



WATTA HOLDING BERHAD (324384-A)
Quarter 3 Year 2014 (April 2014 – June 2014)
Financial Year 2014 (October 2013 – September 2014)

Announcement Date: 27 AUG 2014

The Board of Directors of Watta Holding Berhad (hereinafter referred to as “WATTA” or “the Company”) hereby announce the following unaudited results for the third quarter ended 30 June 2014.

A. PRESENTATION OF RESULTS**I) CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

for the financial period ended	3rd Quarter		Year to Date	
	Current Year	Previous Year	Current Year	Previous Year
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	9,615	8,634	28,953	21,211
Interest income from fixed deposits	105	186	351	468
Other operating income	201	320	520	1,186
Depreciation and amortization	(232)	(152)	(699)	(350)
Impairment on trade receivables	(45)	(45)	(135)	(135)
Write off of receivables	0	0	0	0
(Loss)/Gain on unrealized/realized forex	0	102	5	160
Cost of sales and Administration expenses	(9,274)	(8,548)	(29,150)	(21,333)
Profit/(Loss) from operation	370	497	(155)	1,207
Finance cost	(63)	(71)	(220)	(180)
Profit/(Loss) before taxation	307	426	(375)	1,027
Taxation	(57)	(200)	(39)	(273)
Profit/(Loss)/ net of taxation	250	226	(414)	754
Profit/(Loss) attributable to:				
Equity holders of the parent	253	183	(404)	674
Non-controlling interests	(3)	43	(10)	80
	250	226	(414)	754
Total comprehensive income/(loss) attributable to:				
Equity holders of the parent	253	183	(404)	674
Non-controlling interests	(3)	43	(10)	80
	250	226	(414)	754
Earnings/(Loss) per share attributable to equity holders of the parent (sen):				
Basic	0.30	0.22	(0.48)	0.80
Diluted	N/A	N/A	N/A	N/A

The unaudited condensed statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 30 September 2013 and the accompanying explanatory notes that form an integral part of the Interim Financial Statements.

A. PRESENTATION OF RESULTS (cont.)
II) CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at	UNAUDITED 30.06.2014 (RM'000)	AUDITED 30.09.2013 (RM'000)
ASSETS		
Non-current assets		
Property, plant and equipment	9,021	9,137
Investment properties	20,429	20,670
Other investments	5	5
Goodwill on consolidation	4,803	4,803
Deferred tax assets	12	12
Total non-current assets	34,270	34,627
Current Assets		
Inventories	7,705	3,919
Trade receivables	7,234	6,653
Other receivables, deposits & prepayment	1,245	1,832
Fixed deposits with licensed banks	14,420	14,793
Cash and bank balances	4,644	9,200
Total current assets	35,248	36,397
TOTAL ASSETS	69,518	71,024
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	42,240	42,240
Reserves	13,845	14,249
Equity attributable to equity holders of the parent	56,085	56,489
Non-controlling interests	(17)	(7)
Total equity	56,068	56,482
Non-current liability		
Deferred taxation	5,515	5,576
Long term borrowings	997	1,021
	6,512	6,597
Current Liabilities		
Bank borrowings	969	2,344
Trade payables	1,940	2,824
Other payables and accruals	3,865	2,501
Hire purchase creditor	164	139
Tax payable	0	137
Total current liabilities	6,938	7,945
Total equity and liabilities	69,518	71,024
Net assets	56,085	56,489
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.66	0.67

The unaudited condensed statement of financial position should be read in conjunction with the audited financial statements for the year ended 30 September 2013 and the accompanying explanatory notes that form an integral part of the Interim Financial Statements.

A. PRESENTATION OF RESULTS (cont.)
III) CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial period ended	3rd Quarter	
	Current Year	Previous Year
	30.06.2014	30.06.2013
	(RM'000)	(RM'000)
	(Unaudited)	(Unaudited)
(Loss)/Profit before taxation	(375)	1,027
Adjustments for:-		
Professional fee on acquisition of subsidiaries	0	142
Depreciation of property, plant and equipment	699	350
Reversal of impairment on inventories written down	(150)	0
Impairment of trade receivables	135	135
Gain on disposal of property, plant and equipment	0	(46)
Interest expenses	220	180
Interest income	(351)	(468)
Reversal of impairment on trade receivables	(11)	(140)
Unrealised (gain)/loss on foreign exchange	(5)	0
Operating profit before working capital changes	162	1,180
Changes in working capital		
Inventories	(3,636)	417
Receivables	264	3,507
Payables	239	454
Cash (used in)/ generated from operations	(2,971)	5,558
Interest received	351	468
Interest paid	(220)	(180)
Income tax paid	(483)	(177)
Net cash (used in)/generated from operating activities	(3,323)	5,669
Investing activities		
Net cash outflow on acquisition of subsidiaries	0	(7,311)
Proceed from disposal of property, plant and equipment	0	46
Purchase of property, plant and equipment	(212)	(304)
Net cash used in investing activities	(212)	(7,569)
Financing activities		
(Repayment)/Proceed of bank borrowings	(1,291)	(1,598)
Repayment of hire purchase payables	(108)	(77)
Increased in fixed deposit pledged	(1)	(1)
Net cash generated from/(used in) financing activities	(1,400)	(1,676)
Net (decreased)/ increased in cash and cash equivalents	(4,935)	(3,576)
Foreign exchange differences	5	160
Cash and cash equivalents at beginning of financial period	23,955	28,593
Cash and cash equivalents at end of financial period	19,025	25,177
Cash and cash equivalents comprise:		
Cash and bank balances	4,644	9,429
Fixed deposit with licensed banks	14,420	15,786
Total	19,064	25,215
Less : Fixed deposit pledged with a licensed bank	(39)	(38)
	19,025	25,177

The unaudited condensed statement of cash flows should be read in conjunction with the audited financial statements for the year ended 30 September 2013 and the accompanying explanatory notes that form an integral part of the Interim Financial Statements.

A. PRESENTATION OF RESULTS (cont.)

IV) CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<u>Attributable to Owners of the Parent</u>				
	Share Capital	<u>Distributable</u> Retained Profits	Total	Non- Controlling Interest	Total Equity
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
9 months ended 30 June 2013					
Balance as of 1 October 2012	42,240	15,069	57,309	(440)	56,869
Net profit for the period, representing total comprehensive income	0	674	674	80	754
Balance as of 30 June 2013 (unaudited)	42,240	15,743	57,983	(360)	57,623
9 months ended 30 June 2014					
Balance as of 1 October 2013	42,240	14,249	56,489	(7)	56,482
Net loss for the period, representing total comprehensive income	0	(404)	(404)	(10)	(414)
Balance as of 30 June 2014 (unaudited)	42,240	13,845	56,085	(17)	56,068

The unaudited condensed statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 September 2013 and the accompanying explanatory notes that form an integral part of the Interim Financial Statements.

B. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
(the figures have not been audited)**1. Basis of preparation and changes in Accounting Policies**

The condensed consolidated interim financial report is unaudited and has been prepared in accordance with the requirement of Malaysian Financial Reporting Standard (“MFRS”) 134 Interim Financial Reporting and Paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 September 2013.

The following notes explain the events and transactions that are significant to an understanding of the changes in the financial position and performance of Watta Holdings Berhad (“WATTA”) and its subsidiary companies (hereinafter referred to as the “Group”) during the financial quarter under review.

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 30 September 2013 except for the changes in accounting policies and presentation resulting from the adoption of relevant MFRSSs, Amendments to MFRSSs and IC Interpretations that are effective for the financial periods beginning on or after 1 October 2013.

The adoption of new MFRS has had no significant financial effect on this interim report.

2. Qualification of annual financial statements

There was no audit qualification on the financial statements of the Company and its subsidiary companies for the financial year ended 30 September 2013.

3. Seasonal and cyclical factors

The business operations for the Group were not materially affected by any seasonal or cyclical factors during the financial quarter under review.

4. Unusual and material items affecting assets, liabilities, equity, net income or cash flow

There were no unusual and material items affecting assets, liabilities, equity, net income or cash flow during the financial quarter under review.

5. Material changes in estimates

There were no material changes in the estimates of amounts reported during the financial quarter under review.

6. Debts and equity securities

The Company has not issued any new shares or debentures during the financial quarter under review.

7. Dividend paid

No interim dividend has been paid or declared during the current quarter and the financial period under review.

8. Segmental reporting

The Group business segmental information is as follow. As the Group operates predominantly in Malaysia, the geographical segmental information is not presented.

	Cumulative Quarter ended 30 June 2014				Consolidated RM'000
	Trading RM'000	Services RM'000	Investment Holding RM'000	Elimination RM'000	
External sales	16,829	12,124	-	-	28,953
Inter-segment sales	-	-	162	(162)	-
Total revenue	16,829	12,124	162	(162)	28,953
Results					
Segment results	(349)	250	(407)	-	(506)
Loss from operations					(506)
Interest income					351
Interest expenses					(220)
Loss before tax					(375)
Income tax expenses					(39)
Loss for the financial period					(414)

	Cumulative Quarter ended 30 June 2013				Consolidated RM'000
	Trading RM'000	Services RM'000	Investment Holding RM'000	Elimination RM'000	
External sales	16,000	5,211	-	-	21,211
Inter-segment sales	-	-	162	(162)	-
Total revenue	16,000	5,211	162	(162)	21,211
Results					
Segment results	598	569	(428)	-	739
Profit from operations					(506)
Interest income					468
Interest expenses					(180)
Profit before tax					1,027
Income tax expenses					(273)
Profit for the financial period					754

9. Valuation of property, plant and equipment and investment properties

The Group did not carry out any valuation on its property, plant and equipment during the financial quarter under review.

10. Material events subsequent to the end of the interim period

There were no material events subsequent to the end of the financial period reported that have not been reflected in the financial statements.

11. Changes in the composition of the Group

There were no changes in the composition of the Group for the financial quarter under review.

12. Contingent liabilities

Unsecured corporate guarantees were given to various institutions for facilities granted to subsidiary companies amounted to RM1.74 million.

13. Capital commitments

There were no capital commitments incurred by the Group to any parties as at 30 June 2014.

14. Related party transactions

During the financial period, significant related party transactions for the current quarter under review are as follows:-

	Current quarter as at 30 June 2014 RM'000	Cumulative year to date as at 30 June 2014 RM'000
Hello Service Centre (M) Sdn Bhd Rental of premises	112	112
The Hello Station (M) Sdn Bhd: Purchase of cellular telephones	2	2
Midland Network Sdn Bhd Service maintenance fee and repair of phone	1	1
Zitron Enterprise (M) Sdn Bhd: Rental of premises	72	216
Purchase of cellular telephones	9	9
Service maintenance fee and repair of phone	3	3
Z'tronic Holidays (M) Sdn Bhd: Purchase of airline tickets, tour arrangement and accommodation booking	NIL	18

15. Review of performance

For the quarter under review, the Group recorded revenue of RM9.62 million, 11.4% higher than revenue of RM8.63 million in the corresponding quarter of the preceding year. The increased in revenue was contributed by the servicing and repair of telecommunication product division.

The Group recorded a profit before tax ("PBT") of RM0.31 million as compared to PBT of RM0.43million in the corresponding quarter of the preceding year. The decrease in PBT of RM0.12 million was mainly due to higher operating costs for both automotive battery and servicing and repair of telecommunication product division.

The Group recorded a cumulative current year to date revenue of RM28.95 million, an increase of 36.50% as compared to the preceding year corresponding period of RM21.21 million. However, the Group recorded a loss before taxation ("LBT") of RM0.38 million as compared to PBT of RM1.03 million in the corresponding period of preceding year. The decrease in profit of RM1.41 million was mainly due to the provision for import duty claw back of automotive batteries imported from Korea for period of January 2012 to September 2013; amounted to RM0.73 million. In addition, the weakening of Ringgit Malaysia against US Dollar, which resulted in the higher costs of importation of automotive batteries during the reporting quarters have affected the contribution margin. The servicing and repair of telecommunication product division has contributed a marginal profit.

16. Comparison with immediate preceding quarter's results

The Group recorded revenue of RM9.62 million, an increase of 15.90% from the preceding quarter of RM8.30 million. The increased in revenue was mainly due to higher sales in servicing and repair of telecommunication product division. The revenue in automotive batteries division has been consistent.

The Group recorded a PBT of RM0.31 million as compared to LBT of RM0.71 million in the preceding quarter. The Group has made provision for import duty claw back in the preceding quarter as stated in Note 15 above.

17. Business prospect

The board anticipates that the business prospects will remain challenging for the distribution of automotive batteries for the financial year ending 2014; given the highly competitive market for automotive battery, fluctuation of LME lead price and foreign exchange rates. The servicing and repair of telecommunication products division is expected to contribute positively to Watta Group's earnings in financial year 2014.

18. Variance from profit forecast

There was no profit forecast or profit guarantee issued.

19. Taxation

	Current quarter as at 30 June 2014 RM'000	Cumulative current year to date as at 30 June 2014 RM'000
Current tax expense	69	100
Deferred taxation	(12)	(61)
Total income tax expenses	<u>57</u>	<u>39</u>

The Group's taxation charge for the current quarter under review mainly represents taxation for interest income and rental income, which were treated as separate source of income.

20. Corporate proposal

There were no new corporate proposals announced or pending as at the date of report.

21. Group borrowings

There were secured bank borrowings amounted RM2.1 million as disclosed in the Condensed Consolidated Statement of Financial Position above.

22. Material litigation

There were no material litigations pending at the date of this report.

23. Dividend

The directors do not recommend any dividend payment in respect of the current financial period.

24. Disclosure of realised/unrealised retained profits

	As at 30 June 2014 RM'000	As at 30 June 2013 RM'000
Retained profits		
Realised	33,150	34,556
Unrealised	(5,520)	(5,233)
	<u>27,630</u>	<u>29,323</u>
Less: Consolidation adjustments	(13,785)	(13,580)
Total retained profits	<u>13,845</u>	<u>15,743</u>

25. Earnings / (Loss) per ordinary share

	Current quarter	Cumulative financial year to date
Net profit/(loss) attributable to equity holders of the parent (RM'000)	253	(404)
Number of shares in issue of RM0.50 each	84,480,000	84,480,000
Basic earnings /(loss) per share (sen)	0.30	(0.48)

26. Notes to the statement of comprehensive income

	Current quarter RM'000	Cumulative financial year to date RM'000
Interest income from fixed deposits	105	351
Depreciation and amortisation	(232)	(699)
Impairment on trade receivables	(45)	(135)
Gain on unrealized foreign exchange	-	5
Finance cost	(63)	(220)

27. Authorisation for issue

This quarterly report was authorised for issue by the Board of Directors in accordance with the resolution of the directors on 27 August 2014.

By order of the Board

Haji Ariffin Bin Abdul Aziz
Group Executive Director

27 August 2014