

WELLCALL HOLDINGS BERHAD

(Company No.: 707346-W)

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINAL QUARTER ENDED 30 SEPTEMBER 2018**

(The figures have not been audited)

	Note	Individual Quarter		Cumulative Quarter	
		3-Months Ended		12-Months Ended	
		30 Sep 2018 RM'000	30 Sep 2017 RM'000	30 Sep 2018 RM'000	30 Sep 2017 RM'000
Revenue		45,562	43,615	171,124	159,133
Cost of sales		(29,011)	(27,645)	(116,051)	(100,100)
Gross profit		16,551	15,970	55,073	59,033
Other operating income		118	246	308	2,598
Selling & distribution costs		(1,130)	(964)	(4,139)	(4,119)
Administrative expenses		(3,374)	(2,147)	(10,556)	(9,177)
Other operating expenses		1,009	(403)	1,892	(433)
Profit from operations		13,174	12,702	42,578	47,902
Finance costs		(212)	(212)	(636)	(932)
Interest income		285	262	911	856
Profit before taxation		13,247	12,752	42,853	47,826
Tax expense		(3,385)	(2,583)	(11,175)	(11,372)
Profit for the period		9,862	10,169	31,678	36,454
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		9,862	10,169	31,678	36,454
Attributable to:					
Equity holders of the Company		9,862	10,169	31,678	36,454
Earnings per share (sen):					
Basic	B11(a)	1.98	2.04	6.36	7.32
Diluted	B11(b)	N/A	N/A	N/A	N/A
Single tier dividend per share (sen)	B9	1.40	1.55	5.45	6.17

N/A - Not Applicable

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 September 2017 and the accompanying notes to the Interim Financial Report.

WELLCALL HOLDINGS BERHAD

(Company No.: 707346-W)

Incorporated in Malaysia

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 30 SEPTEMBER 2018**

(The figures have not been audited)

	<u>As At</u> <u>30 Sep 2018</u> <u>RM'000</u>	<u>Audited</u> <u>As At</u> <u>30 Sep 2017</u> <u>RM'000</u>
ASSETS		
Non-current assets		
Property, plant and equipment	61,221	59,769
Other investment	10	10
	<u>61,231</u>	<u>59,779</u>
Current assets		
Inventories	18,873	14,712
Trade receivables	11,173	9,788
Other receivables, deposits & prepayments	1,325	1,810
Tax recoverable	124	3,689
Deposits with licensed banks	25,010	22,240
Cash and bank balances	12,253	16,999
	<u>68,758</u>	<u>69,238</u>
TOTAL ASSETS	<u>129,989</u>	<u>129,017</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	68,836	68,836
Retained profits	38,678	34,884
TOTAL EQUITY	<u>107,514</u>	<u>103,720</u>
Non-current liabilities		
Term loans	-	5,792
Deferred taxation	4,909	4,414
	<u>4,909</u>	<u>10,206</u>
Current liabilities		
Trade payables	5,873	4,778
Other payables & accruals	11,693	7,739
Term loans	-	2,574
	<u>17,566</u>	<u>15,091</u>
TOTAL LIABILITIES	<u>22,475</u>	<u>25,297</u>
TOTAL EQUITY AND LIABILITIES	<u>129,989</u>	<u>129,017</u>
Net assets per share attributable to equity holders of the Company - adjusted to reflect share split (RM)	<u>0.216</u>	<u>0.208</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 September 2017 and the accompanying notes to the Interim Financial Report.

WELLCALL HOLDINGS BERHAD

(Company No.: 707346-W)

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINAL QUARTER ENDED 30 SEPTEMBER 2018**

(The figures have not been audited)

	Note	Non-Distributable		Distributable	Total
		Share Capital RM'000	Share Premium RM'000	Retained Profit RM'000	Equity RM'000
At 1 October 2017	1	68,836	-	34,884	103,720
Total comprehensive income for the year		-	-	31,678	31,678
Dividends		-	-	(27,884)	(27,884)
At 30 September 2018		68,836	-	38,678	107,514
At 1 October 2016		66,393	2,443	29,054	97,890
Adjustment for effects of Companies Act 2016	1	2,443	(2,443)	-	-
Total comprehensive income for the year		-	-	36,454	36,454
Dividends		-	-	(30,624)	(30,624)
At 30 September 2017		68,836	-	34,884	103,720

Note 1:

With the Companies Act 2016 ("CA 2016") that has taken effect on 31 January 2017, the credit standing in the share premium account of RM2,443K (above) has been transferred to the share capital account. Pursuant to sub-section 618(3) and 618(4) of the CA 2016, the Group may exercise its right to use the credit amounts being transferred from share premium account within twenty four (24) months after the commencement of the CA 2016. The Board of Directors will make a decision thereon by 31 January 2019.

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 September 2017 and the accompanying notes to the Interim Financial Report.

WELLCALL HOLDINGS BERHAD

(Company No.: 707346-W)

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINAL QUARTER ENDED 30 SEPTEMBER 2018**

(The figures have not been audited)

	12-Months Ended	
	30 Sep 2018 RM'000	30 Sep 2017 RM'000
Cash Flows From/(Used In) Operating Activities		
Profit before taxation	42,853	47,826
Adjustments for:		
Depreciation of property, plant and equipment	5,475	5,700
Unrealised (gain)/loss on foreign exchange	(23)	418
(Gain)/Loss on disposal of property, plant and equipment	(55)	(6)
Dividend income	(1)	(1)
Property, plant and equipment written off	134	14
Interest expense	386	671
Interest income	(911)	(856)
Operating profit before working capital changes	47,858	53,766
Net change in inventories	(4,161)	2,086
Net change in receivables	(2,164)	(4,410)
Net change in payables	4,772	(754)
Cash generated from operations	46,305	50,688
Tax refund	-	120
Tax paid	(5,574)	(6,796)
Interest paid	(386)	(671)
Interest received	911	856
Net cash generated from operating activities	41,256	44,197
Cash Flows From/(Used In) Investing Activities		
Proceeds from disposal of property, plant and equipment	55	6
Dividend received	1	1
Purchase of property, plant and equipment	(7,061)	(1,014)
Net cash used in investing activities	(7,005)	(1,007)
Cash Flows Used In Financing Activities		
Dividends paid	(27,884)	(30,624)
Decrease in deposit pledged with licensed bank	-	600
Repayment of term loans	(8,366)	(10,031)
Net cash used in financing activities	(36,250)	(40,055)
Net (Decrease)/Increase in Cash and Cash Equivalents	(1,999)	3,135
Effect of Exchange Rate Changes	23	(125)
Cash and Cash Equivalents at beginning of the year	39,239	36,229
Cash and Cash Equivalents at end of the year	37,263	39,239

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 September 2017 and the accompanying notes to the Interim Financial Report.

WELLCALL HOLDINGS BERHAD

(Company No.: 707346-W)
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NOTES TO THE INTERIM FINANCIAL REPORT

A. Explanatory Notes Pursuant to MFRS 134

A1. Basis of Preparation

The Interim Financial Report is unaudited and has been prepared in accordance with the reporting requirements outlined in the Malaysian Financial Reporting Standard ("MFRS") No. 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad ("BMSB").

The Interim Financial Report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 September 2017. These explanatory notes attached provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 September 2017.

Changes in accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 September 2017 except for the adoption of new MFRSs, amendments to MFRS and Issues Committee ("IC") Interpretations. The adoption of these new MFRSs, amendments to MFRS and IC Interpretations do not have material financial impact on the results and the financial position of the Group.

Comparatives

Certain comparative figures in this Interim Financial Report have been reclassified and restated to conform with the presentation of the Audited Financial Statements for the year ended 30 September 2017.

A2. Auditors' Report on Preceding Annual Financial Statements

The preceding audited financial statements for the financial year ended 30 September 2017 was not subject to any qualification.

A3. Seasonal or Cyclical Factors

The Group's operations are not materially affected by seasonal or cyclical changes during the current quarter under review.

A4. Unusual Items

There were no material items of an unusual nature and amount affecting the results of current quarter and cumulative period-to-date.

A5. Changes in Estimates

There were no changes in estimates of amounts which have a material effect in the current quarter under review.

A6. Changes in Debt and Equity Securities

Please refer to Part B Note B7.

A7. Dividend Paid

A third interim single tier dividend of 1.30 sen on 497,947,555 ordinary shares in respect of the financial year ending 30 September 2018 amounting to approximately RM6,473,318 was paid on 28 September 2018.

A8. Segmental Information

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

Geographical Segments	12-Months Ended	
	30 Sep 2018	30 Sep 2017
Revenue	RM'000	RM'000
Export Market		
USA/Canada	43,115	32,569
Asia	25,736	27,524
Middle East	16,307	18,240
Europe	29,443	28,310
Australia/New Zealand	20,449	16,509
South America	13,512	16,386
Africa	3,263	3,394
	<u>151,825</u>	<u>142,932</u>
Local Market	<u>19,299</u>	<u>16,201</u>
	<u>171,124</u>	<u>159,133</u>
Results		
Export Market	38,020	42,957
Local Market	4,833	4,869
Profit before taxation	<u>42,853</u>	<u>47,826</u>

WELLCALL HOLDINGS BERHAD

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Incorporated in Malaysia

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)**A. Explanatory Notes Pursuant to MFRS 134 (Continued)****A9. Valuation of Property, Plant and Equipment**

There were no valuation of property, plant and equipment in the current quarter under review. The valuation of property, plant and equipment have been brought forward without amendments from the previous audited financial statements.

A10. Material Events Subsequent to the End of the Quarter

There were no material events between the end of the current quarter under review and the date of this report, which is likely and substantially affecting the results of current quarter and cumulative period-to-date, except as disclosed in Part B Note B9.

A11. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter.

A12. Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets since the last annual reporting date.

A13. Capital Commitment

At the end of the reporting period, the Group's capital commitment were as follows:

	<u>As at</u>	<u>As at</u>
	30 Sep 2018	30 Sep 2017
	RM'000	RM'000
Capital expenditures:		
Approved and contracted for	4,086	-

Included in the capital expenditures above, an amount of RM2,700,000 representing a purchase of a new land and building for the purpose of business expansion. The new land and building expansion is expected to cost RM3,000,000.

A14. Cash and Cash Equivalents

Cash and cash equivalents included in the Condensed Consolidated Statement of Cash Flows comprises of the following amounts:

	<u>As at</u>	<u>As at</u>
	30 Sep 2018	30 Sep 2017
	RM'000	RM'000
Deposit with licensed banks	25,010	22,240
Cash and bank balances	12,253	16,999
	<u>37,263</u>	<u>39,239</u>
Deposit with licensed banks:		
(a) Islamic	24,010	20,680
(b) Non-Islamic	1,000	1,560
	<u>25,010</u>	<u>22,240</u>
Total cash (excluding Islamic instrument) ("A")	13,253	18,559
Total assets ("B")	129,989	129,017
A/B (%)	10%	14%

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WELLCALL HOLDINGS BERHAD

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NOTES TO THE INTERIM FINANCIAL REPORT (Continued)**B. Additional Information Required by the Bursa Malaysia Securities Berhad Listing Requirements****B1.1. Analysis of Current Quarter Performance**

	3-Months Ended		Variance	
	30 Sep 2018	30 Sep 2017	RM'000	%
	RM'000	RM'000	RM'000	
Revenue				
(a) Export	39,916	39,249	667	2%
(b) Local	5,646	4,366	1,280	29%
	<u>45,562</u>	<u>43,615</u>	1,947	4%
Profit before taxation ("PBT")	<u>13,247</u>	<u>12,752</u>	495	4%

For the current quarter ended 30 September 2018, the Group recorded revenue of RM45.562 million, representing an increase of revenue by RM1.947 million or approximately 4% on a quarter to quarter basis. The export markets and local market contributed approximately 88% and 12% respectively to the Group's revenue. The increase in overall revenue was mainly attributable to continuation on the recovery of global demand for industrial rubber hose market coupled with increase in volume and pricing for some hoses.

The Group recorded an increase in PBT of RM13.247 million for the current quarter ended 30 September 2018 compared to PBT of RM12.752 million recorded in the corresponding quarter ended 30 September 2017 was due to the Company has been fairly benefited from realised gain on foreign exchange.

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

	12-Months Ended		Variance	
	30 Sep 2018	30 Sep 2017	RM'000	%
	RM'000	RM'000	RM'000	
Revenue				
(a) Export	151,825	142,932	8,893	6%
(b) Local	19,299	16,201	3,098	19%
	<u>171,124</u>	<u>159,133</u>	11,991	8%
Profit before taxation ("PBT")	<u>42,853</u>	<u>47,826</u>	(4,973)	-10%

The Group recorded revenue of RM171.124 million, representing an increase of RM11.991 million or approximately 8% from RM159.133 million for the twelve (12) months period ended 30 September 2018. The export market contributed approximately 89% to the Group's revenue. The export and local market registered an increase of 6% and 19% respectively as compared to the corresponding period of the preceding financial year. The overall improvement in revenue were mainly attributable to the continuation of recovery in global demand for industrial rubber hose and fairly benefited from the increase in selling price as well as volume for some hoses.

The Group recorded a PBT of RM42.853 million for the twelve (12) months period ended 30 September 2018 compared to PBT of RM47.826 million recorded in corresponding period of the preceding financial year, representing a decrease of RM4.973 million or 10%. Lower PBT achieved in current twelve (12) months period mainly due to higher cost of production resulting from rising cost of material prices.

B2. Comparison with Previous Quarter Results

	Current	Preceding		
	Quarter	Quarter		
	3-Months Ended			
	30 Sep 2018	31 Jun 2018	Variance	
	RM'000	RM'000	RM'000	%
Revenue	45,562	42,930	2,632	6%
Profit before taxation ("PBT")	13,247	10,507	2,740	26%

The Group has recorded an increase in revenue to RM45.562 million for the current quarter ended 30 September 2018 as compared to RM42.930 million recorded in the preceding quarter ended 30 June 2018, which was mainly resulted from recovery of demand on industrial rubber hoses, coupled with increase in pricing as well as in volume.

The Group recorded a higher PBT of RM13.247 million for the current quarter ended 30 September 2018 as compared to RM10.507 million recorded in the preceding quarter ended 30 June 2018 mainly due to improvement in overall sales and was fairly benefited from realised gain on foreign exchange.

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NOTES TO THE INTERIM FINANCIAL REPORT (Continued)**B. Additional Information Required by the Bursa Malaysia Securities Berhad Listing Requirements (Continued)****B3. Prospect**

Demand for industrial rubber hoses will see a continuous gradual recovery from both emerging and developed economies. The Group will continue to ensure it stays ahead of market trends, responding swiftly to changes through automation and research. In the near term, the Group expects the raw material prices continue to fluctuate due to supply and demand mechanism of raw materials and foreign exchange volatility.

However, the outlook and headwinds of the global economy remains challenging. Nevertheless, the Group strategies are to carry on its focus on leveraging its extensive customer network, productivity, quality services and product range to enhance its competitive edge.

Barring any unforeseen circumstances, the Board believes that the Group's prospects for the coming financial year ending 30 September 2019 continues to remain positive with challenges ahead.

B4. Board of Directors Statement on Internal Targets

The Group did not announce or disclose any profit forecast, projection or internal management target in any public document.

B5. Profit Forecast and Profit Guarantee

The Group did not announce or disclose any profit forecast or profit guarantee in a public document.

B6. Tax Expense

	Individual Quarter		Cumulative Quarter	
	3-Months Ended		12-Months Ended	
	30 Sep 2018	30 Sep 2017	30 Sep 2018	30 Sep 2017
	RM'000	RM'000	RM'000	RM'000
Income tax	3,549	2,786	10,680	11,348
Deferred tax	(164)	(203)	495	24
	<u>3,385</u>	<u>2,583</u>	<u>11,175</u>	<u>11,372</u>

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

B7. Group Borrowings

The details of the Group's borrowings were as follows:-

	As at	As at
	30 Sep 2018	30 Sep 2017
	RM'000	RM'000
Islamic Term Loan (Secured)		
(a) Short term	-	2,574
(b) Long term	-	5,792
	<u>-</u>	<u>8,366</u>

B8. Profit Before Taxation

	Individual Quarter		Cumulative Quarter	
	3-Months Ended		12-Months Ended	
	30 Sep 2018	30 Sep 2017	30 Sep 2018	30 Sep 2017
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after charging/(crediting):				
(a) Depreciation of property, plant and equipment	1,370	1,366	5,475	5,700
(b) Unrealized loss/(gain) on foreign exchange	942	389	(23)	418
(c) Interest expense	145	153	386	671
(d) Gain on disposal of property, plant and equipment	-	-	(55)	(6)
(e) Property, plant and equipment written off	134	14	134	14
(f) Dividend income	1	1	1	1

Save as disclosed above and in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income, the other items under Appendix 9B, Part A (16) of the Bursa Listing Requirements are not applicable.

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WELLCALL HOLDINGS BERHAD

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NOTES TO THE INTERIM FINANCIAL REPORT (Continued)**B. Additional Information Required by the Bursa Malaysia Securities Berhad Listing Requirements (Continued)****B9. Dividends**

The Board of Directors have recommended a special single tier dividend of 1.40 sen per share amounting to approximately RM6,971,266 in respect of financial year ended 30 September 2018. The entitlement date and payment date for the said dividends shall be on 10 December 2018 and 21 December 2018 respectively.

During the previous corresponding period, the Company declared a special single tier dividend of 1.55 sen per share for the financial year ended 30 September 2017 amounting to RM7,718,187.

The total dividend paid and payable by the Company in respect of the financial year ended 30 September 2018 is 5.45 sen per share represented by a total amount of approximately RM27,138,145.

Records of Dividends

Financial Year	Dividend Per Share Sen	Total Dividend RM	Status
2018 (Special dividend)	1.40	6,971,266	Payable
2018 (3rd interim)	1.30	6,473,318	Paid
2018 (2nd interim)	1.20	5,975,371	Paid
2018 (1st interim)	1.55	7,718,190	Paid
	5.45	27,138,145	
2017 *	6.17	30,706,773	Paid
2016 *	6.13	30,540,785	Paid
2015 *	6.13	30,540,785	Paid
2014 *	5.53	27,541,099	Paid
2013 *	4.79	23,872,684	Paid
2012 *	4.26	21,203,464	Paid
2011 *	3.19	15,867,047	Paid
2010 *	2.91	14,500,860	Paid
2009 *	2.89	14,372,251	Paid
2008 *	2.24	11,162,210	Paid
2007 *	1.62	8,055,482	Paid
2006 *	0.60	3,000,300	Paid
		258,501,885	

* Adjusted to reflect the share split of every two (2) ordinary shares in WHB into three (3) ordinary shares in WHB held in WHB ("Subdivided Shares"). The subdivided shares was completed on 14 September 2017.

B10. Material Litigation

Neither the Company nor its subsidiary company were engaged in any material litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiary company and the Board does not know of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Company or its subsidiary company.

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NOTES TO THE INTERIM FINANCIAL REPORT (Continued)**B. Additional Information Required by the Bursa Malaysia Securities Berhad Listing Requirements (Continued)****B11. Earnings Per Share**

(a) Basic earnings per share

Basic earnings per share is calculated by dividing net profit attributable to ordinary equity holders by the weighted average number of ordinary shares in issue during the period.

Weighted average number of ordinary shares for calculation of basic earnings per share:

	Individual Quarter		Cumulative Quarter	
	3-Months Ended		12-Months Ended	
	30 Sep 2018	30 Sep 2017	30 Sep 2018	30 Sep 2017
	RM'000	RM'000	RM'000	RM'000
Profit attributable to equity holders	9,862	10,169	31,678	36,454
Issued ordinary shares at the beginning of period ('000)	497,948	331,965	497,948	331,965
Effect of shares split ('000)	-	165,983	-	165,983
Weighted average number of shares in issue ('000) *	<u>497,948</u>	<u>497,948</u>	<u>497,948</u>	<u>497,948</u>
Basic earnings per share (sen)	<u>1.98</u>	<u>2.04</u>	<u>6.36</u>	<u>7.32</u>

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

* Adjusted to reflect the share split of every two (2) ordinary shares in WHB into three (3) ordinary shares in WHB held in WHB ("Subdivided Shares"). The subdivided shares was completed on 14 September 2017.

B12. Corporate Proposal

There were no corporate proposals announced as at the date of this report.

B13. Authorization for Issue

The unaudited interim financial statements were authorized for issue by the Board of Directors in accordance with a Resolution of the Directors dated 22 November 2018.

BY ORDER OF THE BOARD

TEO SOON MEI (f) (MAICSA 7018590)

Company Secretary

22 November 2018