

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 2021**

(The figures have not been audited)

	Note	Individual Quarter		Cumulative Quarter	
		3-Months Ended		3-Months Ended	
		31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
		RM'000	RM'000	RM'000	RM'000
Revenue		39,665	35,521	39,665	35,521
Cost of sales		(26,525)	(20,818)	(26,525)	(20,818)
Gross profit		13,140	14,703	13,140	14,703
Selling & distribution costs		(1,492)	(960)	(1,492)	(960)
Administrative expenses		(2,841)	(2,743)	(2,841)	(2,743)
Other operating income		372	(138)	372	(138)
Profit from operations		9,179	10,862	9,179	10,862
Finance costs		(42)	(44)	(42)	(44)
Interest income		120	125	120	125
Share of loss of equity accounted associate, net of tax		(144)	(124)	(144)	(124)
Profit before taxation		9,113	10,819	9,113	10,819
Tax expense		(2,167)	(2,589)	(2,167)	(2,589)
Profit for the period/Total comprehensive income for the period		6,946	8,230	6,946	8,230
Attributable to:					
Equity holders of the Company		6,946	8,230	6,946	8,230
Earnings per share (sen):					
Basic	B11(a)	1.39	1.65	1.39	1.65
Diluted	B11(b)	N/A	N/A	N/A	N/A
Single tier dividend per share (sen)	B9	1.40	1.40	1.40	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 2021 and the accompanying notes to the Interim Financial Report.

WELLCALL HOLDINGS BERHAD

Registration No.: 200501025213 (707346-W)

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 31 DECEMBER 2021**

(The figures have not been audited)

	<u>As At</u>	<u>Audited</u>
	<u>31 Dec 2021</u>	<u>30 Sep 2021</u>
	<u>RM'000</u>	<u>RM'000</u>
ASSETS		
Non-current assets		
Property, plant and equipment	50,633	51,729
Investment property	4,381	4,418
Investment in associate	3,326	3,470
Other investment	10	10
	<u>58,350</u>	<u>59,627</u>
Current assets		
Inventories	23,112	20,142
Trade receivables	4,904	6,486
Other receivables, deposits & prepayments	459	109
Tax recoverable	12	12
Deposits with licensed banks	9,650	15,650
Cash and bank balances	45,377	45,940
	<u>83,514</u>	<u>88,339</u>
TOTAL ASSETS	<u>141,864</u>	<u>147,966</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	68,836	68,836
Retained profits	51,301	58,298
TOTAL EQUITY	<u>120,137</u>	<u>127,134</u>
Non-current liability		
Deferred taxation	4,718	4,953
	<u>4,718</u>	<u>4,953</u>
Current liabilities		
Trade payables	5,228	5,101
Other payables & accruals	9,538	9,228
Tax payable	2,243	1,550
	<u>17,009</u>	<u>15,879</u>
TOTAL LIABILITIES	<u>21,727</u>	<u>20,832</u>
TOTAL EQUITY AND LIABILITIES	<u>141,864</u>	<u>147,966</u>
Net assets per share attributable to equity holders of the Company (RM)	<u>0.241</u>	<u>0.255</u>

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

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 DECEMBER 2021**

(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 2021	68,836	58,298	127,134
Total comprehensive income for the period	-	6,946	6,946
Dividends	-	(13,943)	(13,943)
At 31 December 2021	68,836	51,301	120,137
At 1 October 2020	68,836	52,028	120,864
Total comprehensive income for the period	-	34,155	34,155
Dividends	-	(27,885)	(27,885)
At 30 September 2021	68,836	58,298	127,134

Note 1:

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

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

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 DECEMBER 2021**

(The figures have not been audited)

	3-Months Ended	
	31 Dec 2021	31 Dec 2020
	RM'000	RM'000
Cash Flows from Operating Activities		
Profit before taxation	9,113	10,819
Adjustments for:		
Depreciation of investment property	37	25
Depreciation of property, plant and equipment	1,253	1,391
Unrealised loss on foreign exchange	102	435
Gain on disposal of property, plant and equipment	(20)	-
Dividend income	(1)	-
Interest income	(120)	(125)
Share of loss of equity accounted associates, net of tax	144	124
Operating profit before working capital changes	10,508	12,669
Net change in inventories	(2,970)	(2,088)
Net change in receivables	1,232	575
Net change in payables	1,286	(73)
Cash generated from operations	10,056	11,083
Tax paid	(2,560)	(2,013)
Interest received	120	125
Net cash generated from operating activities	7,616	9,195
Cash Flows from Investing Activities		
Proceeds from disposal of property, plant and equipment	20	-
Dividend received	1	-
Capital work-in-progress	-	(307)
Purchase of property, plant and equipment	(156)	(11)
Net cash used in investing activities	(135)	(318)
Cash Flows from Financing Activities		
Dividends paid	(13,943)	(6,971)
Net cash used in financing activities	(13,943)	(6,971)
Net (Decrease)/Increase in Cash and Cash Equivalents	(6,462)	1,906
Effect of Exchange Rate Changes	(102)	(461)
Cash and Cash Equivalents at beginning of the year	61,590	56,079
Cash and Cash Equivalents at end of the period	55,026	57,524

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

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NOTES TO THE INTERIM FINANCIAL REPORT**A. Explanatory Notes Pursuant to MFRS 134****A1. Basis of Preparation**

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

The Interim Financial Report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 September 2021. These explanatory notes attached provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 September 2021.

Changes in accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 September 2021 except for the adoption of the following new, revised MFRSs, amendments to MFRS and Issues Committee ("IC") Interpretations:

Standards and Amendments Issued But Not Yet Effective

- a) Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform-Phase 2
- b) Amendments to MFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30th June, 2021
- c) MFRS 1: Annual Improvements to MFRS Standards 2018 - 2020
- d) Amendments to MFRS 3 Business Combinations: Reference to the Conceptual
- e) MFRS 9: Annual Improvements to MFRS Standards 2018 -2020
- f) Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use
- g) Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets - Onerous Contract - Cost of Fulfilling a Contract
- h) Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current
- i) Amendments to MFRS 108: Definition of Accounting Estimates
- j) Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- k) MFRS 17 Insurance Contracts
- l) Amendments to MFRS 10: Consolidated Financial Statements and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The adoption of above standards and amendments to MFRS and IC Interpretations do not have material financial impact on the results and the financial position of the Group.

A2. Auditors' Report on Preceding Annual Financial Statements

The preceding audited financial statements for the financial year ended 30 September 2021 was not subject to any qualification.

A3. Seasonal or Cyclical Factors

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

A4. Unusual Items

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

A5. Changes in Estimates

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

A6. Changes in Debt and Equity Securities

Please refer to Part B Note B7.

A7. Dividend Paid

A fourth single tier dividend of 2.80 sen per share on 497,947,555 ordinary shares in respect of the financial year ended 30 September 2021 amounting to approximately RM13,942,532 was paid on 24 December 2021.

A8. Segmental Information

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

Geographical Segments	3-Months Ended	
	31 Dec 2021	31 Dec 2020
Revenue	RM'000	RM'000
Export Market		
USA/Canada	12,399	7,185
Asia	7,097	7,436
Middle East	1,697	3,137
Europe	5,679	6,083
Australia/New Zealand	5,481	4,507
South America	3,137	3,075
Africa	279	576
	<u>35,769</u>	<u>31,999</u>
Local Market		
	<u>3,896</u>	<u>3,522</u>
	<u>39,665</u>	<u>35,521</u>
Results		
Export Market		
	8,218	9,746
Local Market		
	895	1,073
Profit before taxation	<u>9,113</u>	<u>10,819</u>

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

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

A10. Material Events Subsequent to the End of the Quarter

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

A11. Changes in Composition of the Group

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

A12. Contingent Liabilities and Contingent Assets

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

A13. Capital Commitment

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

A14. Cash and Cash Equivalents

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

	As at	As at
	31 Dec 2021	31 Dec 2020
	RM'000	RM'000
Deposit with licensed banks	9,650	19,750
Cash and bank balances	45,377	37,774
	55,027	57,524
Deposit with licensed banks:		
(a) Islamic	8,650	18,750
(b) Non-Islamic	1,000	1,000
	9,650	19,750
Total cash (excluding Islamic instrument) ("A")	32,582	25,222
Total assets ("B")	141,864	142,164
A/B (%)	23%	18%

A15. Related Party Transactions

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

	3-Months Ended	
	31 Dec 2021	31 Dec 2020
	RM'000	RM'000
Sub-contract services for topping of nylon cord on hoses for Wellcall Hose (M) Sdn. Bhd.	716	70

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

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

	3-Months Ended		Variance	
	31 Dec 2021	31 Dec 2020	RM'000	%
	RM'000	RM'000		
Revenue				
(a) Export	35,769	31,999	3,770	12%
(b) Local	3,896	3,522	374	11%
	<u>39,665</u>	<u>35,521</u>	4,144	12%
Profit before taxation ("PBT")	<u>9,113</u>	<u>10,819</u>	(1,706)	-16%

For the current quarter ended 31 December 2021, the Group recorded revenue of RM39.665 million, representing an increase of RM4.144 million or approximately 12% on a quarter to quarter basis. The export market and local market contributed approximately 90% and 10% respectively to the Group's revenue. The increase in revenue was mainly resulted from the Group efforts in strengthening the customer base through prompt deliveries and higher demand from the United States market.

The Group achieved PBT of RM9.113 million for the current quarter ended 31 December 2021, representing a decrease of 16% from RM10.819 million in the corresponding quarter. The decrease of PBT was mainly due to the global surge in freight cost coupled with higher cost of production mainly arising from constraint in shipping schedules and increase in raw material costs respectively.

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

There is no comparative figure for the cumulative quarter performance (year-to-date) as this is the first interim financial report on the consolidated results for the first quarter ended 31 December 2021 announced by the Company in compliance with the Listing Requirements.

B2. Comparison with Previous Quarter Results

	Current	Preceding	Variance	
	Quarter	Quarter	RM'000	%
	3-Months Ended			
	31 Dec 2021	30 Sep 2021	RM'000	
	RM'000	RM'000		
Revenue	39,665	47,502	(7,837)	-16%
Profit before taxation ("PBT")	9,113	13,896	(4,783)	-34%

The Group recorded a decrease in revenue to RM39.665 million for the current quarter ended 31 December 2021 as compared to RM47.502 million recorded in preceding quarter last year, representing a decrease of RM7.837 million or approximately 16% mainly resulted from rescheduling of deliveries as required by customers resulting from high freight costs.

The Group achieved a lower PBT of RM9.113 million for the current quarter ended 31 December 2021 as compared to RM13.896 million recorded in the preceding quarter ended 30 September 2021, representing a decrease of RM4.783 million or approximately 34% mainly due to lower revenue.

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

The Board believes that the Group's prospect would remain positive despite with the continuous spread of Omicron variant which leads to the uncertainty of global economic recovery, volatility in supply and demand of raw materials mechanism coupled with escalating freight costs. In view of the virus is mutating from time to time, the Group continues to practice strict Standard Operating Procedures ("SOP") in order to minimize the fast spread of the virus as well as to ensure the safety of our employees, suppliers, customers and business associates. Nevertheless, the Group remains resilient and able to sustain its market share and positioning in this challenging sentiment that inherent with fluctuation of supply chain mechanism especially high freight and raw material costs during this pandemic environment.

Barring the uncertainty attributable by the impact from the pandemic, the Board foresees that the future prospects of the Group will remain satisfactory positive especially with the continuous demand from our satisfied customers.

B4. Board of Directors Statement on Internal Targets

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

B5. Profit Forecast and Profit Guarantee

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

B6. Tax Expense

	Individual Quarter 3-Months Ended		Cumulative Quarter 3-Months Ended	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	RM'000	RM'000	RM'000	RM'000
Income tax	2,403	2,917	2,403	2,917
Deferred tax	(236)	(328)	(236)	(328)
	<u>2,167</u>	<u>2,589</u>	<u>2,167</u>	<u>2,589</u>

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

B7. Group Borrowings

There were no group borrowings in the current quarter under review.

B8. Profit Before Taxation

	Individual Quarter 3-Months Ended		Cumulative Quarter 3-Months Ended	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after charging/(crediting):				
(a) Interest income	(120)	(125)	(120)	(125)
(b) Rental income	(60)	(55)	(60)	(55)
(c) Depreciation of investment property	37	25	37	25
(d) Depreciation of property, plant and equipment	1,253	1,391	1,253	1,391
(e) Unrealized loss on foreign exchange	102	435	102	435
(f) Realized gain on foreign exchange	(344)	(161)	(344)	(161)
(g) Gain on disposal of property, plant and equipment	(20)	-	(20)	-

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 1.40 sen per share amounting to approximately RM6,971,266 in respect of financial year ending 30 September 2022. The entitlement date and payment date for the said dividend shall be on 9 March 2022 and 25 March 2022 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 2021 amounted to RM6,971,266.

The total dividend payable by the Company in respect of the financial year ending 30 September 2022 is 1.40 sen per share represented by a total amount of approximately RM6,971,266.

Records of Dividends

<u>Financial Year</u>	<u>Dividend Per Share</u> <u>Sen</u>	<u>Total Dividend</u> <u>RM</u>	<u>Status</u>
2022 (1st single tier dividend)	1.40	6,971,266	Payable
Total dividend payable for the current financial year	<u>1.40</u>	<u>6,971,266</u>	
2021 *	7.00	34,856,330	Paid
2020 *	4.95	24,648,404	Paid
2019 *	5.65	28,134,038	Paid
2018 *	5.45	27,138,145	Paid
2017 *	6.17	30,706,773	Paid
2016 *	6.13	30,540,785	Paid
2015 *	6.13	30,540,785	Paid
2014 *	5.53	27,541,099	Paid
2013 *	4.79	23,872,684	Paid
2012 *	4.26	21,203,464	Paid
2011 *	3.19	15,867,047	Paid
2010 *	2.91	14,500,860	Paid
2009 *	2.89	14,372,251	Paid
2008 *	2.24	11,162,210	Paid
2007 *	1.62	8,055,482	Paid
2006 *	0.60	3,000,300	Paid
Total dividend paid from financial year 2006 to 2021		<u>346,140,657</u>	

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

B10. Material Litigation

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

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

(a) Basic earnings per share

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

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

	Individual Quarter 3-Months Ended		Cumulative Quarter 3-Months Ended	
	31 Dec 2021 RM'000	31 Dec 2020 RM'000	31 Dec 2021 RM'000	31 Dec 2020 RM'000
Profit attributable to equity holders	6,946	8,230	6,946	8,230
Weighted average number of shares in issue ('000)	497,948	497,948	497,948	497,948
Basic earnings per share (sen)	1.39	1.65	1.39	1.65

(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 21 February 2022

BY ORDER OF THE BOARD

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

21 February 2022