

WELLCALL HOLDINGS BERHAD

Registration No. 200501025213 (707346-W)

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 DECEMBER 2019**

(The figures have not been audited)

	Note	Individual Quarter		Cumulative Quarter	
		3-Months Ended		3-Months Ended	
		31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
		RM'000	RM'000	RM'000	RM'000
Revenue		39,380	45,466	39,380	45,466
Cost of sales		(24,668)	(30,032)	(24,668)	(30,032)
Gross profit		14,712	15,434	14,712	15,434
Selling & distribution costs		(946)	(1,108)	(946)	(1,108)
Administrative expenses		(2,798)	(2,576)	(2,798)	(2,576)
Other operating income/(expenses)		360	611	360	611
Profit from operations		11,328	12,361	11,328	12,361
Finance costs		(69)	(62)	(69)	(62)
Interest income		357	283	357	283
Share of profit/(loss) of equity accounted associate, net of tax	A1	(27)	-	(27)	-
Profit before taxation		11,589	12,582	11,589	12,582
Tax expense		(2,468)	(3,078)	(2,468)	(3,078)
Profit for the period		9,121	9,504	9,121	9,504
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		9,121	9,504	9,121	9,504
Attributable to:					
Equity holders of the Company		9,121	9,504	9,121	9,504
Earnings per share (sen):					
Basic	B11(a)	1.83	1.91	1.83	1.91
Diluted	B11(b)	N/A	N/A	N/A	N/A
Single tier dividend per share (sen)	B9	1.45	1.40	1.45	1.40

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 2019 and the accompanying notes to the Interim Financial Report.

WELLCALL HOLDINGS BERHAD

Registration No. 200501025213 (707346-W)

Incorporated in Malaysia

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 31 DECEMBER 2019**

(The figures have not been audited)

		As At	Audited
		31 Dec 2019	30 Sep 2019
	Note	RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		60,453	61,219
Investment in associate	A1	4,392	-
Other investment		10	10
		<u>64,855</u>	<u>61,229</u>
Current assets			
Inventories		14,282	15,399
Trade receivables		5,340	8,461
Other receivables, deposits & prepayments		1,795	242
Deposits with licensed banks		38,395	20,752
Cash and bank balances		13,626	32,070
		<u>73,438</u>	<u>76,924</u>
TOTAL ASSETS		<u>138,293</u>	<u>138,153</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		68,836	68,836
Retained profits		49,465	47,564
TOTAL EQUITY		<u>118,301</u>	<u>116,400</u>
Non-current liability			
Deferred taxation		5,031	5,249
Current liabilities			
Trade payables		4,340	4,630
Other payables & accruals		10,621	11,874
		<u>14,961</u>	<u>16,504</u>
TOTAL LIABILITIES		<u>19,992</u>	<u>21,753</u>
TOTAL EQUITY AND LIABILITIES		<u>138,293</u>	<u>138,153</u>
Net assets per share attributable to equity holders of the Company (RM)		<u>0.238</u>	<u>0.234</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 September 2019 and the accompanying notes to the Interim Financial Report.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 DECEMBER 2019**

(The figures have not been audited)

	<u>Non-Distributable</u> Share Capital RM'000	<u>Distributable</u> Retained Profits RM'000	<u>Total Equity RM'000</u>
At 1 October 2019	68,836	47,564	116,400
Total comprehensive income for the period	-	9,121	9,121
Dividends	-	(7,220)	(7,220)
At 31 December 2019	68,836	49,465	118,301
At 1 October 2018	68,836	38,648	107,484
Total comprehensive income for the period	-	9,504	9,504
Dividends	-	(6,971)	(6,971)
At 31 December 2018	68,836	41,181	110,017

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 September 2019 and the accompanying notes to the Interim Financial Report.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 DECEMBER 2019**

(The figures have not been audited)

	3-Months Ended	
	31 Dec 2019	31 Dec 2018
	RM'000	RM'000
Cash Flows from Operating Activities		
Profit before taxation	11,589	12,582
Adjustments for:		
Depreciation of property, plant and equipment	1,385	1,314
Unrealised (gain)/loss on foreign exchange	(238)	(496)
(Gain)/Loss on disposal of property, plant and equipment	(72)	-
Interest income	(357)	(283)
Share of loss of equity accounted associates, net of tax	27	-
Operating profit before working capital changes	12,334	13,117
Net change in inventories	1,116	1,406
Net change in receivables	1,551	5,204
Net change in payables	(2,411)	(1,079)
Cash generated from operations	12,590	18,648
Tax paid	(1,817)	(1,518)
Interest received	357	283
Net cash generated from operating activities	11,130	17,413
Cash Flows from Investing Activities		
Proceeds from disposal of property, plant and equipment	72	-
Investment In Associate Company	(4,402)	-
Purchase of property, plant and equipment	(619)	(420)
Net cash used in investing activities	(4,949)	(420)
Cash Flows from Financing Activities		
Dividends paid	(7,220)	(6,971)
Net cash used in financing activities	(7,220)	(6,971)
Net Increase/(Decrease) in Cash and Cash Equivalents	(1,039)	10,022
Effect of Exchange Rate Changes	238	496
Cash and Cash Equivalents at beginning of the year	52,822	37,263
Cash and Cash Equivalents at end of the period	52,021	47,781

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 September 2019 and the accompanying notes to the Interim Financial Report.

WELLCALL HOLDINGS BERHAD

Registration No. 200501025213 (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 2019. 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 2019.

Changes in accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 September 2019 except for the adoption of new MFRSs, amendments to MFRS and Issues Committee ("IC") Interpretations especially MFRS 9 : Financial Instruments and MFRS 15 : Revenue from Contracts with Customers and those as disclosed below. 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.

MFRS 128 : Investments in Associates and Joint Ventures

The Group recognised its investment in associate company under the equity method. Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share of the investee's profit or loss is recognised in the investor's profit or loss.

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the entity discontinues recognising its share of further losses. The interest in an associate or joint venture is the carrying amount of the investment in the associate or joint venture determined using the equity method together with any long-term interest that, in substance, form part of the entity's net investment in the associate or joint venture. Losses recognised using the equity method in excess of the entity's investment in ordinary shares are applied to the other components of the entity's interest in an associate or a joint venture in the reverse order of their seniority (ie priority in liquidation).

After the entity's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the entity has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals to the share of losses not recognised.

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 terms is twelve (12) months or less or 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 Leases.

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 the 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 01 January 2019 with early adoption permitted. The Group plans to assess the potential effect of MFRS 16 in current financial year.

A2. Auditors' Report on Preceding Annual Financial Statements

The preceding audited financial statements for the financial year ended 30 September 2019 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 fourth single tier dividend of 1.45 sen per share on 497,947,555 ordinary shares in respect of the financial year ended 30 September 2019 amounting to approximately RM7,220,240 was paid on 24 December 2019.

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NOTES TO THE INTERIM FINANCIAL REPORT (Continued)**A. Explanatory Notes Pursuant to MFRS 134 (Continued)****A8. Segmental Information**

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

Geographical Segments	3-Months Ended	
	31 Dec 2019	31 Dec 2018
<u>Revenue</u>	RM'000	RM'000
Export Market		
USA/Canada	10,683	15,528
Asia	7,079	7,572
Middle East	4,115	2,088
Europe	6,248	6,571
Australia/New Zealand	3,511	4,218
South America	2,827	4,872
Africa	1,160	912
	<u>35,623</u>	<u>41,761</u>
Local Market		
	<u>3,757</u>	<u>3,705</u>
	<u>39,380</u>	<u>45,466</u>
Results		
Export Market		
	10,483	11,557
Local Market		
	1,106	1,025
Profit before taxation	<u>11,589</u>	<u>12,582</u>

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 below and in Part B Note B9.

On 10 January 2020, the subsidiary company entered into a Sales and Purchase Agreement to purchase a property with a factory for a total purchase consideration of RM3,420,000.

A11. Changes in Composition of the Group

There were no significant changes in the composition of the Group during the current quarter other than Wellcall Holdings Bhd. ("WHB") holding of forty-nine percentage (49%) of shareholding in a newly incorporated company, Trelleborg Wellcall Sdn. Bhd. ("TWSB"). On 22 October 2019, WHB and Trelleborg Holding AB ("THAB") had subscribed for an additional of 1,077,951 and 1,121,949 new ordinary shares respectively in the share capital of TWSB for cash consideration of RM4,419,599 equivalent to USD1,077,951 and RM4,599,991 equivalent to USD1,121,949 respectively. Following the subscription of additional new ordinary shares, WHB and THAB continue to hold an interest of forty-nine percentage (49%) and fifty-one percentage (51%) of the voting shares of TWSB respectively.

The total paid up capital structure of TWSB comprises of 2,200,000 ordinary shares with total consideration of RM9,019,690 is equivalent to USD2,200,000.

A12. Contingent Liabilities and Contingent Assets

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

A13. Capital Commitment

There were no material capital commitments approved and contracted for capital expenditures as at the date of this report.

A14. Cash and Cash Equivalents

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

	As at	As at
	31 Dec 2019	31 Dec 2018
	RM'000	RM'000
Deposit with licensed banks	38,395	33,610
Cash and bank balances	13,626	14,171
	<u>52,021</u>	<u>47,781</u>
Deposit with licensed banks:		
(a) Islamic	37,395	32,610
(b) Non-Islamic	1,000	1,000
	<u>38,395</u>	<u>33,610</u>
Total cash (excluding Islamic instrument) ("A")	14,626	15,171
Total assets ("B")	138,293	133,595
A/B (%)	11%	11%

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

	3-Months Ended		Variance	
	31 Dec 2019	31 Dec 2018		
	RM'000	RM'000	RM'000	%
Revenue				
(a) Export	35,623	41,761	(6,138)	-15%
(b) Local	3,757	3,705	52	1%
	<u>39,380</u>	<u>45,466</u>	(6,086)	-13%
Profit before taxation ("PBT")	<u>11,589</u>	<u>12,582</u>	(993)	-8%

For the current quarter ended 31 December 2019, the Group has recorded revenue of RM39.380 million, representing a decrease of revenue by RM6.086 million or approximately 13% on a quarter to quarter basis. The export market and local market contributed approximately 90% and 10% respectively to the Group's revenue. The decrease in revenue was mainly resulted from the softening of the overall industrial rubber hose market, especially from the United States and Canada.

Despite a decreased in revenue by approximately RM6.086 million (13%), the Group recorded a PBT at a fairly commendable level at RM11.589 million, decreased by RM0.993 million or approximately 8% from RM12.582 million. The fairly decrease in PBT was not in tandem with the decrease in overall revenue, which was arising from lower cost of sales resulted from lower cost of production.

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

Analysis of cumulative quarter performance (year-to-date) would be the same as B1.1. above as this is the first quarter results.

B2. Comparison with Previous Quarter Results

	Current	Preceding	Variance	
	Quarter	Quarter		
	3-Months Ended		RM'000	%
	31 Dec 2019	30 Sep 2019	RM'000	%
Revenue	39,380	41,427	(2,047)	-5%
Profit before taxation ("PBT")	11,589	13,031	(1,442)	-11%

The Group has recorded a slight decrease in revenue to RM39.380 million for the current quarter ended 31 December 2019 as compared to RM41.427 million recorded in the preceding quarter ended 30 September 2019, which was mainly resulted from the continuous softening of the overall industrial rubber hose market.

The Group recorded a lower PBT of RM11.589 million for the current quarter ended 31 December 2019 as compared to RM13.031 million recorded in the preceding quarter ended 30 September 2019 partially due to decrease in revenue coupled with seasonal effect for the quarter ended 31 December 2019.

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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 continues with gradual recovery from both emerging and developed economies. Moving forward, the Group continues to ensure it stays ahead of market trends and demand, responding swiftly to changes through continuous 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 resulted from the elasticity effect in the global economy.

The outlook and headwinds of the global economy remains challenging especially with the prolonged trade wars and the beginning of the Corona virus outbreak in China. Nevertheless, the Group strategies are to 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 2020 continues to remain positive and resilient to the sentiment of the global economy, with sustainable and proven records of the Group's results sailing through 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		3-Months Ended	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
Income tax	2,686	2,921	2,686	2,921
Deferred tax	(218)	157	(218)	157
	<u>2,468</u>	<u>3,078</u>	<u>2,468</u>	<u>3,078</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	
	31 Dec 2019	31 Dec 2018
	RM'000	RM'000
Islamic Term Loan (Secured)		
(a) Short term	-	-
(b) Long term	-	-
	<u>-</u>	<u>-</u>

B8. Profit Before Taxation

	Individual Quarter		Cumulative Quarter	
	3-Months Ended		3-Months Ended	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	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	1,385	1,314	1,385	1,314
(b) Unrealized loss/(gain) on foreign exchange	(238)	(496)	(238)	(496)
(c) (Gain)/Loss on disposal of property, plant and equipment	(72)	-	(72)	-

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

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

The Board of Directors have recommended a first single tier dividend of 1.45 sen per share amounting to approximately RM7,220,242 in respect of financial year ending 30 September 2020. The entitlement date and payment date for the said dividends shall be on 11 March 2020 and 26 March 2020 respectively.

During the previous corresponding period, the Company declared a first single tier dividend of 1.40 sen per share for the financial year ended 30 September 2019 amounting to RM6,971,266.

The total dividend payable by the Company in respect of the financial year ending 30 September 2020 is 1.45 sen per share represented by a total amount of approximately RM7,220,242.

Records of Dividends

<u>Financial Year</u>	<u>Dividend Per Share Sen</u>	<u>Total Dividend RM</u>	<u>Status</u>
2020 (1st single tier dividend)	1.45	7,220,242	Payable
Total dividend payable for the current financial year	<u>1.45</u>	<u>7,220,242</u>	
2019	5.65	28,134,038	Paid
2018	5.45	27,138,145	Paid
2017 *	6.17	30,706,773	Paid
2016 *	6.13	30,540,785	Paid
2015 *	6.13	30,540,785	Paid
2014 *	5.53	27,541,099	Paid
2013 *	4.79	23,872,684	Paid
2012 *	4.26	21,203,464	Paid
2011 *	3.19	15,867,047	Paid
2010 *	2.91	14,500,860	Paid
2009 *	2.89	14,372,251	Paid
2008 *	2.24	11,162,210	Paid
2007 *	1.62	8,055,482	Paid
2006 *	0.60	3,000,300	Paid
Total dividend paid from financial year 2006 to 2019		<u>286,635,923</u>	

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

B10. Material Litigation

The Group was not engaged in any material litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Group and the Board does not know of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Group.

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

(a) Basic earnings per share

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

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

	3-Months Ended		3-Months Ended	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
Profit attributable to equity holders	9,121	9,504	9,121	9,504
Weighted average number of shares in issue ('000)	497,948	497,948	497,948	497,948
Basic earnings per share (sen)	1.83	1.91	1.83	1.91

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

B12. Corporate Proposal

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

B13. Authorization for Issue

The unaudited interim financial statements were authorized for issue by the Board of Directors in accordance with a Resolution of the Directors dated 24 February 2020.

BY ORDER OF THE BOARD

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

24 February 2020