst CFA Institute, USA (e) Module 9 and 10 Examinations of Securities Industry Development Centre, Securities Commission of Malaysia (f) Module 1, 2, 3 and 4A Examinations and Module 4B Examination of Malaysia Futures & Options Registered Representative (Malaysia)
Occupation	:	Company Director
Position	:	Independent Non-Executive Director
Board Committee	:	(a) Chairman of Nomination Committee (Appointed w.e.f. 24/08/2016) (b) Member of Audit Committee
Date First Appointed to the Board	:	01 April 2015

Other Directorships of Public Companies:

None

Conflict of Interest:

None

Board Meetings Attended in the Financial Year:

5 out of 5

List of Convictions for Offences Within the Past 5 Years Other Than Traffic Offences:

None

Securities Holding in the Company:

(a) Direct : Nil

(b) Indirect : Nil

Securities Holding in Subsidiaries:

Nil

Family Relationship with Any Director and/or Major Shareholders of the Company:

None

WORKING EXPERIENCE

He was appointed to the Board of Wellcall on 1 April 2015. He started his career in Financial Audit in 1990 at PriceWaterhouse Coopers. In 1995, he joined BHLB Asset Management Sdn. Bhd. and involved in fund management and in 2000, he joined Pacific Mutual Fund as Chief Investment Officer. He then joined the Fortress Capital Asset Management (M) Sdn. Bhd. and Group in April 2011 as the Chief Executive Officer since 2002.

KEY SENIOR MANAGEMENT PROFILE

HUANG SHA, P.M.P

Group Non-Independent Managing Director
Taiwanese (Malaysian Permanent Resident), Male, aged 61

(Please refer to his profile as listed in Directors' Profile)

LEONG HON CHONG

Non-Independent Executive Director
Malaysian, Male, aged 71

(Please refer to his profile as listed in Directors' Profile)

HUANG KAI LIN

Alternate Director to Leong Hon Chong
General Manager
Taiwanese (Malaysian Permanent Resident), Male, aged 32

(Please refer to his profile as listed in Directors' Profile)

YU TAT KEONG

Corporate Affairs Manager
Malaysian, Male, aged 39

Yu Tat Keong was appointed on 18 July 2016. He is a fellow member of the Association of Chartered Certified Accountants (ACCA), UK and also a member of Malaysian Institute of Accountants (MIA). He has a total of more than 16 years working experience in auditing, accounting and financial management, taxation, risk management, internal audit, secretarial, advisory, company listing exercise, performance management, administrative and human resource management. He started his career with KPMG and gained his commercial working experience and exposure in manufacturing, trading, services, education and stock broking sectors, mainly from listed companies where holding and subsidiaries are operating in Malaysia as well as in overseas.

Directorships in public companies and listed issuers

None

Family relationship with any director and/or major shareholders of the Company

None

Conflict of interest with listed issuers

None

List of convictions for offences within the past 5 Years other than traffic offences

None

Key Senior Management Profile

[cont'd]

LIEW KEAN PENG

Factory Manager
Malaysian, Male, aged 58

Liew Kean Peng was appointed on 1 February 2015. Prior to his appointment, he was the Production Manager in the subsidiary, Wellcall Hose (M) Sdn. Bhd. In 1976, he started his career with Kami Plastic Sdn. Bhd. and was promoted to the position of Production Leader in 1988. From 1988 to 1992, he joined Polyparts Sdn. Bhd. as a Production Supervisor. Thereafter, he left to join Jetflo Robin (M) Sdn. Bhd. as a Production Supervisor of the extrusion division. After gaining more than 5 years of experience in rubber hose production, he joined our subsidiary in 1996 and assumed his career progression till present with our subsidiary.

Directorships in public companies and listed issuers

None

Family relationship with any director and/or major shareholders of the Company

None

Conflict of interest with listed issuers

None

List of convictions for offences within the past 5 Years other than traffic offences

None

LEE LI PENG

Marketing Manager
Malaysian, Female, aged 46

Lee Li Peng was appointed on 27 June 2016. Lee Li Peng has a total of more than 25 years working experience in sales and marketing for local and international market segments. At present, she is pursuing her higher-level study in Logistics and Supply Management, Bachelor of Business (Hons) qualification. She holds a Certificate in Human Resource, completed her Private Secretarial Course and passed her Japanese Language Proficiency Test (Level 3). Lee Li Peng started her career as a secretary to Managing Director, which includes handling of shipping and purchasing matters besides secretarial functions. Prior to her employment with the Group, she progressed her career in sales and marketing as Sales Manager in companies having local and global markets niche.

Directorships in public companies and listed issuers

None

Family relationship with any director and/or major shareholders of the Company

None

Conflict of interest with listed issuers

None

List of convictions for offences within the past 5 Years other than traffic offences

None

Key Senior Management Profile

[cont'd]

MAZLAN BIN MUHAMAD YUSOF

Store Manager
Malaysian, Male, aged 47

Mazlan Bin Muhamad Yusof was appointed on 1 January 2014. After completing his secondary education in 1998, he joined APMC Cement Sdn. Bhd. as a Mechanic Mate. From 1991 to 2003, he joined Dah Toong Packaging Sdn. Bhd. and was promoted to the position as Factory Supervisor. In 2003, he joined our subsidiary, Wellcall Hose (M) Sdn. Bhd. and assumed his career progression till present with our subsidiary.

Directorships in public companies and listed issuers

None

Family relationship with any director and/or major shareholders of the Company

None

Conflict of interest with listed issuers

None

List of convictions for offences within the past 5 Years other than traffic offences

None

FOO LAI BEE

Finance Manager
Malaysian, Female, aged 45

Foo Lai Bee was appointed on 1 June 2014. Prior to her appointment, she was the Assistant Head of Accounts and Finance division of our subsidiary, Wellcall Hose (M) Sdn. Bhd. She graduated with a diploma with London Chamber of Commerce and Industry (LCCI), UK in 1991. She started her career with C&T Management Sdn. Bhd. as an Accounts Clerk in 1994, before joining Solid Sector Sdn. Bhd. as an Accounts Executive in 1995. She joined our subsidiary in 1997 and assumed her career progression till present with our subsidiary.

Directorships in public companies and listed issuers

None

Family relationship with any director and/or major shareholders of the Company

None

Conflict of interest with listed issuers

None

List of convictions for offences within the past 5 Years other than traffic offences

None

CORPORATE GOVERNANCE STATEMENT

The Board of Wellcall Holdings Berhad (the “Company”) recognises the importance of adopting high standards of corporate governance in the Company in order to safeguard stakeholders’ interests as well as enhancing shareholders’ value.

Pursuant to Paragraph 15.25 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa”), this Corporate Governance Statement (the “Statement”) sets out how the Company has applied the Principles of the Malaysian Code on Corporate Governance (“MCCG 2012”) and observed the Recommendations supporting the Principles for the year under review. Where a specific Recommendation of the MCCG 2012 has not been observed during the year under review, the non-observation, including the reasons thereof, and the alternative practice, if any, is mentioned in this Statement.

This statement sets out the manner in which the Group has applied the principles and recommendations of MCCG 2012 and the Board will continue to implement measures to improve compliance with principles and recommended best practices moving forward.

Principle 1 - Establish Clear Roles and Responsibilities of the Board and Management

The Board recognises the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:

- reviewing and adopting a strategic plan for the Company, addressing the sustainability of the Group’s business;
- reviewing and approving quarterly financial results and the annual audited financial statements to be submitted to Bursa Malaysia Securities Berhad (“Bursa Malaysia”);
- declaring and recommending dividend payment which is subject to the approval of shareholders in the Annual General Meeting (“AGM”);
- overseeing the conduct of the Group’s businesses and evaluating whether or not its businesses are being properly managed;
- reviewing principal business risks faced by the Group which were identified by Risk Management Committee and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
- ensuring that all candidates appointed to Senior Management positions are of sufficient caliber, including the orderly succession of Senior Management personnel;
- overseeing the development and implementation of a shareholder communications policy, including an investor relations programme for the Company; and
- reviewing the adequacy and integrity of the Group’s internal control and management information systems.

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely the Audit Committee, Nomination Committee and Remuneration Committee, to examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

Board Charter

Whilst Directors and Management of the Company are aware of their respective roles and responsibilities, including the limits of authority accorded, the Board recognizes the need to formalize such demarcation of duties to provide clarity and guidance to Directors and Management. Accordingly, the roles of the Board, Board Committees, Executive and Non-Executive Directors are specified in the Company’s Board Charter. The Board Charter, which has been adopted by the Board, serves as a referencing point for Board’s activities to enable Directors carry out their stewardship role and discharge their fiduciary duties towards the Company. The Board Charter also includes a formal schedule of matters reserved to the Board for deliberation and decision so that the control and direction of the Company are in the Board’s hands. In line with Recommendation 1.7 of the MCCG 2012, the Board Charter has been uploaded on the Company’s website at www.wellcallholdings.com. The Board will review the Board Charter of the Company annually and will update the Board Charter where appropriate, from time to time.

Principle 1 - Establish Clear Roles and Responsibilities of the Board and Management (Cont'd)

Code of Conduct and Whistle-Blower Policy

The Board has developed a Code of Conduct for employees of the Group in the Employees' Handbook, setting out the standards of conduct expected from employees, to engender good corporate behavior across the Group. The Board also observes a set of Code of Conduct and Ethics for the Directors which is based on the Code of Conduct and Ethics launched by the Companies Commission of Malaysia.

The Group also formalised a Whistle-Blowing Policy and Fraud Policy on 24 August 2016, which outline when, how and to whom a concern may be properly raised about the actual or potential corporate fraud or breach of conduct involving employee, Management or Director in the Group. The Board also recognizes the importance of adherence to the Code by all personnel in the Group and will take measures to put in place a process to ensure its compliance. Both Whistle-Blowing Policy and Fraud Policy has been uploaded on the Company's website at www.wellcallholdings.com.

Succession Planning

The Board is mindful of the importance of business sustainability and, in conducting the Group's business, the impact on the environmental, social and governance aspects is taken into consideration. Accordingly, the Board will take steps to establish and formalize the Company's sustainability policy and embed the environment, social and governance elements in its corporate strategy.

The Board had also formalized a Succession Planning Policy on 25 November 2016. This policy is applied in order to meet the following objectives:

- To ensure the Group is prepared with a plan to support operations and service continuity when the Managing Director ("MD"), senior management or key operation personnel leave their positions;
- To prepare a supply of suitable, qualified and motivated employees for higher roles and responsibilities;
- To develop career paths for employees which will facilitate the Group's ability to recruit and retain performance oriented or highly talented employees;
- To deliver a message to the Group's employees that they are valuable assets to the Group; and
- To develop reliable assessment procedures and ensure that these procedures are applied systematically across the Group.

Sustainability of Business

The Board is mindful of the importance of business sustainability and, in conducting the Group's business, the impact on the environmental, social and governance aspects is taken into consideration. The Company has always carried out activities which endeavor to maintain a proper balance between our economic, social and environmental responsibilities and the interest of our stakeholders. The Company has always embraced responsibility to promote sustainability into its business by encouraging positive impact through its activities on the Environment, Market Place, Work Place, Community and also promoting Governance.

During the financial year, the Group had carried out corporate social activities with a positive impact on the economic, social and environment. The activities carried out are such as adoption of 3R concept in promoting recycling. The Group also received certain prestigious in recognition of the Company's efforts to promote good business ethnics. Besides the above, the Group's detailed activities on corporate social responsibilities for the financial year under review are also disclosed in this Annual Report. Going forward, the Board will also take steps to formalize the Company's sustainability policy and embed the environment, social and governance elements in its corporate strategy.

Corporate Governance Statement

[cont'd]

Principle 1 - Establish Clear Roles and Responsibilities of the Board and Management (Cont'd)

Sustainability of Business (Cont'd)

In addition to the above, the Board had also approved and formalized a Emergency Succession Policy on 25 November 2016. The Board recognises that there is a need to plan for contingencies due to the disability, death or departure of any Executive Director who manages the day to day operations of the Company. However, while the Board of Directors acknowledges that such an event is highly improbable and certainly undesirable, it also believes that due diligence in exercising its governance functions requires that it have an emergency executive succession plan in place. It is expected that this plan will ensure continuity in external relationships and in staff functioning. As such, if the Group face with the unlikely event of an untimely vacancy, the Group has in place an Emergency Succession Plan to facilitate the transition to both interim and longer-term leadership.

Supply of, and Access to, Information

All Directors are provided with an agenda and the relevant Board papers prior to every Board meeting to ensure that the Directors are fully apprised on matters or key issues affecting the Group as well as to enable Directors to make well-informed decisions on matters arising at the Board meetings. The Company Secretary records all the deliberations, including pertinent issues, the substance of inquiries and responses, Board members' suggestions and the decision made in the minutes of meeting. The minutes of every Board meeting are also circulated to Directors for their perusal prior to confirmation of the same at the following Board meeting.

In addition, the Board members are updated on the Company's activities and its operations on a regular basis. Directors have access to all information of the Company on a timely basis in an appropriate manner and quality necessary to enable them to discharge their duties and responsibilities.

Senior Management of the Group and external advisers are invited to attend Board meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda. Besides direct access to Management, Directors may obtain independent professional advice at the Company's expense, if considered necessary, in furtherance of their duties.

Directors have unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretary who is qualified, experienced and competent on statutory and regulatory requirements, and the resultant implications of any changes therein to the Company and Directors in relation to their duties and responsibilities. The Company Secretary, who oversees adherence with board policies and procedures, briefs the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretary attends all Board and Board Committees meetings and ensures that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly. The removal of Company Secretary, if any, is a matter for the Board, as a whole, to decide.

Support of Qualified and Competent Company Secretaries

The Board is supported by suitably qualified and competent Company Secretaries who are members of a professional body, The Malaysian Institute of Chartered Secretaries and Administrators. The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging their duties. The role of the Company Secretary has been set out clearly in the Board Charter. The Company Secretaries play an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures and compliances with relevant regulatory requirements codes. The Company Secretaries support the Board in managing the Group's governance model, ensuring it is effective and relevant. All Directors are provided with an agenda and the relevant Board papers prior to every Board meeting to ensure that the Directors are fully apprised on matters or key issues affecting the Group as well as to enable Directors to make well-informed decisions on matters arising at the Board meetings. The Company Secretary records all the deliberations, including pertinent issues, the substance of inquiries and responses, Board members' suggestions and the decision made in the minutes of meeting. The minutes of every Board meeting are also circulated to Directors for their perusal prior to confirmation of the same at the following Board meeting.

The Board ensures that the Company Secretaries that are selected and appointed have the relevant competent, experience and skills.

Principle 2 - Strengthen Composition of the Board

During the financial year under review, the Board consisted of nine (9) members, comprising one (1) Independent Non-Executive Chairman, one (1) Non-Independent Managing Director, one (1) Non-Independent Executive Director, two (2) Non-Independent Non-Executive Directors and four (4) Independent Non-Executive Directors. In addition, that is also one (1) Alternate Director. This composition fulfills the requirements as set out under the Listing Requirements of Bursa, which stipulate that at least two (2) Directors or one-third of the Board, whichever is higher, must be Independent.

The profile of each Director is set out in Directors' Profile of this Annual Report.

The composition of the Board not only reflects the broad range of experience, skills and knowledge required to successfully direct and supervise the Group business activities, but also the importance of independence in decision making at the Board level.

There are five (5) main board committees namely:-

- Audit Committee ("AC")
- Nomination Committee ("NC")
- Remuneration Committee ("RC")
- Risk Management Committee
- Corporate Disclosure Committee

Audit Committee

The composition and a summary of the activities of the Audit Committee are set out separately in the Audit Committee Report in this Annual Report.

Based on terms of reference of Audit Committee, at least one member of the Audit Committee:-

- (i) must be a member of the Malaysian Institute of Accountants, or
- (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience; and
- (iii) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967;
- (iv) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
- (v) fulfils such other requirements as prescribed or approved by the Exchange.

During the financial year under review there were two (2) members of the Audit Committee who fulfils the above criteria as follows:

1. Yong Peng Tak
2. Yang Chong Yaw, Alan

Corporate Governance Statement

[cont'd]

Principle 2 - Strengthen Composition of the Board (Cont'd)

Nomination Committee – Selection and Assessment of Directors

The Nomination Committee consists of four (4) members, which, comprising of Independent Non-Executive Directors as follows:

1. Datuk Ng Peng Hong @ Ng Peng Hay - Chairman (Independent Non-Executive Director) (cessation with effect from 24 August 2016)
2. Yong Peng Tak - Chairman (Independent Non-Executive Director) (appointed with effect from 24 August 2016)
3. Goh Hoon Leum - Member (Independent Non-Executive Director)
4. Yang Chong Yaw, Alan - Member (Independent Non-Executive Director)

The Nomination Committee is chaired by Yong Peng Tak, the Senior Independent Non-Executive Director identified by the Board. The terms and reference of the Nomination Committee has been uploaded on the Company's website at www.wellcallholdings.com.

The duties and responsibilities of the Nomination Committee ("NC") are primarily as follows:

- To regularly review the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary;
- To review and recommend new nominees for appointment to the Board of Directors when deem necessary, in making its recommendations, the NC would consider the candidates:
 - o Skills, knowledge, expertise and experience;
 - o Professionalism and sound judgement;
 - o Integrity and credibility; and
 - o In the case of the candidates for the position of Independent Non-Executive Directors ("INED"), the NC would evaluate the candidates' ability to discharge such responsibilities as expected from an INED.
- To assess the performance of Directors on an on-going basis, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director. All assessments and evaluations carried out by the NC in the discharge of all its functions are properly documented;
- To recommend to the Board, Directors to fill the seats on Board Committees;
- To regularly review the Board's mix skills and experience and other qualities including core competencies which Non-Executive Directors should bring to the Board;
- To recommend to the Board for continuation in service of Executive Directors and Directors who are due for retirement;
- To orientate and educate new Directors on nature of business, the corporate strategies, current issues within the Group, the expectations of the Group concerning input from Director and the general responsibilities of Directors;

The final decision on the appointment of a candidate recommended by Nomination Committee rests with the whole Board. The Board is entitled to the services of the Company Secretary who would ensure that all appointments are properly made upon obtaining all necessary information from the Directors.

Principle 2 - Strengthen Composition of the Board (Cont'd)

Statement on activities of the Nomination Committee

During the financial year, the Nomination Committee met twice, on 24 November 2015 and 24 August 2016, attended by all members. During the meetings, the following matters were discussed.

The Nomination Committee carried out a self evaluation, assessed the effectiveness of the Board as a whole and the contribution from each Director and reported to the Board. The Nomination also reviewed the independence of the Directors annually.

The performance of Directors who were retiring namely, Huang Sha, Tan Kang Seng, Tan Kang Foon, and subject to re-election at the annual general meeting were assessed by the Nomination Committee and recommendation was submitted to the Board for decision on the tabling of the proposed re-election of the Director concerned for shareholders' approval. All assessments and evaluations carried out by the Nomination Committee are properly documented.

The Nomination Committee also reviewed and recommended re-appointment of a Director, Leong Hon Chong who is over the age of seventy (70) years of age and is required to submit himself for re-appointment by the shareholders annually in accordance with Section 129(6) of the Companies Act, 1965. The resolution must be passed by a majority of not less than three quarter of such members of the Company present and voting who, being entitled to do so, vote in person or by proxy at the General Annual Meeting of the Company.

The Nomination Committee had also reviewed and recommended to the Board the retention of Yang Chong Yaw, Alan, as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years pursuant to The Malaysian Code of Corporate Governance 2012, be approved. The reason of this recommendation is explained at a later part of this Corporate Governance Statement.

Save as disclosed above, the other remaining Independent Non-Executive Directors, namely, Goh Hoon Leum, Yong Peng Tak and YB Dato' Haji Mohtar Bin Nong, had held their positions for a period of not more than nine (9) years.

Besides the above, the Nomination Committee had also, upon completion of their assessment, recommended that Datuk Ng Peng Hong @ Ng Peng Hay be re-designated as the Group Independent Non-Executive Chairman and Huang Sha be re-designated as the Group Non-Independent Managing Director, in order to facilitate them to carry out their duties and responsibilities more effectively. The Nomination Committee had also recommended that Tan Kang Foon be appointed as the Non-Independent Non-Executive Director of the Company and he ceased to be the Alternate Director to Tan Kang Seng, ipso facto.

Insofar as board diversity is concerned, the Board does not discriminate on the basis of age, gender, physical disability or religion. The evaluation of the suitability of candidates for filling of casual vacancy, re-election or re-appointment is solely based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company, including, where appropriate, the ability of the candidates to act as Independent Non-Executive Directors, as the case may be. The Nominating Committee has also taken this into consideration when assessing the performance of the Directors.

Another section on Diversity Policy is disclosed at the later part of this Corporate Governance Statement.

Corporate Governance Statement

[cont'd]

Principle 2 - Strengthen Composition of the Board (Cont'd)

Statement on activities of the Nomination Committee (Cont'd)

Directors' Remuneration

The Remuneration Committee consists of three (3) members, which, comprising a majority of Independent Non-Executive Directors as follows:

- 1 Goh Hoon Leum - Chairman (Independent Non-Executive Director)
- 2 Yang Chong Yaw, Alan - Member (Independent Non-Executive Director)
- 3 Huang Sha - Member (Managing Director)

The Remuneration Committee has been entrusted by the Board with specific terms of reference to review and recommend to the Board an appropriate remuneration framework for Executive Directors, including recommendations to the Board on all elements of remuneration, terms of employment, reward structures and fringe benefits for Executive Directors, sufficient enough to attract and retain Directors of quality required to manage the business of the Group. The remuneration package of Non-Executive Directors is also assessed by the Remuneration Committee and recommended to the Board thereafter.

In the case of Executive Directors, the components of the remuneration package are linked to corporate and individual performance. In addition, the Financial Projections which were tabled and approved by the Board would also be used to assess the performance of the Executive Directors of the Company. For Non-Executive Directors, the level of remuneration is reflective of their experience and level of responsibilities. The determination of each Director's remuneration is a matter for the Board, as a whole. Directors do not participate in decision regarding their own remuneration package.

During the financial year under review, the Committee met once, on 24 August 2016, attended by all members. During the meeting held, the Remuneration recommended to the Board performance related bonuses and also remuneration packages to the Executive Directors.

Details of the aggregate remuneration of Directors for the financial year ended 30 September 2016 are as follows:

	Company		Group	
	Executive Director	Non-Executive Director	Executive Director	Non-Executive Director
	RM'000	RM'000	RM'000	RM'000
Fees	10	405	–	655
Salaries & Other Emoluments	8	20	2,091	88
Bonus	–	–	3,100	–
Commission	–	–	–	–
Compensation for Loss of Office	–	–	–	–
Benefit-in-Kind	–	–	55	–

The number of Directors of the Company whose total remuneration during the year the financial year under review that fall within the following bands are as follows:

	Executive Directors	Non-Executive Directors	Total
Below RM50,000	–	–	–
RM50,001 to RM100,000	–	5	5
RM100,001 to RM200,000	–	2	2
RM200,001 to RM500,000	–	–	–
RM500,001 to RM1,000,000	2	–	2
Above RM3,000,000	1	–	1

The company has opted not to disclose each Director's remuneration as the Board considers the information to be sensitive and proprietary.

Principle 2 - Strengthen Composition of the Board (Cont'd)

Statement on activities of the Nomination Committee (Cont'd)

Risk Management Committee

The Risk Management Committee comprises mainly of the management staff which is the General Manager and all Head of Departments. During the financial year, the Risk Management Committee established the Enterprise Risk Management Policy and the Board of Directors approved and formalized the policy. The Enterprise Risk Management has been uploaded on the Company's website at www.wellcallholdings.com. Currently the Risk Management Committee is undertaking steps to re-assess and updating its risk profile.

Corporate Disclosure Committee

The Corporate Disclosure Committee is mainly comprises of the General Manager and Corporate Affairs Manager and any information which is disclosed to the public must obtain prior approval from the Board of Directors before being released. During the financial year, the Board had also formalized the Corporate Disclosure Policy. According to this policy, the Company discloses material information to the public based on five (5) principles: transparency, timeliness, fairness, continuity and confidentiality. All disclosure shall be managed under the Corporate Affairs Department of the Company. The Corporate Disclosure Policy has been uploaded on the Company's website at www.wellcallholdings.com.

Principle 3 – Reinforce Independence of the Board

Directors' Independence

There is a clear division of responsibilities between the Group Independent Non-Executive Chairman and the Group Managing Director to embed accountability and facilitate the division of responsibility, such that no one individual has unfettered powers over decision making. The Chairman is responsible for ensuring the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meetings to ensure that contributions by Directors are forthcoming on matters being deliberated and that no Board member dominates discussion. The Managing Director, supported by his fellow Executive Directors, implements the Group's strategic plan, policies and decisions adopted by the Board; and oversees the operations and business development of the Group.

The Board recognises the importance of independence and objectivity in the decision-making process. Executive Directors are responsible for the management of day-to-day business operations in the respective business units of the Group as well as the implementation of policies and decisions approved by the Board, whilst the Board sets the strategic direction for the Group.

The presence of Independent Non-Executive Directors ensures that issues of strategies, performance and resources proposed by Management are objectively evaluated, taking into consideration the long-term interests of shareholders, employees, customers, suppliers and other communities in which the Group conducts its business. The Independent Non-Executive Directors also ensure that the investment of minority shareholders is fairly reflected through Board representation.

The Company recognises the contribution of the Independent Non-Executive Directors as equal Board members to the development of the Company's strategy, the importance of representing the interests of public shareholders and providing a balanced and independent view to the Board. All Independent Non-Executive Directors are independent of Management and free from any relationship which could interfere with their independent judgment. They contribute significantly in areas such as policy and strategy, performance monitoring, allocation of resources as well as improving governance and controls. Yong Peng Tak has been identified by the Board as the Company's Senior Independent Non-Executive Director, to whom concerns may be conveyed by fellow Directors, shareholders and other stakeholders.

Corporate Governance Statement

[cont'd]

Principle 3 – Reinforce Independence of the Board (Cont'd)

Directors' Independence (Cont'd)

Yang Chong Yaw, Alan, has served the Board as an Independent Non-Executive Director beyond the 9-year tenure limit promulgated by the MCCG 2012. Hence, the Board has, after conducting an assessment on his performance as an Independent Director, recommended him for shareholders' approval to continue to act as an Independent Non-Executive Director for the ensuing year based on the following justifications:

- He has fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, is able to function as a check and balance, bringing an element of objectivity to the Board;
- He has devoted sufficient time and attention to his professional obligations for informed and balanced decision making; and
- He has continued to exercise his independence and due care during his tenure as Independent Non-Executive Directors and carried out his professional duties in the best interests of the Company and shareholders.

The criteria for independent directors used by the Board in assessing the Independent Directors of the Company accord with those of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Diversity Policy

Currently the Board has not set the limit for diversification on its Board composition to achieve the 30% representation from women as the Board is of the opinion that the appointment of directors are based on merits without giving regards to the gender of the appointed directors and also consider the following criteria:-

- who have required mix skills, experience and other qualities and competencies;
- to ensure that the highest standard of conduct and integrity are maintained;
- fulfilling the regulatory compliance and selection criteria;
- who can provide effective contribution and support to the functions of the Board; and
- who are more in tune with the business model of the Company.

However, the Board has directed the management of the Company to begin the assessment of its current diversity levels of the Group and consider linking achievement of the measurable objective to be established by the Board. Consideration must be given to all recommendations to the Board the establishment of the measurable diversity objectives and also that to link the achievement of these measurable objectives to key performance indicators of the Company. The Nomination Committee shall review and monitor from time to time the status of the diversity level.

The diverse backgrounds of the Board of Directors of the Company by gender, age and races as at 30 September 2016 is as follows:

Age (Years)	20 - 40		41 - 60		61 above		Total
Race	M	C	M	C	M	C	
	%	%	%	%	%	%	%
Male	–	20.0	–	30.0	10.0	40.0	100.0

The total workforce of the Group by gender, age and races as at 30 September 2016 are as follows:

Age (Years)	18 – 30				31 – 40				41 above				Total
Race	M	C	I	O	M	C	I	O	M	C	I	O	
	%	%	%	%	%	%	%	%	%	%	%	%	%
Female	4.7	2.0	1.7	0.7	1.7	2.0	2.2	0.5	2.7	1.7	2.5	0.0	22.4
Male	3.2	1.0	1.5	33.7	3.7	3.7	0.5	16.6	4.4	3.9	1.5	3.9	77.6
Total	7.9	3.0	3.2	34.4	5.4	5.7	2.7	17.1	7.1	5.6	4.0	3.9	100.0

M - Malay C - Chinese I - Indian O - Others

Corporate Governance Statement

[cont'd]

Principle 4 – Foster Commitment of Directors

The Board meets at least four (4) times a year and additional meetings are held as and when necessary. Board Meetings are scheduled in advance at the end of the previous financial year prior to commencement of the new financial year to enable Directors to plan ahead and fit the year's meetings into their own schedules.

In the intervals between Board meetings, for exceptional matters requiring urgent Board decisions, Board approvals are obtained via circular resolutions which are supported with information necessary for an informed decision.

During the financial year ended 30 September 2016, five (5) Board meetings were held. Details of the attendance are as follows:

Directors	Position	No. of Board Meetings Attended	Percentage (%)
Datuk Ng Peng Hong @ Ng Peng Hay	Group Chairman, Independent Non-Executive Director	5/5	100%
Huang Sha	Group Managing Director	5/5	100%
Leong Hon Chong	Executive Director	5/5	100%
Goh Hoon Leum	Independent Non-Executive Director	4/5	80%
Tan Kang Seng	Non-Independent Non-Executive Director	5/5	100%
Dato' Haji Mohtar Bin Nong	Independent Non-Executive Director	5/5	100%
Yang Chong Yaw, Alan	Independent Non-Executive Director	5/5	100%
Yong Peng Tak	Senior Independent Non-Executive Director	5/5	100%
Tan Kang Foon	Non-Independent Non-Executive Director	5/5	100%
Huang Kai Lin (Alternate to Leong Hon Chong)	Alternate Director	5/5	100%

The Chairman of the Board chairs the Board Meetings while the Managing Director of the Company leads the presentation and provides explanation on the Board papers and reports. Senior management staff may be invited to attend the Board and Board Committee Meetings to advise and provide the Board and Board Committee members with the presentations, detailed explanation and clarification on relevant agenda items that have been tabled to the Board to enable them to arrive at a considered decision.

At the quarterly Board meetings, the Board reviews the business performance of the Group and discusses major operational and financial issues. The Chairman of each Board Committee informs the Directors at each Board meetings of any salient matters noted during the respective Committees' meetings which require the Board's notice or direction. All pertinent issues discussed at Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries by way of minutes of meetings.

It is the practice of the Company for Directors to devote sufficient time and efforts to carry out their responsibilities. In addition, the Board Charter sets out a policy requiring Directors to notify the Chairman before accepting any new directorships notwithstanding that the Listing Requirements of Bursa allow a Director to sit on the boards of five (5) listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment.

Corporate Governance Statement

[cont'd]

Principle 4 – Foster Commitment of Directors (Cont'd)

Directors' Training – Continuing Education Programmes

The Board is mindful of the importance for its members to undergo continuous training to be apprised on changes to regulatory requirements and the impact such regulatory requirements have on the Group.

As an integral element of the process of appointing new Directors, the Board ensures that there is an orientation and education programme for new Board members. This is supplemented by visits to key locations and meetings with other key senior executives. Directors also receive further training from time to time, particularly on relevant new laws and regulations and changing commercial risks.

All Directors of the Company have attended the Mandatory Accreditation Programme conducted by Bursa Malaysia Training Sdn Bhd within the stipulated timeframe required in the Listing Requirements.

The Board acknowledges that continuous training is important to enable the Directors to effectively discharge their duties. The Board will on a continuous basis, evaluate and determine the training needs of its Directors.

On 24 August 2016, all the directors had attended a training session entitled “Enhancing Corporate Governance Practices & Disclosure in Annual Report (including Regulatory Updates & Draft MCCG 2016)” conducted by a former risk consulting partner of KPMG Malaysia.

Save as disclosed, seminars and briefings attended by the Directors of the Company during the financial year were as follows:-

Yong Peng Tak

No	Date	Course
1	6 January, 2016	CIMB 8th Annual Malaysia Corporate Day
2	30 May, 2016	Module 1 Directors as gatekeepers of market participants
3	31 May, 2016	Module 2B: Business challenges and regulatory expectations – what directors need to know (Fund Management)
4	28 July, 2016	Module 3: Risk oversight and compliance – Action plan for Board of Directors
5	11 August, 2016	Affin Hwang Capital Conference 2016 – Navigating Through Shifting Sands
6	29 August, 2016	Savills Valuation Internal Training: Valuation Across the Deal Cycle
7	7 September, 2016	Module 4: Emerging and current regulatory issues in the capital market

Yang Chong Yaw, Alan

No	Date	Course
1	11 January, 2016	Post Budget 2016
2	18 January, 2016	GST recent developments and its practical implications
3	21 & 22 January, 2016	A practical approach to the implementation of MPERS
4	1 March, 2016	New Public Ruling in 2015 and 2016
5	27 September, 2016	Preparing for the structural shift in company law

The Company Secretaries normally circulate the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and brief the Board on these updates, where applicable. The External Auditors also brief the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements for the financial year under review.

Principle 5 – Uphold Integrity in Financial Reporting by the Company

It is the Board's commitment to present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of each reporting period and financial year, primarily through the quarterly announcement of Group's results to Bursa, the annual financial statements of the Group and Company as well as the Chairman's Statement and review of the Group's operations in the Annual Report, where relevant. A statement by the Directors of their responsibilities is also set out in the this Annual Report.

In assisting the Board to discharge its duties on financial reporting, the Board has established an Audit Committee, comprising wholly Independent Non-Executive Directors, with Goh Hoon Leum as the Committee Chairman. The composition of the Audit Committee, including its roles and responsibilities, are set out in the Audit Committee Report in this Annual Report. One of the key responsibilities of the Audit Committee in its specific terms of reference is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia and provisions of the Companies Act, 1965, as the case may be. Such financial statements comprise the quarterly financial report announced to Bursa and the annual statutory financial statements.

The Board maintains a transparent and professional relationship with the external auditors. The Audit Committee invites the external auditors to attend all its meetings and when required to discuss their audit plan, audit findings and the financial statements. The Audit Committee also meets the external auditors without the presence of the Executive Directors and management at least twice (2) a year on any matters relating to the Group and its audit activities. From time to time, the external auditors highlight matters that require the Board's attention.

The Board understands its role in upholding the integrity of financial reporting by the Company. Accordingly, the Audit Committee, which assists the Board in overseeing the financial reporting process of the Company, access and review on the types of non-audit services permitted to be provided by the external auditors, including the need for the Audit Committee's approval in writing before such services are provided by the external auditors. To address the "self review" threat faced by the external audit firm, the procedures included the requirement of the engagement team conducting the non-audit services to be different from the external audit team.

In assessing the independence of external auditors, the Audit Committee requires assurance by the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants.

Principle 6 – Recognise and Manage Risks of the Group

Recognising the importance of risk management, during the financial year ended 30 September 2016, the Board had formalized a Enterprise Risk Management Policy on 24 August 2016. The policy established a structured risk management framework to identify, evaluate, control, monitor and report the principal business risks faced by the Group on an ongoing basis. A Risk Management Committee has been formed and led by the Company's General Manager and comprising of all the Heads of Department of the Group.

The risk profiles of the Group will be reviewed on an annual basis. Further details of this process are set out in the Statement of Risk Management and Internal Control in this Annual Report.

The internal audit function of the Group is outsourced to an independent professional firm, whose work is performed with impartially, proficiency and due professional care, and in accordance with the International Professional Practices Framework of the Institute of Internal Auditors, Incorporated, which sets out professional standards on internal audit. It undertakes regular reviews of the adequacy and effectiveness of the Group's system of internal controls and risk management process, as well as appropriateness and effectiveness of the corporate governance practices. The Internal Audit reports directly to the Audit Committee. Further details on the internal audit function can be seen in the Audit Committee Report and the Statement of Risk Management and Internal Control in this Annual Report.

Corporate Governance Statement

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Principle 7 – Ensure Timely and High Quality Disclosure

The Board has established and formalized a Corporate Disclosure Policy on 24 August 2016 in order to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to be made to the regulators, shareholders and stakeholders. The Corporate Disclosure Policy not only to comply with the disclosure requirements as stipulated in the Listing Requirements of Bursa, but also setting out the persons authorised and responsible to approve and disclose material information to regulators, shareholders and stakeholders.

To augment the process of disclosure, the Board had earmark a dedicated section for corporate governance on the Company's website, where information on the Company's announcements to the regulators, the Board Charter, rights of shareholders and the Company's Annual Report may be accessed. All information made available to Bursa Malaysia Securities Berhad are immediately uploaded to the Company's website at www.wellcallholdings.com.

Principle 8 – Strengthen Relationship Between the Company and Its Shareholders

Shareholder participation at general meeting

The Annual General Meeting ("AGM"), which is the principal forum for shareholder dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification. At the AGM, shareholders participate in deliberating resolutions being proposed or on the Group's operations in general. At the last AGM, a question & answer session was held where the Chairman invited shareholders to raise questions with responses from the Board.

The Notice of AGM is circulated at least twenty-one (21) days before the date of the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed. Shareholders are invited to ask questions both about the resolutions being proposed before putting a resolution to vote as well as matters relating to the Group's operations in general.

All the resolutions set out in the Notice of the last AGM were put to vote by show of hands and duly passed in the past. The outcome of the AGM was announced to Bursa on the same meeting day. Going forward, the Board will adopt poll voting for any resolution set out in the notice of any general meeting, or in any notice of resolution may properly be moved and is intended to be moved at any general meeting, including the announcement of the detailed results showing the number of votes cast for and against each resolution. In addition, the Company will appoint scrutineer to validate the votes cast at the general meetings.

Communication and engagement with shareholders

The Board recognises the importance of being transparent and accountable to the Company's investors and stakeholders, as such, has various channels to maintain communication with them. The various channels of communications are through the quarterly announcements and press releases on financial results to Bursa, relevant announcements and circulars, press releases, when necessary, the Annual and Extraordinary General Meetings and through the Group's website at where shareholders can access pertinent information concerning the Group.

The upcoming Annual General Meeting represents the principal forum for dialogue and interaction with shareholders. Shareholders are accorded both the opportunity and time to raise questions on agenda items of the general meeting. The notices of Annual General Meeting are sent out to shareholders at least twenty one (21) days before the date of the meeting in accordance to the Company's Articles of Association.

The Board will consider adopting electronic voting to facilitate greater shareholders participation when facilities and mechanism for electronic voting are more prevalent in the future.

Compliance Statement

The Board is supportive of all the Recommendations of the Code and will take reasonable steps to review existing policies and procedures in place from time to time to ensure full compliance thereof.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board is committed to maintaining a sound system of risk management and internal control in the Group and is pleased to provide the following Internal Control Statement (the “Statement”), which outlines the nature and scope of risk management and internal control of the Group during the financial year under review. This Statement also takes into account the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers released by Bursa Malaysia Securities Berhad (“Bursa Securities”) on the issuance of Internal Control Statement pursuant to paragraph 15.26(b) of the Listing Requirements of Bursa Securities for Main Market.

BOARD'S RESPONSIBILITY

The Board is ultimately responsible for the Group's system of risk management and internal control (“system”), which includes the establishment of an appropriate control environment and risk management framework as well as reviewing their adequacy and effectiveness in safeguarding shareholders' investment and the Group's assets. In view of the limitations inherent in any system of risk management and internal control, the system is designed to manage, rather than to eliminate, the risk of failure to achieve the Group's business and corporate objectives. Accordingly, the system can only provide reasonable, but not absolute, assurance against material misstatement or loss. The system of internal control covers, inter-alia, financial, organisational, operational and compliance controls as well as risk management.

The Board affirms that there is an on-going process for identifying, evaluating and managing the significant risks faced by major companies in the Group. This review process is conducted by the Company's Management team and out-sourced internal audit function.

Besides confirming that this process has been in place for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report of the Company, the Board, through the Audit Committee, also reviews the adequacy and effectiveness of the risk management and internal control system in the Group to ensure that appropriate measures are carried out to obtain the level of assurance required by the Board.

RISK MANAGEMENT

In line with Recommendation 6.1 of the Malaysian Code on Corporate Governance 2012, the Board has established a structured risk management framework (“Framework”) to identify, evaluate, control, report and monitor significant business risks faced by major companies in the Group, where the updated risk profiles of the companies concerned are tabled to the Board for deliberation and action plans to be taken by Management in mitigating the risks, as deemed necessary.

The Board had in August 2016 formalised its Risk Management Committee (“RMC”) which is headed by the Group's General Manager and comprised of the Head of each Department. The RMC had also presented its Enterprise Risk Management Policy (“ERM Policy”) which was tabled and approved by the Board of Directors in August 2016. According to the ERM Policy, the RMC shall meet at least twice a year. The RMC is currently re-assessing its risk and updating its risk profile. The RMC is targeting to table a summary of its updated risk profile to the Board by the second quarter of the next financial year.

This ERM Policy enables the Management and the Board to share a common model in the effective communication and evaluation of principal risks faced by the Group and internal controls implemented to address the risks concerned. The process involved Management's identification of risks, assessment of risks and controls and formulation of appropriate action plans before these were escalated to the Board for review.

The business risks identified are scored for likelihood of their occurrence and the magnitude of impact upon the Group based on the relevant risk parameters that articulate the risk appetite of the companies concerned. The internal audit function carried out its internal audit based on the risk profiles of major companies in the Group.

Statement on Risk Management and Internal Control

[cont'd]

RISK MANAGEMENT (CONT'D)

The key elements of the Group's Enterprise Risk Management Policy comprise the following:

- (i) Risk Identification
- (ii) Risk Assessment and Measurement
- (iii) Risk Response and Treatment
- (iv) Monitoring
- (v) Reporting

It is also important to ensure the ERM process and risks are re-evaluated and updated on an on-going basis to reflect new information and experiences so that all significant risks are appropriately identified and addressed and that any material opportunities are not overlooked.

The Group adopts a decentralized approach to risk management, where all the Heads of Department take ownership and accountability for risks at their respective levels. The process of risk management and treatment is the responsibility of the Heads of Department.

The Corporate Affairs Manager acts as the Risk Officer and also as the Secretary of the RMC. The Risk Officer actively assist the General Manager to co-ordinate and liaise with each Heads of Department to assess the risk throughout the Group, as a whole. The RMC will look out for significant changes in the business and external environment which may affect the Group's principal business risks and the General Manager, who acts as the head of RMC, shall report to the Board so that pertinent remedial measures may be developed to mitigate the key risks caused by changes in the business and external environment.

INTERNAL AUDIT

The Group's internal audit function is wholly outsourced to an independent professional firm, Matrix Corporate Consultancy Sdn Bhd ("Matrix"). The scope of work performed by Matrix comprises the conduct of internal audit to assess the adequacy and integrity of the governance, risk and internal control processes, and highlighting to the Audit Committee significant areas for improvements as well as risks that may impact the business units concerned. Matrix reports directly to the Audit Committee and is responsible for planning and executing internal audit, on a risk-based approach, covering the key companies in the Group. The activities undertaken by Matrix during the financial year comprise the following:

- conducted internal audit on key processes such as capital assets management and financial management;
- conducted follow-up review on issues raised in preceding cycles of internal audit to assess the implementation status of management's action plans;
- engaged with Executive Directors and Management on the outcome of the follow-up; and
- reported to the Audit Committee, highlighting the status of management's action plans in addressing issues highlighted in preceding cycles of internal audit.

INTERNAL CONTROL

The Board has established a system of internal control for the smooth running of the Group's operations, augmented by an established organisational structure with clearly defined lines of responsibilities and appropriate levels of delegation and authority. A process of hierarchical reporting is established which provides a documented and auditable trail of accountability.

The system of internal control entails, inter-alia, the proper delegation of duties and responsibilities from the Board to the Managing Director, Executive Directors and Management in running the Group's operations.

Statement on Risk Management and Internal Control

[cont'd]

INTERNAL CONTROL (CONT'D)

Details of some key elements of the Group's internal control system are described below:

- **Control environment**

To provide a proper control environment, focus is directed towards the qualities and abilities of the Group's employees with continuing education and training to enhance the skills of employees and reinforce qualities of professionalism and integrity. Continuing education and training include internal briefings and external seminars for selected employees to enhance the level of awareness and knowledge on matters relating to risk management and internal controls.

- **Control structure**

The Board and Management have established a formal organizational structure with clearly defined lines of accountability and delegated authority within the Group. This includes well-defined responsibilities of Board Committees and various Management levels, including authorization levels for all aspects of the business.

The key elements of the Group's control structure are as follows:

Management

- The Group adopts ISO9001:2008 Quality Management System which will enable the Group to monitor and ensure the quality requirements of the Group's products.
- The Group also sets financial authority limits to assign authority to appropriate levels of Management.
- There are also policies and procedures which are clearly defined to support the Group's business operations and also data recovery backup plan to ensure business continuity in event of occurrence of disaster.
- In summary, these policies and procedures deal with, inter-alia, control issues for financial accounting and reporting, treasury management, asset security, information technology, etc. The procedures are subject to regular reviews to cater for process changes, changing risks or further improvements.
- Regular informal meetings with Heads of department which provide a platform for the Heads of department to communicate with, and provide feedback to, Management.

Audit Committee

The Audit Committee reviews and notes the internal audit observations reported by the out-sourced internal audit function, including follow-up by the out-sourced internal audit function on the status of Management-agreed action plans to address observations reported in preceding cycles of internal audit.

The Audit Committee Report, set out in this Annual Report, contains further details on the activities undertaken by the Audit Committee during the financial year under review.

Board

The Board holds regular discussions with the Audit Committee and Management and considers their reports on matters relating to internal controls and deliberates on their recommendation for implementation.

Statement on Risk Management and Internal Control

[cont'd]

INTERNAL CONTROL (CONT'D)

- **Reporting and information**

The Group has in place the following reporting and information structure:

- Authority limits are established to provide a functional framework of authority in approving revenue and capital expenditure;
- The Group has in place a budgeting process that provides for a responsibility accounting framework;
- Management reports are generated on a regular and consistent basis to facilitate the Board and the Group's Management to perform financial reviews on the various operating subsidiaries. The reviews encompass areas such as financial and non-financial key performance indicators and variances between budget and operating results and explanation of significant variances;
- The Executive Directors review the monthly management accounts; and
- The Executive Directors conduct monthly meetings with Management of all significant business units within the Group to discuss the various aspects of the business, financial and operational performance of the Group.

- **Monitoring and review**

The system of internal controls is reviewed on an ongoing basis by the Board through the Audit Committee, which is also responsible for monitoring compliance with policies, procedures and guidelines.

ASSURANCE BY THE MANAGING DIRECTOR AND EXECUTIVE DIRECTOR ON THE ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board has received assurance from the Managing Director and the Executive Director in writing stating that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, for the financial year under review.

BOARD'S COMMENTS ON THE ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board, through its Audit Committee, has reviewed the adequacy and effectiveness of the system of risk management and internal controls, and that relevant actions have been or are being taken, as the case may be, to remedy the internal control weaknesses identified from the review, which was largely based on the outcome of observations raised by the out-sourced internal auditors and external auditors directly to the Audit Committee.

The Board is of the view that there have been no material weaknesses in the system of risk management and internal control that resulted in material losses, contingencies or uncertainties that would require mention in the Company's Annual Report 2016. The Board continues to take measures to strengthen the internal control environment from time to time based on the recommendations of the out-sourced internal audit function as well as the external auditors.

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

The External Auditors have reviewed the Statement of Risk Management and Internal Control. Their review has been conducted to assess whether the Statement of Risk Management and Internal Control is supported by the documentation prepared by or for the Directors and appropriately reflects the process the Directors have adopted in assessing the risks faced by the Group and also in reviewing the adequacy and effectiveness of the risk management and the internal control system of the Group.

Based on the review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process that the Board has adopted in the review of the adequacy and effectiveness of the risk management and the internal control system of the Group.

This statement is issued in accordance with a resolution of the Board dated 14 January 2017.

AUDIT COMMITTEE REPORT

The Board of Directors is pleased to present the following Audit Committee Report and its summary of work for the financial year ended 30 September 2016.

1. MEMBERS OF THE COMMITTEE

The Audit Committee comprises the following members:

Goh Hoon Leum
Independent Non-Executive Director
Chairman

Yong Peng Tak
Senior Independent Non-Executive Director
Member

Yang Chong Yaw, Alan
Independent Non-Executive Director
Member

Tan Kang Seng
Non-Independent Non-Executive Director
Member

2. TERMS OF REFERENCE

The terms of reference of the Audit Committee as approved by the Board are available on the Company website at www.wellcallholdings.com

3. MEETINGS

There were five (5) meetings of the Audit Committee held during the financial year ended 30 September 2016, which were attended by the Audit Committee members as follows:

Members	Position	No. of Meetings Attended	Percentage (%)
Goh Hoon Leum <i>Chairman</i>	Independent Non-Executive Director	4/5	80%
Yong Peng Tak <i>Member</i>	Senior Independent Non-Executive Director	5/5	100%
Yang Chong Yaw, Alan <i>Member</i>	Independent Non-Executive Director	5/5	100%
Tan Kang Seng <i>Member</i>	Non-Independent Non-Executive Director	5/5	100%

The meeting dates where the Audit Committee met during the financial year were 24 November 2015, 6 January 2016, 25 February 2016, 25 May 2016 and 24 August 2016. The Group's external auditors attended all the Audit Committee meetings during the year.

The Chairman of the Audit Committee undertakes a continuing process of engagement with senior executives of the Company as well as the external auditors so that the Audit Committee is kept up-to-date with all important issues affecting the Company.

4. SUMMARY OF WORK OF THE AUDIT COMMITTEE

During the financial year, the activities undertaken by the Audit Committee are as follows:

Financial Reporting

- a. Reviewed the quarterly financial and operational reports of the Group before recommending to the Board for approval.
- b. Reviewed the external auditors' reports in relation to audit and accounting issues arising from the audit; and updates of new developments on accounting standards issued by the Malaysian Accounting Standards Board prior to submission to Board of Directors for approval. The review was to ensure the financial reporting and disclosures requirements are in compliance with:
 - Provisions of the Companies Act, 1965;
 - Listing Requirements of Bursa Malaysia Securities Berhad;
 - Applicable approved accounting standards in Malaysia; and
 - Other legal and regulatory requirements.

In the review of the annual audited financial statements, the Committee discussed with Management and the external auditors the accounting principles and standards that were applied and their judgement of the items that may affect the financial statements.

- c. Reviewed the recommended interim dividend pay-out for the financial year end.

Internal Audit

- a. Reviewed the annual internal audit plan to ensure adequate scope and comprehensive coverage over the activities of the Group.
- b. Reviewed and discussed the internal audit reports which were tabled during the meetings, the audit issues, root causes, potential risks, implications and recommendations made and management's response to these recommendations.
- c. Reviewed and discussed the Enterprise Risk Management Policy and also formalizing the appointment of Risk Management Committee.
- d. Monitoring and ensuring corrective actions has been taken to rectify the weaknesses highlighted and all the key risks and control lapses have been addressed.
- e. Reviewed and assessed the competency of the internal audit function.

4. SUMMARY OF WORK OF THE AUDIT COMMITTEE (CONT'D)

External Audit

- a. Reviewed and discussed with external auditors' audit planning memorandum, audit strategy and scope of the year.
- b. Reviewed annual audited financial statements of the Group and Company prior to submission to Board for approval.
- c. Reviewed and discussed external auditors' observations, the results of the annual audit, their audit report and management letter together with management's response to the findings before recommending to the Board of Directors for approval.
- d. Assessed and discussed the performance and effectiveness of the external auditors, including the independence, objectivity and professional skepticism, communication interaction, audit finalization, the quality of skills and capabilities of audit team, sufficient of resources and terms of engagement. The Committee is satisfy with the performance of the external auditor and recommended the audit fee payable for the Board approval as well as recommending them to be re-appointed at the forthcoming Annual General Meeting.
- e. Met twice during the financial year, on 25 May 2016 and 24 August 2016 respectively, with external auditors without the presence of management to discuss with them problems arising from the audit and to reinforce the independence of the external audit function of the Company and the Group. There were no major issues highlighted by them.

Related Parties Transactions

Reviewed any the inter-company transactions and any related/interested party transactions that arose within the Company and the Group to ensure compliance with Malaysian Financial Reporting Standards issued by Malaysian Accounting Standards Board and Bursa Securities Listing Requirements and that the transactions were carried out on arm's length basis.

Others

Reviewed the Statement of Risk Management and Internal Control and Audit Committee Report prior to the Board's approval for inclusion in the Company's Annual Report.

5. INTERNAL AUDIT FUNCTION

The Audit Committee is aware that an independent internal audit function is essential to assist in providing the assurance the Audit Committee requires regarding the adequacy and effectiveness of the risk management and internal control systems of the Group. The internal audit function is wholly outsourced to an independent professional firm, Matrix Corporate Consultancy Sdn. Bhd. ("Matrix"), which reports directly to the Audit Committee. The Audit Committee acknowledged the advantages for out-sourced internal audit function to Matrix, the independent external consultant including access to professional skills, knowledge, expertise and ability to cover unexpected staffing needs.

Matrix carries out internal audit with a view to assess the adequacy and effectiveness of the Group's system of internal controls of the operating units within the Group and the extent of compliance by such units with the Group's established policies and procedures and the regulatory requirements of the relevant authorities. The Audit Committee reviews and approves the internal audit plan of the Group submitted by Matrix. The total costs incurred for the internal audit function in respect of the financial year ended 30 September 2016 was approximately RM44,000.

5. INTERNAL AUDIT FUNCTION (CONT'D)

The principal role of the internal audit is to undertake independent regular and systematic reviews of the systems of internal control so as to provide reasonable assurance that such systems are in place and continue to operate satisfactorily and effectively as functionally intended. It is the responsibility of Matrix to provide the Audit Committee with independent and objective reports on the state of risk management, control and governance of the various operating units within the Company and the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.

The other main activities performed by Matrix are as follows:

- Reviewed the pertinent issues of the Group, which had a significant impact on the results of the Group that included the property, plant and equipment and maintenance, slow moving inventories and customers' billings;
- Undertook special reviews requested by the Audit Committee; and
- Reviewed the findings and action plans resulting from internal audits.

During the financial year under review, there were no material control failure that would have resulted in any significant losses to the Group.

Further details of the activities of the internal auditors performed during the financial year under review is set out in the Statement on Risk Management and Internal Control of this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Corporate Social Responsibility (“CSR”) has been embedded as an integral part of Wellcall Holdings Berhad and its subsidiary (“Wellcall”) businesses to ensure long term growth, success and sustainability. Wellcall endeavours to maintain a proper balance between our economic, social and environmental responsibilities and the interest of our stakeholders. CSR has also been a guide to embrace responsibility for Wellcall’s actions and to encourage positive impact through its activities on the Environment, Market Place, Work Place as well as the Community.

Environment

Wellcall has been implementing on-going environmental friendly activities. The adoption of 3R concept (Reduce, Recycle and Reuse) is part of the business activities. Wellcall has shifted most of its outsourced compounding activities back in-house, whereby to reduce wastages and improve efficiencies and manufacturing lead time.

Wellcall has also been constantly monitoring its energy, water and fuel usage by implementing scheduled maintenance and structured production schedules to minimise stoppages, interruptions and abnormal wastages in the manufacturing activities.

Moreover, our factories are strategically located opposite and within walking distance to minimise fuel consumption and enabling efficient inter-factory transportation. Solid waste is segregated into right forms for recycling and reuse purposes.

Market Place

Wellcall believes good business ethics solidify its platform in sustainability and continuous business progression. In 2016, Wellcall was awarded as the Best Under Billion Awards (BUBA) 2016 - Best in Transparency Category. In 2015, Wellcall was awarded the Malaysia Rubber Export Promotion Council Industry Awards 2015 - Malaysia Largest Exporter of Dry Rubber Products Awards Category and Best Under Billion Awards (BUBA) 2015 - Best Return on Assets Category. These have enriched the recognition values of Wellcall as a rubber hose producer.

Wellcall also believes in enhancing its values to its corporate customers, which employees are required to sign a letter of confidentiality to affirm our adherence in protecting the interest of our stakeholders. Wellcall practices the principles of good corporate governance in addition to complying with rules and regulations of the law. Our commitment to good corporate governance and the continuous improvement in corporate governance is further elaborated in the Corporate Governance Statement of this Annual Report.

Work Place - Employees

Wellcall believes that employees are one of the core pillars in contributing the success of Wellcall. Human capital developments and retention are essential in energising the continuous improvements for our employees’ development.

Wellcall has established on-going training programmes and team building programmes throughout the year for all level of employees on technical and non-technical aspects. Opportunities are also available for employees to excel in personal development by cross job training and multi-tasking. Wellcall ensures the safety of its employees by providing a safe workplace and adequate safety resources as well as hostel facilities, where necessary.

Wellcall also recognises the commitment and contribution by its employees. Therefore, Wellcall shares its achievements with its employees through rewards and appreciation that incorporates both fixed and variable elements, as well as short and long term components.

Community

Wellcall cares about the well-being of the community. Wellcall has been contributing to the community for charity activities both in cash and in kind mainly to the disable communities as well as victims of natural disaster. Our helping hands were also extended to cultural association to encourage the younger generations to participate in and preserve local cultural activities.

Wellcall will continue to enhancement its contribution activities as an on-going caring culture. Moving ahead, Wellcall would further encourage its employees to play an important role together in nurturing as a caring society for present and in future.

ADDITIONAL COMPLIANCE INFORMATION

1. NON-AUDIT FEES

The non-audit fees paid or payable to external auditors affiliated company or firm for the financial year ended 30 September 2016 are as follows:

	Group RM'000	Company RM'000
O & W Tax Consultants Sdn. Bhd. – tax fee	8.3	1.9

2. MATERIAL CONTRACTS

During the financial year, there were no material contracts (not being contracts entered into the ordinary course of business) entered into by the Company and its subsidiary involving Directors' or Chief Executive Officer's and/or shareholders' interests.

3. REVALUATION POLICY

During the financial year, the Company and its subsidiary do not have any revaluation policy on its landed properties.

4. UTILIZATION OF PROCEEDS

There were no corporate proposals implemented during the financial year ended 30 September 2016.

5. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The Company and its subsidiary do not have any recurrent party transaction of a revenue or trading nature for the financial year ended 30 September 2016 except as disclosed in Note 23 of the financial statements.

6. EMPLOYEE SHARE SCHEME

During the financial year, the Company and its subsidiary did not grant any employee share scheme to any person apart from the issue of shares pursuant to the Employees' Share Option Scheme as disclosed in the section on Share Option and Directors' Interests in Shares in the Directors' Report and in Note 9 of the financial statements.

DIRECTORS' RESPONSIBILITIES STATEMENT

In accordance with the Companies Act, 1965 in Malaysia ("Act") and under Paragraph 15.26 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a listed issuer is required to issue a statement explaining the Board of Directors' responsibility for preparing the annual audited financial statements and about the state of risk management and internal control of the listed issuer as a group in the annual report.

The Directors are in the opinion and responsible for the preparation of financial statements that the financial statements set out in this Annual Report 2016 are drawn up in accordance with applicable Malaysian Financial Reporting Standards and the Act so as to give a true and fair view of the states of affairs of the Group and of the Company as at 30th September, 2016 and of the results and cash flows of the Group and of the Company for the financial year ended on that date.

The Directors are responsible for the state of risk management and internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the Directors have adopted appropriate accounting policies and applied them consistently, made reasonable and prudent judgments and estimates and prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep proper accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy and to enable them to comply with the provisions of the Act.

The Directors are also responsible for taking such steps that are necessary and reasonable to safeguard the assets of the Group and of the Company and to prevent and detect fraud and other irregularities.

The Auditors' Responsibilities are stated in their Independent Auditors' Report to the Members.



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DIRECTORS' REPORT

for the year ended 30th September 2016

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30th September, 2016.

PRINCIPAL ACTIVITIES

The Company is principally engaged as an investment holding company. The principal activity of the subsidiary company is disclosed in Note 4 to the financial statements. There have been no significant changes in these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit before taxation	39,765,313	30,628,896
Tax expense	(8,474,116)	–
Profit for the year	31,291,197	30,628,896

DIVIDENDS

The amount of dividends declared and paid by the Company since the end of the previous financial year were as follows:

- (i) a special interim single tier dividend of 2.30 sen per share on 331,965,037 ordinary shares of RM0.20 each amounting to RM7,635,197 in respect of the financial year ended 30th September, 2015 was paid on 22nd December, 2015.
- (ii) a first interim single tier dividend of 2.30 sen per share on 331,965,037 ordinary shares of RM0.20 each amounting to RM7,635,196 in respect of the financial year ended 30th September, 2016 was paid on 23rd March, 2016.
- (iii) a second interim single tier dividend of 2.30 sen per share on 331,965,037 ordinary shares of RM0.20 each amounting to RM7,635,196 in respect of the financial year ended 30th September, 2016 was paid on 20th June, 2016.
- (iv) a third interim single tier dividend of 2.30 sen per share on 331,965,037 ordinary shares of RM0.20 each amounting to RM7,635,196 in respect of the financial year ended 30th September, 2016 was paid on 28th September, 2016.
- (v) a special interim single tier dividend of 2.30 sen per share on 331,965,037 ordinary shares of RM0.20 each amounting to RM7,635,196 in respect of the financial year ended 30th September, 2016 was declared on 25th November, 2016 and paid on 23rd December, 2016. This dividend has not been accounted for in the financial statements.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES

During the financial year, there was no issue of shares.

Directors' Report

for the year ended 30th September 2016 [cont'd]

SHARE OPTION

During the financial year, the Company did not grant any option to any person to take up the unissued shares of the Company, apart from the issue of shares pursuant to the Employees' Share Option Scheme ("ESOS").

The ESOS of the Company is governed by the By-Laws approved by the shareholders at an Extraordinary General Meeting held on 15th November, 2005. It grants options to eligible directors and employees of the Group to subscribe for up to 15% of the issued and paid-up share capital of the Company.

The salient features of the ESOS are as follows:

- (i) Eligible directors and employees are those who attained the age of at least 18 years old and are employed full-time by and on the payroll of a company within the Group and have served in the employment of the Group.
- (ii) Each offer shall be made in writing and is personal to the eligible grantee and shall be incapable of being assigned, transferred, encumbered or otherwise disposed of in any manner whatsoever.
- (iii) The subscription price of each ordinary share comprised in any option shall be as follows:
 - (a) In respect of any offer which is made in conjunction with the Company's listing on Bursa Securities, the initial public offer price; and
 - (b) In respect of any offer which is made subsequent to the Company's listing on Bursa Securities, the weighted average market price of the shares for the five (5) market days immediately preceding the date of offer with a discount of not more than 10% (or such other pricing mechanism as may be permitted by the relevant authorities) at the ESOS committee's discretion, provided that the subscription price shall in no event be less than the par value of the shares.
- (iv) The ESOS shall be implemented for a period of 10 years from the date of full compliance with all relevant requirements governing the ESOS.
- (v) The number of new shares that may be offered to an eligible grantee shall be determined at the discretion of the ESOS committee after taking into consideration the performance, seniority and length of service of the eligible grantee.
- (vi) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company except that the shares so issued will not be entitled to any dividends, rights, allotments and/or any distributions which may be declared, made or paid to shareholders prior to the date of allotment of the new ordinary shares.

Details of the ESOS options granted to eligible directors and employees are set out in the section on Directors' Interests in Shares in this report and Note 9 to the financial statements.

DIRECTORS

The directors who served since the date of the last report and at the date of this report are:

Datuk Ng Peng Hong @ Ng Peng Hay, DMSM, DSM, PJK
Huang Sha, PMP
Leong Hon Chong
Goh Hoon Leum
Tan Kang Seng
Yang Chong Yaw, Alan
Dato' Haji Mohtar Bin Nong, DPMT, ASM, PJC, PJK, BLB
Yong Peng Tak
Huang Kai Lin (alternate director to Leong Hon Chong)
Tan Kang Foon (ceased as alternate director to Tan Kang Seng on 24.8.16;
appointed as non-independent non-executive director on 24.8.16)

Directors' Report

for the year ended 30th September 2016 [cont'd]

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' shareholdings, particulars of directors' interests in the shares of the Company and its subsidiary company at the end of the financial year are as follows:

	Number of ordinary shares of RM0.20 each			
	Balance at 01.10.2015	Bought	Sold	Balance at 30.09.2016
Direct interest in ordinary shares of the Company				
Huang Sha, PMP	11,283,545	–	–	11,283,545
Leong Hon Chong	4,279,567	–	(700,000)	3,579,567
Tan Kang Seng	1,125,000	–	–	1,125,000
Yang Chong Yaw, Alan	675,000	–	–	675,000
Deemed interest in ordinary shares of the Company				
Huang Sha, PMP*	487,500	–	–	487,500
Huang Kai Lin*	1,457,900	–	–	1,457,900
Indirect interest in ordinary shares of the Company				
Maximum Perspective Sdn. Bhd.				
Tan Kang Seng	36,619,652	–	–	36,619,652

* Deemed interested in shares by virtue of Section 134(12)(c) of the Companies (Amendment) Act, 2007.

By virtue of their interests in the shares of the Company, Huang Sha, PMP, Leong Hon Chong, Tan Kang Seng, Yang Chong Yaw, Alan and Huang Kai Lin are also deemed interested in shares of its subsidiary company to the extent that Wellcall Holdings Berhad has an interest.

Save as disclosed above, none of the other directors holding office at 30th September, 2016 had any interest in the ordinary shares of the Company and its subsidiary company during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object was to enable the directors to acquire benefits by means of the acquisition of shares or debentures of the Group and of the Company or any other body corporate.

Directors' Report

for the year ended 30th September 2016 [cont'd]

OTHER STATUTORY INFORMATION

Before the Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position of the Group and of the Company were made out, the directors took reasonable steps:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and, the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written off and adequate allowance had been made doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business their value as shown in the accounting records of which were written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

- (i) which would render the amount written off as bad debts, or provided for as doubtful debts inadequate to any substantial extent;
- (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading;
- (iii) which have arisen which render adherence to the existing methods of valuation of assets or liabilities in the financial statements of the Group and of the Company misleading or inappropriate; and
- (iv) not otherwise dealt with in this report or in the financial statements of the Group and of the Company, that would render any amount stated in the respective financial statements misleading.

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent liability or other liabilities of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors:

- (i) the results of the operations of the Group and of the Company for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Directors' Report

for the year ended 30th September 2016 [cont'd]

AUDITORS

The Auditors, ONG & WONG, have indicated their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors.

HUANG SHA, PMP
Director

LEONG HON CHONG
Director

Dated: 16 January 2017
Kuala Lumpur

STATEMENT BY DIRECTORS

(Pursuant to Section 169[15] of the Company Act, 1965)

We, **HUANG SHA, PMP** and **LEONG HON CHONG**, two of the directors of **WELLCALL HOLDINGS BERHAD**, state that, in the opinion of the directors, the financial statements set out on pages 59 to 100 are drawn up in accordance with applicable Malaysian Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the states of affairs of the Group and of the Company as at 30th September, 2016 and of the results and cash flows of the Group and of the Company for the financial year ended on that date.

Further to the Statement by directors pursuant to Section 169[15] of the Companies Act, 1965, the information set out in Note 10 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors.

HUANG SHA, PMP
Director

LEONG HON CHONG
Director

Dated: 16 January 2017
Kuala Lumpur

STATUTORY DECLARATION

(Pursuant to Section 169[16] of the Companies Act, 1965)

I, **LEONG HON CHONG**, being the director primarily responsible for the financial management of **WELLCALL HOLDINGS BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 59 to 100 are drawn up, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declaration Act, 1960.

Subscribed and solemnly declared by
the abovenamed at Kuala Lumpur in
Wilayah Persekutuan on
16 January 2017

LEONG HON CHONG

Before me,
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

to the members of WELLCALL HOLDINGS BERHAD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Wellcall Holdings Berhad, which comprise the statements of financial position as at 30th September, 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 59 to 100.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 30th September, 2016 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary company of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiary company that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) The audit reports on the financial statements of the subsidiary company did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Independent Auditors' Report

to the members of WELLCALL HOLDINGS BERHAD [cont'd]

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 10 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ONG & WONG
AF 0241
Chartered Accountants

ONG KONG LAI
494/06/18(J/PH)
Partner of Firm

Dated: 16 January 2017
Kuala Lumpur

STATEMENTS OF FINANCIAL POSITION

as at 30th September 2016

	Note	2016 RM	Group 2015 RM	2016 RM	Company 2015 RM
ASSETS					
Non-current assets					
Property, plant and equipment	3	64,468,867	63,295,827	–	–
Investments in subsidiary companies	4	–	–	57,540,903	57,540,803
Other investment	5	10,000	10,000	–	–
		64,478,867	63,305,827	57,540,903	57,540,803
Current assets					
Inventories	6	16,797,513	20,016,248	–	–
Trade and other receivables	7	7,332,807	13,107,541	7,950,000	7,811,502
Tax recoverable		8,360,617	6,405,768	241,255	124,479
Cash and bank balances	8	36,828,784	36,483,380	12,581,703	12,709,807
		69,319,721	76,012,937	20,772,958	20,645,788
TOTAL ASSETS		133,798,588	139,318,764	78,313,861	78,186,591
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	9	66,393,008	66,393,008	66,393,008	66,393,008
Share premium		2,443,501	2,443,501	2,443,501	2,443,501
Reserves	10	29,053,792	28,303,380	9,020,954	8,932,843
Total equity		97,890,301	97,139,889	77,857,463	77,769,352
Non-current liabilities					
Term loans	11	13,727,050	9,650,380	–	–
Deferred taxation	12	4,390,242	4,278,053	–	–
		18,117,292	13,928,433	–	–
Current liabilities					
Trade and other payables	13	13,259,595	20,288,866	456,398	417,239
Term loans	11	4,531,400	7,961,576	–	–
		17,790,995	28,250,442	456,398	417,239
Total liabilities		35,908,287	42,178,875	456,398	417,239
TOTAL EQUITY AND LIABILITIES		133,798,588	139,318,764	78,313,861	78,186,591

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30th September 2016

	Note	Group 2016 RM 2015 RM (Restated)	Company 2016 RM 2015 RM		
Revenue		134,470,354	158,112,257	31,050,000	30,900,000
Cost of sales		(83,003,563)	(101,942,374)	–	–
Gross profit		51,466,791	56,169,883	31,050,000	30,900,000
Other operating income	14	2,381,871	6,453,657	459,785	435,857
Administrative expenses		53,848,662 (9,184,362)	62,623,540 (9,522,724)	31,509,785 (880,889)	31,335,857 (707,134)
Selling and distribution costs		(3,708,967)	(3,962,951)	–	–
Other operating expenses		(212,966)	(122,599)	–	–
Profit from operations		40,742,367	49,015,266	30,628,896	30,628,723
Finance costs		(977,054)	(482,611)	–	–
Profit before taxation	15	39,765,313	48,532,655	30,628,896	30,628,723
Tax expense	18	(8,474,116)	(7,208,104)	–	1,501
Profit for the year		31,291,197	41,324,551	30,628,896	30,630,224
Other comprehensive income		–	–	–	–
Total comprehensive income for the year		31,291,197	41,324,551	30,628,896	30,630,224
Earnings per share (sen)	19				
- Basic		9.43	12.45		
- Diluted		9.43	12.43		
Dividend per share (sen)	20	9.20	9.20		

The annexed notes form an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

for the year ended 30th September 2016

	Note	← Attributable to Equity Holders of the Company →				Total equity RM
		Share capital RM	Share premium RM	Option reserve RM	Distributable Retained profit RM	
At 1st October, 2014		66,393,008	2,443,501	125,723	17,393,891	86,356,123
Total comprehensive income for the year		–	–	–	41,324,551	41,324,551
Dividends	20	–	–	–	(30,540,785)	(30,540,785)
At 30th September, 2015		66,393,008	2,443,501	125,723	28,177,657	97,139,889
Share options lapsed		–	–	(125,723)	125,723	–
Total comprehensive income for the year		–	–	–	31,291,197	31,291,197
Dividends	20	–	–	–	(30,540,785)	(30,540,785)
At 30th September, 2016		66,393,008	2,443,501	–	29,053,792	97,890,301

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30th September 2016

		Non-distributable			Distributable	
	Note	Share capital RM	Share premium RM	Option reserve RM	Retained profit RM	Total equity RM
At 1st October, 2014		66,393,008	2,443,501	125,723	8,717,681	77,679,913
Total comprehensive income for the year		–	–	–	30,630,224	30,630,224
Dividends	20	–	–	–	(30,540,785)	(30,540,785)
At 30th September, 2015		66,393,008	2,443,501	125,723	8,807,120	77,769,352
Share options lapsed		–	–	(125,723)	125,723	–
Total comprehensive income for the year		–	–	–	30,628,896	30,628,896
Dividends	20	–	–	–	(30,540,785)	(30,540,785)
At 30th September, 2016		66,393,008	2,443,501	–	9,020,954	77,857,463

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 30th September 2016

	Note	Group 2016 RM (Restated)	Company 2016 RM	2015 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation		39,765,313	48,532,655	30,628,896
Adjustments for:				30,628,723
Depreciation of property, plant and equipment		6,258,981	4,338,587	-
Unrealised loss on foreign exchange		61,734	85,237	-
(Gain)/Loss on disposal of property, plant and equipment		(26,811)	37,362	-
Property, plant and equipment written off		1,232	-	-
Dividend income		(1,000)	(1,000)	-
Interest income		(789,356)	(827,731)	(435,857)
Interest expense		704,286	182,851	-
Operating profit before working capital changes		45,974,379	52,347,961	30,169,125
Decrease/(Increase) in inventories		3,218,735	(1,372,104)	-
Decrease/(Increase) in receivables		5,774,734	1,834,383	(138,498)
(Decrease)/Increase in payables		(7,029,271)	5,681,622	39,159
Cash generated from operations		47,938,577	58,491,862	30,069,786
Tax refund		3,224	5,535	3,224
Tax paid		(10,320,000)	(15,244,377)	(120,000)
Interest received		789,356	827,731	459,771
Interest paid		(704,286)	(182,851)	-
Net cash generated from operating activities		37,706,871	43,897,900	30,412,781
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment		26,811	420,000	-
Dividend received		1,000	1,000	-
Incorporation of subsidiary		-	-	(100)
Purchase of property, plant and equipment		(7,433,253)	(35,383,341)	-
Net cash used in investing activities		(7,405,442)	(34,962,341)	(100)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from term loans		4,204,184	17,533,897	-
Repayment of term loans		(3,557,690)	(500,000)	-
Dividends paid		(30,540,785)	(30,540,785)	(30,540,785)
Net cash used in financing activities		(29,894,291)	(13,506,888)	(30,540,785)
Net increase/(decrease) in cash and cash equivalents		407,138	(4,571,329)	(128,104)
Effect of exchange rate changes		(61,734)	413,806	-
Cash and cash equivalents at beginning of year		34,883,380	39,040,903	12,709,807
Cash and cash equivalents at end of year	A	35,228,784	34,883,380	12,581,703

Statements of cash flows

for the year ended 30th September 2016 [cont'd]

NOTE

A. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following Statements of Financial Position amounts:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Deposits with licensed banks	18,410,000	23,002,803	12,560,000	12,700,000
Cash and bank balances	18,418,784	13,480,577	21,703	9,807
	36,828,784	36,483,380	12,581,703	12,709,807
Less: Deposit pledged with licensed bank	(1,600,000)	(1,600,000)	–	–
	35,228,784	34,883,380	12,581,703	12,709,807

NOTES TO THE FINANCIAL STATEMENTS

30th September 2016

1. GENERAL INFORMATION

The Company is principally engaged as an investment holding company. The principal activity of the subsidiary company is disclosed in Note 4 to the financial statements.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

The registered office is located at No. 4-1, Kompleks Niaga Melaka Perdana, Jalan KNMP 3, Bukit Katil, 75450 Melaka.

The principal place at which business is carried on is located at Plot No. 48, Jalan Johan 2/5, Kawasan Perindustrian Pengkalan II, Fasa II, 31500 Ipoh, Perak Darul Ridzuan.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements for the financial period ended 30th September, 2016 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and the requirements of the Companies Act, 1965 in Malaysia.

(a) Changes in Accounting Policies

The accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous financial year.

(b) Standards and IC Interpretations Issued But Not Yet Effective

At the date of authorisation for issue of the financial statements, the new and revised Standards and Amendments issued but not yet effective and not early adopted by the Company are as listed below:

Description	Effective for annual period beginning on or after
Amendments to MFRS 101, Presentation of Financial Statements – Disclosure Initiative	1st January, 2016
Amendments to MFRS 116, Property, Plant and Equipment and MFRS 138, Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation	1st January, 2016
Amendments to MFRSs contained in the document entitled Annual Improvements 2012 – 2014 Cycle	1st January, 2016
Amendments to MFRS 107, Statement of Cash Flows – Disclosure Initiative	1st January, 2017
Amendments to MFRS 112, Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses	1st January, 2017
MFRS 9, Financial Instruments	1st January, 2018
MFRS 15, Revenue from Contracts with Customers	1st January, 2018
Amendments to MFRS 7, Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosure	1st January, 2018
MFRS 16, Leases	1st January, 2019

Notes to the Financial Statements

30th September 2016 [cont'd]

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Standards and IC Interpretations Issued But Not Yet Effective (Cont'd)

Description	Effective for annual period beginning on or after
Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	to be announced

The Group and the Company will adopt the above pronouncements when they become effective in the respective financial year. The Group and the Company do not expect any material impact to the financial statements of the above pronouncements other than the Standards described below, for which the effects of adoption are still being assessed.

(i) MFRS 15, Revenue from Contracts with Customers

MFRS 15, Revenue from Contracts with Customers was issued in September 2014 and established a five-step model that will apply to recognition of revenue arising from contracts with customers. Under this Standard, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principle of this Standard is to provide a more structured approach to measuring and recognising revenue.

This Standard is applicable to all entities and will supersede all current revenue recognition requirements under MFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1st January, 2018 with early adoption permitted.

(ii) MFRS 9, Financial Instruments

MFRS 9, Financial Instruments, will replace MFRS 139, Financial Instruments: Recognition and Measurement.

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flow and the cash flow represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that in case where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than to profit or loss, unless this creates an accounting mismatch.

MFRS 9 introduces an expected credit loss model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

This Standard will come into effect on or after 1st January, 2018 with early adoption permitted. Retrospective application is required, but comparative information is not compulsory.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Standards and IC Interpretations Issued But Not Yet Effective (Cont'd)

(iii) MFRS 16, Leases

MFRS 16 specifies how an MFRS reporter will recognise, measure, present and disclose leases. The Standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with MFRS 16's approach to lessor accounting substantially unchanged from its predecessor, MFRS 117.

At lease commencement, a lessee will recognise a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessees shall use their incremental borrowing rate.

Either a full or modified retrospective application is required for annual periods beginning on or after 1st January, 2019 with early adoption permitted.

(iv) Amendments to MFRS 101, Presentation of Financial Statements – Disclosure Initiative

The amendments to MFRS 101 provide further guidance on the presentation and disclosure of the financial statements. When applying this amendments, an entity shall decide, taking into consideration all relevant facts and circumstances, how it aggregates information in its financial statements, which include notes. An entity shall not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures and functions. The directors anticipate that the amendments may result in more substantial disclosures being made in the financial statements.

(v) Amendments to MFRS 107, Statement of Cash Flows – Disclosure Initiative

The amendments to MFRS 107 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from both cash flows and non-cash changes.

The amendments should be applied prospectively and comparative information is not required for earlier periods presented.

The impact of MFRS 9, MFRS 15 and MFRS 16 are still being assessed. Aside from MFRS 9, MFRS 15 and MFRS 16, the adoption of amendments to published standards are not expected to have a material impact to the financial statements of the Group and of the Company.

(c) Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with MFRSs and the provisions of the Companies Act, 1965 in Malaysia. The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM").

Notes to the Financial Statements

30th September 2016 [cont'd]

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Basis of Consolidation

(i) Business Combinations

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Acquisition of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 Financial Instrument: Recognition and Measurement, either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not to be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Notes to the Financial Statements

30th September 2016 [cont'd]

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Basis of Consolidation (Cont'd)

(ii) Transactions with Non-Controlling Interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, if any, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

(e) Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(ii) Foreign Currency Transactions

Transactions in foreign currencies are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

The closing rates used in the translation of foreign currency monetary assets and liabilities of the Group are as follows:

	2016 RM	2015 RM
1 United States Dollar (USD)	4.14	4.10
1 Euro (EUR)	4.64	4.94

Notes to the Financial Statements

30th September 2016 [cont'd]

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land	51 - 99 years
Factory buildings	50 - 60 years
Electrical installation	10% - 15%
Fire fighting installation	10% - 15%
Furniture and fittings	15%
Motor vehicles	15%
Office equipment	15%
Plant and machinery	10% - 15%
Renovation	2%

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of an asset, and is recognised in the statement of comprehensive income.

(g) Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Impairment of Non-Financial Assets (Cont'd)

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

(h) Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investment in subsidiaries are accounted for at cost less impairment losses, if any.

(i) Financial Assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(i) Financial Assets at Fair Value through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

The Group and the Company have not designated any financial assets as at fair value through profit or loss.

Notes to the Financial Statements

30th September 2016 [cont'd]

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial Assets (Cont'd)

(ii) Loans and Receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(iii) Held-to-Maturity Investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

The Group and the Company have not designated any financial assets as held-to-maturity investments.

(iv) Available-for-Sale Financial Assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss, if any.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

The Group classified its quoted investments as available-for-sale financial assets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial Assets (Cont'd)

(iv) Available-for-Sale Financial Assets (Cont'd)

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

(j) Impairment of Financial Assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and Other Receivables and Other Financial Assets Carried at Amortised Cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics.

Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Notes to the Financial Statements

30th September 2016 [cont'd]

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment of Financial Assets (Cont'd)

(ii) Available-for-Sale Financial Assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

(l) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

(m) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(ii) Other Financial Liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(o) Borrowing Costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

Notes to the Financial Statements

30th September 2016 [cont'd]

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Share Capital

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(q) Employee Benefits

(i) Short Term Benefits

Wages, salaries, bonuses and social security contributions ("Socso") are recognised as expenses in the year in which the associated services are rendered by employees of the Group and the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The companies in the Group make contributions to the Employee Provident Fund ("E.P.F.") in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(iii) Share-Based Compensation Benefits

The Company operates an equity settled, share-based compensation plan i.e. the ESOS since 6th July, 2006, where ESOS options are issued to eligible directors and employees.

The fair value of employees' services rendered in exchange for the grant of the share options is recognised as an expense over the vesting period. The total amount to be expensed in the statement of comprehensive income over the vesting period is determined by reference to the fair value of each share option granted at the grant date and the number of share options vested by vesting date, with a corresponding increase in equity (option reserve). At each statement of financial position date, the Group will revise its estimates of the number of share options that are expected to become exercisable. The option reserves in respect of options which have been lapsed are transferred to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the options are exercised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Revenue

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably.

(i) Sale of Goods

Revenue from sales of goods is measured at the fair value of the receivable consideration and is recognised upon transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Dividend Income

Dividend income is recognised when the right to receive payment is established.

(iii) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(iv) Rental Income

Rental income is recognised on accrued basis.

(s) Income Taxes

(i) Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred Tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to the Financial Statements

30th September 2016 [cont'd]

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Income Taxes (Cont'd)

(ii) Deferred Tax (Cont'd)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(t) Segment Reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 24, including the factors used to identify the reportable segments and the measurement basis of segment information.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

(v) Significant Accounting Judgements and Estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(i) Judgements Made in Applying Accounting Policies

In the process of preparing the financial statements, there were no significant judgements made in applying the accounting policies of the Group which may have significant effects on the amounts recognised in the financial statements.

(ii) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of Investment in Subsidiaries

The management determines whether the carrying amounts of its investments are impaired at reporting date. This involves measuring the recoverable amounts which includes fair value less costs to sell and valuation techniques. Valuation techniques include amongst others, discounted cash flows analysis and in some cases, based on current market indicators and estimates that provide reasonable approximations to the detailed computation or based on total shareholders' equity of the subsidiaries.

The carrying amount of investment in subsidiary as at 30th September, 2016 was RM57,540,903 (2015: RM57,540,803). Further details are disclosed in Note 4. Based on management's review, no further adjustment for impairment is required for the investment in subsidiaries by the Company during the current year.

(b) Impairment of Loans and Receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 7.

Notes to the Financial Statements

30th September 2016 [cont'd]

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Significant Accounting Judgements and Estimates (Cont'd)

(ii) Key Sources of Estimation Uncertainty

(c) Useful Lives of Property, Plant and Equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within 10 to 15 years. These are common life expectancies applied in the manufacturing industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment at the reporting date is disclosed in Note 3.

(d) Deferred Tax Assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances, unutilised reinvestment allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses, capital allowances and provisions can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(e) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(f) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

Notes to the Financial Statements

30th September 2016 [cont'd]

3. PROPERTY, PLANT AND EQUIPMENT

	As at 1.10.2015 RM	Addition RM	Disposal/ Retirement RM	As at 30.9.2016 RM
Group 2016				
COST				
Leasehold land	7,773,704	–	–	7,773,704
Factory buildings	25,398,238	130,917	–	25,529,155
Electrical installation	6,300,463	30,458	–	6,330,921
Fire fighting installation	2,442,737	–	–	2,442,737
Furniture and fittings	560,564	5,003	(1,428)	564,139
Motor vehicles	2,612,436	–	(168,982)	2,443,454
Office equipment	788,422	30,142	(194,548)	624,016
Plant and machinery	60,601,110	7,236,733	(81,500)	67,756,343
Renovation	16,384	–	–	16,384
	106,494,058	7,433,253	(446,458)	113,480,853

	As at 1.10.2015 RM	Charge for the year RM	Disposal/ Retirement RM	As at 30.9.2016 RM
ACCUMULATED DEPRECIATION				
Leasehold land	735,469	99,981	–	835,450
Factory buildings	2,617,370	506,282	–	3,123,652
Electrical installation	2,555,579	521,972	–	3,077,551
Fire fighting installation	900,327	209,533	–	1,109,860
Furniture and fittings	321,578	45,863	(196)	367,245
Motor vehicles	1,801,065	194,586	(168,982)	1,826,669
Office equipment	509,548	59,104	(194,548)	374,104
Plant and machinery	33,757,256	4,621,332	(81,500)	38,297,088
Renovation	39	328	–	367
	43,198,231	6,258,981	(445,226)	49,011,986

	As at 30.9.2016 RM
NET CARRYING AMOUNT	
Leasehold land	6,938,254
Factory buildings	22,405,503
Electrical installation	3,253,370
Fire fighting installation	1,332,877
Furniture and fittings	196,894
Motor vehicles	616,785
Office equipment	249,912
Plant and machinery	29,459,255
Renovation	16,017
	64,468,867

Notes to the Financial Statements

30th September 2016 [cont'd]

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	As at 1.10.2014 RM	Addition RM	Disposal/ Retirement RM	As at 30.9.2015 RM
Group 2015				
COST				
Leasehold land	7,773,704	–	–	7,773,704
Factory buildings	12,638,730	12,759,508	–	25,398,238
Electrical installation	2,913,145	3,387,318	–	6,300,463
Fire fighting installation	1,008,222	1,434,515	–	2,442,737
Furniture and fittings	439,473	123,141	(2,050)	560,564
Motor vehicles	2,802,869	761,367	(951,800)	2,612,436
Office equipment	574,249	214,173	–	788,422
Plant and machinery	44,297,653	16,686,935	(383,478)	60,601,110
Renovation	–	16,384	–	16,384
	72,448,045	35,383,341	(1,337,328)	106,494,058

	As at 1.10.2014 RM	Charge for the year RM	Disposal/ Retirement RM	As at 30.9.2015 RM
ACCUMULATED DEPRECIATION				
Leasehold land	635,487	99,982	–	735,469
Factory buildings	2,324,558	292,812	–	2,617,370
Electrical installation	2,262,474	293,105	–	2,555,579
Fire fighting installation	786,428	113,899	–	900,327
Furniture and fittings	287,881	35,747	(2,050)	321,578
Motor vehicles	2,057,601	237,902	(494,438)	1,801,065
Office equipment	464,244	45,304	–	509,548
Plant and machinery	30,920,937	3,219,797	(383,478)	33,757,256
Renovation	–	39	–	39
	39,739,610	4,338,587	(879,966)	43,198,231

	As at 30.9.2015 RM
NET CARRYING AMOUNT	
Leasehold land	7,038,235
Factory buildings	22,780,868
Electrical installation	3,744,884
Fire fighting installation	1,542,410
Furniture and fittings	238,986
Motor vehicles	811,371
Office equipment	278,874
Plant and machinery	26,843,854
Renovation	16,345
	63,295,827

Notes to the Financial Statements

30th September 2016 [cont'd]

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Certain leasehold land and factory building of the Group with net carrying amount of RM18,057,123 (2015: RM18,379,309) has been pledged as security to financial institution for banking facilities.

The depreciation was charged to the followings:

	2016 RM	Group 2015 RM
Factory overhead	5,959,428	4,019,634
Administrative expenses	299,553	318,953
	6,258,981	4,338,587

4. INVESTMENT IN SUBSIDIARY COMPANIES

	2016 RM	Company 2015 RM
Unquoted shares, at cost	57,540,903	57,540,803

The subsidiary companies are:

	Country of incorporation	Principal activity	Effective equity interest 2016	2015
Wellcall Hose (M) Sdn. Bhd.	Malaysia	Manufacturing of rubber hose and related products	100%	100%
Wellcall Technology Sdn. Bhd.	Malaysia	Dormant	100%	–

On 3rd March, 2016, the Company incorporated a wholly-owned subsidiary, Wellcall Technology Sdn. Bhd. It has remained dormant since incorporation until its disposal subsequent to the financial year on 21st November, 2016.

5. OTHER INVESTMENT

	2016 RM	Group 2015 RM
Unquoted shares in Malaysia, at cost	10,000	10,000

Notes to the Financial Statements

30th September 2016 [cont'd]

6. INVENTORIES

	2016 RM	Group 2015 RM
At cost:		
Raw materials	11,091,670	14,573,428
Work-in-progress	1,762,724	2,434,817
Finished goods	3,943,119	3,008,003
	16,797,513	20,016,248

7. TRADE AND OTHER RECEIVABLES

	2016 RM	Group 2015 RM	2016 RM	Company 2015 RM
Trade receivables	7,184,506	7,463,790	–	–
Amount due from subsidiary company	–	–	7,950,000	7,800,000
Other receivables	125,921	5,634,301	–	11,502
Deposits	9,450	9,450	–	–
Prepayments	12,930	–	–	–
	7,332,807	13,107,541	7,950,000	7,811,502

(a) Trade Receivables

	2016 RM	Group 2015 RM
Trade receivables	7,334,506	7,463,790
Less: Allowance for impairment losses on trade receivables	(150,000)	–
	7,184,506	7,463,790

Trade receivables are non-interest bearing and are generally on 30 to 90 (2015: 30 to 90) days term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Notes to the Financial Statements

30th September 2016 [cont'd]

7. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade Receivables (Cont'd)

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	2016 RM	Group 2015 RM
Neither past due nor impaired	6,691,594	6,017,910
Due and not impaired		
1 - 30 days	304,731	1,212,559
31 - 60 days	60,685	30,763
61 - 90 days	691	148,184
91 days and above	126,805	54,374
	492,912	1,445,880
	7,184,506	7,463,790

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM492,912 (2015: RM1,445,880) that are past due at the reporting date but not impaired. Based on historical payment received, the Group believes that no impairment allowance is necessary. These receivables are unsecured.

(b) Amount Due From Subsidiary Company

This amount arises from dividend income as disclosed in Note 23.

This amount is unsecured, non-interest bearing and is receivable on demand.

Notes to the Financial Statements

30th September 2016 [cont'd]

8. CASH AND BANK BALANCES

	2016 RM	Group 2015 RM (Restated)	2016 RM	Company 2015 RM
Cash in hand and at banks	18,418,784	13,480,577	21,703	9,807
Deposits with licensed banks	18,410,000	23,002,803	12,560,000	12,700,000
	36,828,784	36,483,380	12,581,703	12,709,807

Deposits with licensed banks comprise of fixed deposits and short term deposits.

Deposits amounted to RM1,600,000 (2015: RM1,600,000) were pledged with licensed banks as securities for banking facilities utilised by the Company.

During the financial year, the fixed deposits and short term deposits earned interest rates ranging from 3.25% to 3.85% (2015: 2.45% to 3.50%) per annum and have average maturities of 2 to 21 days (2015: 1 to 92 days).

9. SHARE CAPITAL

	2016	Group 2015
Authorised:		
Number of ordinary shares of RM0.20		
At beginning/end of year	500,000,000	500,000,000
	RM	RM
Ordinary shares of RM0.20 each		
At beginning of year/end of year	100,000,000	100,000,000
Issued and fully paid:		
Number of ordinary shares of RM0.20 each		
At beginning/end of year	331,965,037	331,965,037
	RM	RM
Ordinary shares of RM0.20 each		
At beginning/end of year	66,393,008	66,393,008

Notes to the Financial Statements

30th September 2016 [cont'd]

9. SHARE CAPITAL (CONT'D)

ESOS options:

The details of ESOS options over the ordinary shares of the Company granted are as follows:

30.9.2016

Date granted	Exercisable period	Subscription price (sen/share)	At 1.10.2015	Share split	Exercised	Forfeited/ Lapsed	At 30.9.2016
14.7.2006	14.7.2006 to 13.7.2016	27*	1,293,750	–	–	(1,293,750)	–
9.2.2007	9.2.2007 to 13.7.2016	75*	450,000	–	–	(450,000)	–
			1,743,750	–	–	(1,743,750)	–

30.9.2015

Date granted	Exercisable period	Subscription price (sen/share)	At 1.10.2014	Share split	Exercised	Forfeited/ Lapsed	At 30.9.2015
14.7.2006	14.7.2006 to 13.7.2016	27*	1,293,750	–	–	–	1,293,750
9.2.2007	9.2.2007 to 13.7.2016	75*	450,000	–	–	–	450,000
			1,743,750	–	–	–	1,743,750

* The exercise prices had been revised from RM1.00 per share to RM0.66 per share and subsequently to RM0.27 and from RM2.83 per share to RM1.89 per share and subsequently to RM0.75 respectively following the bonus issue on 22nd February, 2008 and share split on 26th March, 2014.

All the ESOS options have lapsed on 13th July, 2016.

Notes to the Financial Statements

30th September 2016 [cont'd]

10. RESERVES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Option reserve	–	125,723	–	125,723
Retained profit	29,053,792	28,177,657	9,020,954	8,807,120
	29,053,792	28,303,380	9,020,954	8,932,843

Employee share option reserve

Employee share option reserve represents the equity-settled share options granted to employees (Note 9). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options. The ESOS has expired on 13th July, 2016.

Additional disclosure of realised and unrealised profits:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Total retained profit of the Company and its subsidiary company				
- Realised	59,556,571	58,591,750	9,020,954	8,807,120
- Unrealised				
- in respect of deferred tax recognised	(4,390,242)	(4,278,053)	–	–
- in respect of foreign exchange translation	(61,734)	(85,237)	–	–
	(4,451,976)	(4,363,290)	–	–
	55,104,595	54,228,460	9,020,954	8,807,120
Less: Consolidation adjustments	(26,050,803)	(26,050,803)	–	–
	29,053,792	28,177,657	9,020,954	8,807,120

Notes to the Financial Statements

30th September 2016 [cont'd]

11. TERM LOANS

	2016 RM	Group 2015 RM
Term loans - RM	7,500,000	9,500,000
- USD	10,758,450	8,111,956
	18,258,450	17,611,956
Payable within one year - RM	(2,000,000)	(3,500,000)
- USD	(2,531,400)	(4,461,576)
	13,727,050	9,650,380
The breakdown of amount payable after one year is as follows:		
Between two to five years - RM	5,500,000	6,000,000
- USD	8,227,050	3,650,380
	13,727,050	9,650,380

	2016 RM %	Group 2015 RM %
Term loans interest - RM	4.15	4.58
- USD	3.13 - 3.51	3.05 - 3.13

The term loans are repayable quarterly by equal installment of RM500,000 and USD150,000 respectively upon full utilisation.

The term loans are secured by way of first party charge over the leasehold land and building which were held under HS(D) 212117, PT 22551, Mukim Sungai Terap, Daerah Kinta, Perak.

12. DEFERRED TAXATION

	2016 RM	Group 2015 RM
At beginning of year	4,278,053	2,773,969
Transfer from statement of profit or loss (Note 18)	112,189	1,504,084
At end of year	4,390,242	4,278,053
The deferred tax liabilities is in respect of the following temporary differences:		
- Property, plant and equipment	4,390,242	4,278,053

Notes to the Financial Statements

30th September 2016 [cont'd]

13. TRADE AND OTHER PAYABLES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade payables	4,967,393	5,387,153	–	–
Other payables	5,920,083	8,092,859	417,337	383,779
Accruals	2,372,119	6,808,854	39,061	33,460
	13,259,595	20,288,866	456,398	417,239

(a) Trade Payables

Trade payables are non-interest bearing and are normally settled on 30 to 60 (2015: 30 to 60) days term.

(b) Other Payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 90 (2015: 90) days term.

14. OTHER OPERATING INCOME

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Deposit forfeited	72,450	–	–	–
Dividend income	1,000	1,000	–	–
Gain on disposal of property, plant and equipment	26,811	–	–	–
Gain on foreign exchange				
- Realised	1,385,918	5,573,976	–	–
Incentive	50,000	–	–	–
Insurance recoverable	7,240	–	–	–
Interest income				
- Fixed deposits	723,260	761,633	449,777	426,531
- Repo	66,096	66,098	9,994	9,326
Rental income	41,953	50,950	–	–
Sample hose	7,087	–	–	–
Other income	56	–	14	–
	2,381,871	6,453,657	459,785	435,857

Notes to the Financial Statements

30th September 2016 [cont'd]

15. PROFIT BEFORE TAXATION

The following items have been included in arriving at profit before taxation:

	Group		Company	
	2016 RM	2015 RM (Restated)	2016 RM	2015 RM
Profit before taxation is arrived at after charging:				
Allowance for impairment losses on trade receivable	150,000	–	–	–
Auditors' remuneration				
- Current year's provision	38,000	35,000	8,000	7,000
- Overprovision in prior year	–	2,000	–	–
Depreciation of property, plant and equipment	6,258,981	4,338,587	–	–
Directors' remuneration (Note 17)	5,934,060	5,760,900	415,000	378,200
Employee benefits expenses (Note 16)	12,988,437	14,065,762	–	–
Finance cost				
- Term loan interest	704,286	182,851	–	–
Loss on disposal of property, plant and equipment	–	37,362	–	–
Property, plant and equipment written off	1,232	–	–	–
Rental of office equipment	3,600	3,600	–	–
Unrealised loss on foreign exchange	61,734	85,237	–	–

16. EMPLOYEE BENEFITS EXPENSES

	Group	
	2016 RM	2015 RM (Restated)
Salaries, wages, bonus and others	12,264,779	13,309,191
E.P.F.	645,871	682,664
Socso	77,787	73,907
	12,988,437	14,065,762

17. DIRECTORS' REMUNERATION

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Fees	655,000	618,200	415,000	378,200
Other emoluments	5,279,060	5,142,700	–	–
	5,934,060	5,760,900	415,000	378,200

Notes to the Financial Statements

30th September 2016 [cont'd]

18. TAX EXPENSE

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Malaysian income tax				
- Current year	8,403,118	5,718,711	-	-
- Overprovision in prior year	(41,191)	(14,691)	-	(1,501)
	8,361,927	5,704,020	-	(1,501)
Deferred taxation (Note 12)	112,189	1,504,084	-	-
	8,474,116	7,208,104	-	(1,501)

Income tax expenses are recognised in statement of profit or loss and other comprehensive income.

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 30th September are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM (Restated)
Profit before tax	39,765,313	48,532,655	30,628,896	30,628,723
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	9,543,675	12,133,164	7,350,935	7,657,181
Non-deductible expenses	37,200	230,123	101,065	67,819
Income not subject to tax	(240)	(250)	(7,452,000)	(7,725,000)
Overprovision of income tax in prior year	(41,191)	(14,691)	-	(1,501)
Reinvestment allowance claimed	(1,065,328)	(5,140,242)	-	-
	8,474,116	7,208,104	-	(1,501)

Subject to agreement with the Inland Revenue Board, the Company has the following balance:

	2016 RM	2015 RM
Tax exempt account	15,439,700	15,439,700

Notes to the Financial Statements

30th September 2016 [cont'd]

19. EARNINGS PER SHARE

(a) Basic Earnings Per Share

Basic earnings per share is calculated by dividing profit attributable to equity holders by the weighted average amount of ordinary shares of RM0.20 each issued during the financial year.

	2016	Group 2015
Profit for the year attributable to equity holders of the Company (RM)	31,291,197	41,324,551
Number of ordinary shares in issue at the beginning/end of year	331,965,037	331,965,037
Basic earnings per share (sen)	9.43	12.45

(b) Diluted Earnings Per Share

Diluted earnings per share is calculated by dividing profit attributed to equity holders by the adjusted weighted average number of ordinary shares of RM0.20 each in issue and issuable during the financial year.

	2016	Group 2015 (Restated)
Profit for the year attributed to equity holders of the Company (RM)	31,291,197	41,324,551
Number of ordinary shares in issue at the beginning/end of year	331,965,037	331,965,037
Effect of ESOS options	–	560,387
Adjusted weighted average number of shares in issue and issuable	331,965,037	332,525,424
Diluted earnings per share (sen)	9.43	12.43

Notes to the Financial Statements

30th September 2016 [cont'd]

20. DIVIDENDS

During the financial year, the Company declared and paid dividend as follows:

	2016		2015	
	Net dividend per share Sen	Amount RM	Net dividend per share Sen	Amount RM
Special interim single tier dividend paid	2.30	7,635,197	2.30	7,635,196
First interim single tier dividend paid	2.30	7,635,196	2.30	7,635,196
Second interim single tier dividend paid	2.30	7,635,196	2.30	7,635,196
Third interim single tier dividend paid	2.30	7,635,196	2.30	7,635,197
Total	9.20	30,540,785	9.20	30,540,785

Subsequent to the financial year, a special interim single tier dividend of 2.30 sen per share on 331,965,037 ordinary shares of RM0.20 each amounting to RM7,635,196 in respect of the financial year ended 30th September, 2016 was declared on 28th November, 2016 and paid on 23rd December, 2016. This dividend has not been accounted for in the financial statements.

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

Determination of Fair Value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	7
Deposits with licensed banks	8
Term loans	11
Trade and other payables	13

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature or that they are re-priced to market interest rates on or near the reporting date.

Non-current trade receivables and payables

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's and the Company's policy that no derivatives shall be undertaken.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 7 to the financial statements.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the business segment of its trade receivables on an ongoing basis.

At the reporting date, there was no significant concentration of credit risk for the Group and the Company other than those receivables as analysed in Note 7 to the financial statements.

Financial assets that are not impaired

Information regarding trade and other receivables that are not impaired is disclosed in Note 7 to the financial statements.

Notes to the Financial Statements

30th September 2016 [cont'd]

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity Risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Analysis of Financial Instruments by Remaining Contractual Maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	30.9.2016		
	On demand or within one year RM	One to five years RM	Total RM
Group			
Financial Liabilities			
Trade and other payables	13,259,595	–	13,259,595
Term loans	4,531,400	13,727,050	18,258,450

Company			
Financial Liabilities			
Trade and other payables	456,398	–	456,398

	30.9.2015		
	On demand or within one year RM	One to five years RM	Total RM
Group			
Financial Liabilities			
Trade and other payables	20,288,866	–	20,288,866
Term loans	7,961,576	9,650,380	17,611,956

Company			
Financial Liabilities			
Trade and other payables	417,239	–	417,239

Notes to the Financial Statements

30th September 2016 [cont'd]

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature.

The Company's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Company to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Company to fair value interest rate risk. The Company manages its interest rate exposure by maintaining a mix of fix and floating rate of borrowings.

The following tables set out the carrying amounts, effective interest rates as at the reporting date and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk:

	Effective interest rate %	Total RM	Within 1 year RM
2016			
Financial liabilities			
Term loans	3.13 - 4.15	18,258,450	4,531,400
2015			
Financial liabilities			
Term loans	3.05 - 4.58	17,611,956	7,961,576

(d) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currencies other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollar and Euro Dollar. Foreign exchange exposures in these transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

Notes to the Financial Statements

30th September 2016 [cont'd]

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Foreign Currency Risk

The net unhedged financial assets and liabilities of the Group that are not denominated in the functional currency are as follows:

	2016 RM	2015 RM
United States Dollar ("USD")	11,452,062	14,020,097
Euro ("EUR")	2,503,290	1,221,734
	13,955,352	15,241,831

Sensitivity Analysis for Foreign Currency Risk

The following table demonstrates the sensitivity of the Group's profit to a reasonably possible change in the USD and EUR exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	2016 RM	Gain/(Loss) in profit or loss 2015 RM
USD/RM - strengthened 10%	1,145,206	1,402,010
- weakened 10%	(1,145,206)	(1,402,010)
EURO/RM - strengthened 10%	250,329	122,173
- weakened 10%	(250,329)	(122,173)

23. SIGNIFICANT RELATED PARTY TRANSACTION

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transaction between the Group and related party took place at terms agreed between the parties during the financial year:

	2016 RM	Company 2015 RM
Dividend income from subsidiary company	31,050,000	30,900,000

Notes to the Financial Statements

30th September 2016 [cont'd]

24. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets and revenue and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

Business Segments

The Group's business segments mainly comprise the manufacture and sale of rubber hose and related products.

Business segmental information has therefore not been prepared as all the Group's revenue, operating profit, assets employed, liabilities, depreciation, amortisation and non cash expenses are mainly confined to one business segment.

Geographical Segments

The manufacturing and investment holding segments are operated solely in Malaysia. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers while segment assets are based on the geographical location of assets.

	Revenue from external customers RM'000	Carrying amount of segment assets RM'000	Capital expenditure RM'000
2016			
Geographical location:			
Malaysia	12,775	133,788	7,433
Middle East	20,761	—	—
Europe	22,351	—	—
USA/Canada	20,946	—	—
Australia/New Zealand	15,365	—	—
Asia	27,285	—	—
South America	11,761	—	—
Africa	3,226	—	—
Total	134,470	133,788	7,433
2015			
Geographical location:			
Malaysia	14,134	139,309	35,383
Middle East	21,833	—	—
Europe	22,718	—	—
USA/Canada	32,049	—	—
Australia/New Zealand	17,742	—	—
Asia	34,316	—	—
South America	11,135	—	—
Africa	4,185	—	—
Total	158,112	139,309	35,383

Notes to the Financial Statements

30th September 2016 [cont'd]

25. COMPARATIVES

Certain comparative figures in the financial statements have been restated to conform with current year's presentation. These changes in the comparative figures are as follows:

	As previously reported RM	Adjustment RM	As restated RM
Group			
Statement of Profit or Loss and Other Comprehensive Income			
- Cost of sales	101,738,623	203,751	101,942,374
- Administrative expenses	9,645,323	(122,599)	9,522,724
- Selling and distribution expenses	4,166,702	(203,751)	3,962,951
- Other operating expenses	–	122,599	122,599

26. AUTHORISATION FOR ISSUE

The financial statements of the Company for the financial year ended 30th September, 2016 were authorised for issue in accordance with a resolution of the Board of Directors on 14th January, 2017.

SUMMARY OF LANDED PROPERTIES AND BUILDINGS

Registered Owner	Location / Title No.	Existing Usage	Age of Building (Years)	Land Area (sq. ft.)	Built-Up Area (sq. ft.)	Tenure	Carrying Amount As at 30 Sep 2016 (RM)
Wellcall Hose (M) Sdn. Bhd. ("WHSB")	PT8290, Jalan Johan 2/5, Kawasan Perindustrian Pengkalan II, Fasa II, 31500 Lahat, Ipoh, Perak. Held Under: HSD 48717 P.T. 8290 in the Mukim Sungai Terap, District of Kinta, State of Perak.	Industrial land erected with a block of factory / office building including canteen and workers' hostel, which is currently used by WHSB for the purpose of carrying out manufacturing activities.	20	217,600	150,000	Leasehold expiring on 6 May 2056	4,789,890
Wellcall Hose (M) Sdn. Bhd. ("WHSB")	PT8300, Jalan Johan 2/5, Kawasan Perindustrian Pengkalan II, Fasa II, 31500 Lahat, Ipoh, Perak. Held Under: HS(D) 48727 P.T. 8300 in the Mukim Sungai Terap, District of Kinta, State of Perak.	Industrial land erected with a block of factory, a canteen and workers' hostel for the purpose of carrying out manufacturing activities.	10	286,973	190,000	Leasehold expiring on 6 May 2056	7,181,435
Wellcall Hose (M) Sdn. Bhd. ("WHSB")	Geran HS(D) 5053/82 for Lot P.T. 744 situated in Mukim Sungai Terap, District of Kinta, State of Perak.	Industrial land erected with a block of factory, a canteen and workers' hostel for the purpose of carrying out manufacturing activities.	2	370,260	186,000	Leasehold expiring on 31 July 2111	17,372,430

ANALYSIS OF SHAREHOLDINGS

as at 23 December 2016

Authorised Capital	:	RM100,000,000.00 divided into 500,000,000 shares of RM0.20 each
Issued and fully paid-up	:	RM66,393,007.40 divided into 331,965,037 Ordinary Shares of RM0.20 each
Class of shares	:	RM0.20 Ordinary Share each
Voting Rights	:	1 vote per Ordinary Share
Number of Shareholders		
as at 23 December 2016	:	3,572

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
1 – 99	64	1.79	2,514	0.00***
100 – 1,000	469	13.13	316,612	0.10
1,001 – 10,000	1,825	51.09	8,861,227	2.66
10,001 – 100,000	984	27.55	30,504,857	9.19
100,001 – 16,598,251(*)	228	6.38	241,895,327	72.87
16,598,252 and above (**)	2	0.06	50,384,500	15.18
Total	3,572	100.00	331,965,037	100.00

Note :

(*) means less than 5% of issued and paid-up share capital

(**) means 5% and above of issued and paid-up share capital

(***) means negligible

SUBSTANTIAL SHAREHOLDERS AS AT 23 DECEMBER 2016

The Substantial shareholders of Wellcall Holdings Berhad (holding 5% or more of the capital) based on the Register of Substantial shareholdings of the Company and their respective shareholdings are as follows :-

Substantial Shareholders	Direct interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Maximum Perspective Sdn Bhd	36,619,652 ^o	11.03	–	–
Tan Kang Seng	1,125,000	0.34	36,619,652 [^]	11.03
Mondrian Investment Partners Limited	23,684,500 ¹	7.13	–	–

Notes :

(^o) 36,619,652 shares are held through HLIB Nominees (Tempatan) Sdn Bhd pledged securities account for Maximum Perspective Sdn. Bhd for 9,919,652 shares and RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad pledged securities account for Maximum Perspective Sdn. Bhd. for 26,700,000 shares.

([^]) Deemed interested by virtue of Section 6A of the Companies Act, 1965, through his shareholding in Maximum Perspective Sdn. Bhd. via HLIB Nominees (Tempatan) Sdn Bhd pledged securities account for Maximum Perspective Sdn. Bhd for 9,919,652 shares and RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad pledged securities account for Maximum Perspective Sdn. Bhd. for 26,700,000 shares.

(¹) 23,684,500 shares held through Mondrian Emerging Markets Small Cap Equity Fund L.P.

Analysis of Shareholdings

as at 23 December 2016 [cont'd]

DIRECTORS' SHAREHOLDINGS AS AT 23 DECEMBER 2016

Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Datuk Ng Peng Hong @ Ng Peng Hay	–	–	–	–
Huang Sha	11,283,545	3.40	487,500 *	0.15
Leong Hon Chong	3,579,567	1.08	–	–
Tan Kang Seng	1,125,000	0.34	36,619,652 ^	11.03
Yang Chong Yaw, Alan	675,000	0.2	–	–
YB. Dato' Haji Mohtar Bin Nong	–	–	–	–
Goh Hoon Leum	–	–	–	–
Yong Peng Tak	–	–	–	–
Tan Kang Foon	–	–	–	–
Huang Kai Lin (Alternate Director to Leong Hon Chong)	–	–	1,457,900 #	0.44

Notes :

- (*) Deemed interested by virtue of Section 134(12)(c) of the Companies Act, 1965, through the shareholding of his children in the Company.
- (^) Deemed interested by virtue of Section 6A of the Companies Act, 1965, through his shareholding in Maximum Perspective Sdn. Bhd. via HLIB Nominees (Tempatan) Sdn Bhd pledged securities account for Maximum Perspective Sdn. Bhd for 9,919,652 shares and RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad pledged securities account for Maximum Perspective Sdn. Bhd. for 26,700,000 shares.
- (#) Deemed interested by virtue of Section 134(12)(c) of the Companies Act, 1965, through the shareholding of his spouse in the Company.

DIRECTORS' INTERESTS IN RELATED CORPORATIONS AS AT 23 DECEMBER 2016

By virtue of their interests in the shares of the Company, Huang Sha, Leong Hon Chong, Tan Kang Seng, Yang Chong Yaw, Alan and Huang Kai Lin are deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors in office had any interest in shares in the Company's subsidiaries or related corporation as at 23 December 2016.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES AS AT 23 DECEMBER 2016

The Company and/or its subsidiaries did not issue any options, warrants or convertible securities to the directors of the Company for the financial year ended 30 September 2016.

Analysis of Shareholdings

as at 23 December 2016 [cont'd]

THIRTY LARGEST SHAREHOLDERS AS AT 23 DECEMBER 2016

No	Shareholders	No. of Shares	%
1	RHB NOMINEES (TEMPATAN) SDN BHD BANK OF CHINA (MALAYSIA) BERHAD PLEDGED SECURITIES ACCOUNT FOR MAXIMUM PERSPECTIVE SDN. BHD.	26,700,000	8.04
2	HSBC NOMINEES (ASING) SDN BHD TNTC FOR MONDRIAN EMERGING MARKETS SMALL CAP EQUITY FUND, L.P.	23,684,500	7.13
3	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	16,175,750	4.87
4	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	16,112,737	4.85
5	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN (HONG KONG) LIMITED (A/C CLIENTS)	13,840,000	4.17
6	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH)	12,457,300	3.75
7	HUANG SHA	11,283,545	3.40
8	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-R ES)	11,145,000	3.36
9	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR THE BANK OF NEW YORK MELLON (MELLON ACCT)	10,006,100	3.01
10	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAXIMUM PERSPECTIVE SDN BHD (CCTS)	9,919,652	2.99
11	AMANAHRAYA TRUSTEES BERHAD PUBLIC SMALLCAP FUND	5,440,400	1.64
12	DB (MALAYSIA) NOMINEE (ASING) SDN BHD EXEMPT AN FOR BANK OF SINGAPORE LIMITED	5,126,637	1.54
13	AMANAHRAYA TRUSTEES BERHAD PUBLIC STRATEGIC SMALLCAP FUND	4,896,250	1.47
14	UOBM NOMINEES (ASING) SDN BHD UNITED OVERSEAS BANK NOMINEES (PTE) LTD FOR THE LEGACY PARTNERS INTERNATIONAL LIMITED	4,437,700	1.34
15	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHO KIM WING (CCTS)	4,343,000	1.31

Analysis of Shareholdings

as at 23 December 2016 [cont'd]

THIRTY LARGEST SHAREHOLDERS AS AT 23 DECEMBER 2016 (CONT'D)

No	Shareholders	No. of Shares	%
16	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR OLD WESTBURY SMALL & MID CAP FUND	4,085,950	1.23
17	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR DBS BANK LTD (SFS-PB)	4,000,000	1.20
18	LEONG HON CHONG	3,579,567	1.08
19	TAN GEOK LAN	3,508,900	1.06
20	TAN GEOK LAN	3,054,500	0.92
21	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD	2,950,700	0.89
22	CHENG SHU NU	2,852,250	0.86
23	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG KIAH YEOW	2,831,217	0.85
24	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG KHONG SHOONG (E-IMO/JSI)	2,500,000	0.75
25	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	2,251,100	0.68
26	AMANAHRAYA TRUSTEES BERHAD PB SMALLCAP GROWTH FUND	2,243,300	0.68
27	CHIU MING TE	2,068,250	0.62
28	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	1,993,800	0.60
29	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	1,861,700	0.56
30	AMANAHRAYA TRUSTEES BERHAD PB GROWTH SEQUEL FUND	1,747,500	0.53

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting (“11th AGM”) of Wellcall Holdings Berhad (“the Company”) will be held at Marco Polo II, Level 22, Hatten Hotel Melaka, Hatten Square, Jalan Merdeka, Bandar Hilir, 75000 Melaka on Thursday, 23 February, 2017 at 10.00 a.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

- | | | |
|----|---|--|
| 1. | To lay before the meeting the Audited Financial Statements for the financial year ended 30 September 2016 together with the Reports of the Directors and Auditors thereon. | (Please refer Explanatory Note 1) |
| 2. | To approve the payment of the aggregate Directors' Fee of RM415,000.00 for the financial year ended 30 September 2016. | (Ordinary Resolution 1) |
| 3. | To approve the aggregate Directors' Fees payable to the Directors of the Company of an amount not exceeding RM682,000.00 per annum for the financial year ending 30 September 2017. | (Ordinary Resolution 2)
(Please refer Explanatory Note 2) |
| 4. | To re-elect Huang Sha, the retiring Director, who retires by rotation and being eligible, offers himself for re-election in accordance with Article 94 of the Company's Articles of Association. | (Ordinary Resolution 3) |
| 5. | To re-elect Tan Kang Seng, the retiring Director, who retires by rotation and being eligible, offers himself for re-election in accordance with Article 94 of the Company's Articles of Association. | (Ordinary Resolution 4) |
| 6. | To re-elect Tan Kang Foon, who retires and being eligible, offers himself for re-election in accordance with Article 91 of the Company's Articles of Association. | (Ordinary Resolution 5) |
| 7. | To re-elect Leong Hon Chong, the retiring Director who retires pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed as Director of the Company to hold office until the next Annual General Meeting. | (Ordinary Resolution 6)
(Please refer Explanatory Note 3) |
| 8. | To re-appoint Messrs Ong & Wong as Auditors of the Company for the financial year ending 30 September, 2017 and to authorize the Directors to fix the Auditors' remuneration. | (Ordinary Resolution 7) |

AS SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modifications, the following resolutions :-

- | | | |
|----|--|--|
| 9. | Proposed Continuation in Office as Independent Non-Executive Directors | |
| | THAT Yang Chong Yaw, Alan, having served as Independent Non-Executive Director for a cumulative term of more than 9 years, continue to act as the Independent Non-Executive Director of the Company. | (Ordinary Resolution 8)
(Please refer Explanatory Note 4) |

Notice of Annual General Meeting

[cont'd]

10. **Authority to Issue Share Pursuant to Section 132D of the Companies Act, 1965.**

“THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and approvals of the relevant government / regulatory authorities, the Directors be and are hereby authorized, pursuant to Section 132D of the Companies Act, 1965, to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting of the Company to such persons and upon such terms and conditions for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and that the Directors are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares to be issued.”

(Ordinary Resolution 9)
(Please refer
Explanatory Note 5)

11. To transact any other ordinary business of which due notice has been given in accordance with the Companies Act, 1965.

BY ORDER OF THE BOARD

TEO SOON MEI (MAICSA 7018590)
CHUA SIEW YIN (MAICSA 7065531)
Company Secretaries

Melaka
Dated: 27 January 2017

Notice of Annual General Meeting

[cont'd]

Explanatory Notes:-

1. Item 1 of the Agenda

This item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 in Malaysia does not require a formal approval of shareholders and is hence, not put forward for voting.

2 Item 3 of the Agenda

The quantum of the Directors' Fee payable by the Company to all the Directors of the Company not exceeding RM682,000.00 per annum for the financial year ending 30 September 2017. The Proposed Ordinary Resolution 2, if passed, will authorise the payment of the Directors' fees to all the Directors of the Company for the financial year ending 30 September 2017 pursuant to Article 98 of the Articles of Association.

3. Item 7 of the Agenda

The proposed Ordinary Resolution 6, is in accordance with Section 129(6) of the Companies Act, 1965 which requires that a separate resolution be passed to re-appoint Leong Hon Chong who are over 70 years of age, as Director of the Company and will hold office until the conclusion of the next Annual General Meeting of the Company. This resolution shall be effective if passed by a majority of not less than three-fourth of such shareholders of the Company as being entitled to vote in person or where proxies are allowed, by proxy at this 11th AGM of the Company.

4. Item 9 of the Agenda

For Ordinary Resolution 8 on the Proposed Continuation in Office as Independent Non-Executive Directors, The Nomination Committee of the Company has assessed the independence of Yang Chong Yaw, Alan, the Director who have served for a cumulative term of more than 9 years and has recommended to the Board that he continue to act as Independent Non-Executive Director for the Company. Yang Chong Yaw, Alan was appointed as an Independent Non-Executive Director on 17 April 2006 and he has served the Company for more than nine (9) years as at the date of the notice of 11th AGM. However, Yang Chong Yaw, Alan has met the independence guideline as set out in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Board upon the recommendation from the Nomination Committee of the Company, therefore, considers Yang Chong Yaw, Alan to be independent and recommends him to remain as an Independent Non-Executive Director.

5. Item 10 of the Agenda

Ordinary Resolution 9 is proposed to grant a renewed general mandate ("General Mandate"), which if passed, will empower the Directors of the Company, pursuant to Section 132D of the Companies Act, 1965 to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the issued and paid-up capital of the Company as the Directors may consider such an act to be in the interest of the Company. The General Mandate, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company, or during the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is earlier.

As of the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting of the Company held on 25 February 2016 and which will lapse at the conclusion of the 11th AGM.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to, further placing of shares, for the purpose of funding future investment project(s), working capital and /or acquisitions.

Notice of Annual General Meeting

[cont'd]

NOTES:-

1. A member of the Company who is entitled to attend, speak and vote at this 11th AGM may appoint a proxy to attend, speak and vote on his behalf. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.
2. A member of the Company shall not be entitled to appoint more than one (1) proxy to attend, speak and vote at the same meeting. The provision of Section 149(1)(c) of the Companies Act, 1965 shall not apply to the Company.
3. Where a member of the Company is an authorized nominee as defined under the Securities Industry (Central Depository) Act, 1991 ("SICDA"), he may appoint one (1) proxy in respect of each security account it holds with ordinary shares of the Company standing to the credit of the said security account.
4. Where a member of the Company is an exempt authorised nominee holding ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

An exempt authorised nominee refers to an authorised nominee defined under the SICDA who is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

5. The instrument appointing a proxy shall be in writing by the appointer or an attorney duly authorised in writing or, if the appointer is a corporation, whether under its seal or by an officer or attorney duly authorised.
6. The instrument appointing either a proxy, a power of attorney or other authorities, where it is signed or certified by a notary as a true copy shall be deposited at the Registered Office of the Company at No. 4-1, Komplek Niaga Melaka Perdana, Jln KNMP 3, Bukit Katil, 75450 Melaka, not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof, and in default the instrument of proxy shall not be treated as valid.
7. The right of foreigners to vote in respect of deposited securities is subject to Sections 41(1)(e) and 41(2) of the Securities Industry (Central Depositories) Act, 1991; the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and the Articles of Association of the Company.
8. In respect of deposited securities, only members whose names appear in the Record of Depositors on 17 February 2017 ("General Meeting Record of Depositors") shall be eligible to attend, speak and vote at this 11th AGM.
9. Any alteration in the form of proxy must be initialed.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 11th AGM and/or any adjournment thereof, a member of the Company:

- (i) consents to the collection, use and disclose of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agent) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");
- (ii) warrants that the member has obtained the prior consent of such proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies), and/or representative(s) for the Purposes; and
- (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses, and damages as a result of the member's breach of warranty

STATEMENT ACCOMPANYING THE NOTICE OF THE ELEVENTH ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. Director standing for re-election

Details of the retiring director namely, Tan Kang Foon are set out in pages 16 of the Annual Report of the Company for the financial year ended 30 September, 2016.

2. Statement relating to a general mandate for the issue of securities in accordance with Paragraph 6.04(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Please refer to the Explanatory Note 5 of the Notice of the 11th AGM set out on Page 108.



WELLCALL HOLDINGS BERHAD
(Company No. 707346-W)
(Incorporated in Malaysia under the Companies Act, 1965)

FORM OF PROXY

Number of Shares Held		CDS Account No.	
------------------------------	--	------------------------	--

*I/We
(FULL NAME IN CAPITAL LETTERS)
(NRIC No.) and (Telephone No.)
of
(FULL ADDRESS)
being a *Member/Members of WELLCALL HOLDINGS BERHAD, do hereby appoint.....
(FULL NAME IN CAPITAL LETTERS) (NRIC No.)
of or
(FULL ADDRESS)
failing *him/her (NRIC No.)
(FULL NAME IN CAPITAL LETTERS)
of
(FULL ADDRESS)

or failing whom, the CHAIRMAN of the General Meeting as *my/our first proxy to vote for *me/us on *my/our behalf at the Eleventh Annual General Meeting ("11th AGM") to be held at Marco Polo II, Level 22, Hatten Hotel Melaka, Hatten Square, Jalan Merdeka, Bandar Hilir, 75000 Melaka on Thursday, 23 February, 2017 at 10.00 a.m. and at any adjournment thereof.

***My/our *proxy/proxies shall vote as follows:-**

Please indicate with an "X" in the space provided below how you wish your votes to be casted. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain for voting at his discretion.

No	Agenda			
1	To lay before the meeting the Audited Financial Statements for the year ended 30 September 2016 together with the Reports of the Directors and Auditors thereon.			
		Resolution	For	Against
2	To approve the payment of the aggregate Directors' fee of RM415,000.00 for the financial year ended 30 September 2016.	1		
3	To approve the aggregate Directors' Fees payable to the Directors of the Company of an amount not exceeding RM682,000.00 per annum for the financial year ending 30 September 2017.	2		
4	Re-election of Huang Sha as Director.	3		
5	Re-election of Tan Kang Seng as Director.	4		
6	Re-election of Tan Kang Foon as Director.	5		
7	Re-appointment of Leong Hon Chong as Director.	6		
8	Re-appointment of Messrs Ong & Wong as Auditors, and to authorize the Directors to fix the Auditors' remuneration.	7		
	Special Business			
9	Approval of Yang Chong Yaw, Alan continue to act as an Independent Non-Executive Director.	8		
10	Authority to Issue Share Pursuant to Section 132D of the Companies Act, 1965.	9		

*Strike out whichever not applicable.

As witness *my/our hand this..... day of.....

.....
Signature of Member/Common Seal



NOTES :-

1. A member of the Company who is entitled to attend, speak and vote at this 11th AGM may appoint a proxy to attend, speak and vote on his behalf. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.
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4. Where a member of the Company is an exempt authorised nominee holding ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

An exempt authorised nominee refers to an authorised nominee defined under the SICDA who is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
5. The instrument appointing a proxy shall be in writing by the appointer or an attorney duly authorised in writing or, if the appointer is a corporation, whether under its seal or by an officer or attorney duly authorised.
6. The instrument appointing either a proxy, a power of attorney or other authorities, where it is signed or certified by a notary as a true copy shall be deposited at the Registered Office of the Company at No. 4-1, Komplek Niaga Melaka Perdana, Jln KNMP 3, Bukit Katil, 75450 Melaka, not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof, and in default the instrument of proxy shall not be treated as valid.
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9. Any alteration in the form of proxy must be initialed.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 11th AGM and/or any adjournment thereof, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of Eleventh Annual General Meeting dated 27 January 2017.

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Stamp

THE SECRETARY
WELLCALL HOLDINGS BERHAD (707346-W)
No. 4-1 Kompleks Niaga Melaka Perdana
Jln KNMP 3, Bukit Katil
75450 Melaka

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WELLCALL HOLDINGS BERHAD

(Company No. 707346-W)

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Kawasan Perindustrian Pengkalan II
Fasa II, 31500 Lahat, Ipoh, Perak Darul Ridzuan
Tel: 605 3668805 / 3668806 / 3668807 / 3668808
Fax: 605 3668768

www.wellcallholdings.com