



WATTA HOLDING BERHAD (324384-A)
Quarter 4 Year 2014 (July 2014 – September 2014)
Financial Year 2014 (October 2013 – September 2014)

Announcement Date: 28 NOV 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 fourth quarter ended 30 September 2014.

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

	4th Quarter		Year to Date	
	Current Year	Previous Year	Current Year	Previous Year
for the financial year ended	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	10,358	9,207	39,312	30,368
Interest income from fixed deposits	174	68	525	588
Other operating income	326	696	671	2,118
Depreciation and amortization	(230)	(151)	(930)	(881)
Impairment on trade receivables	0	0	(37)	(16)
Write off of receivables	0	0	0	0
Gain on unrealized/realized forex	1	119	6	260
Cost of sales and Administration expenses	(10,246)	(8,351)	(39,320)	(30,154)
Profit from operation	383	1,588	227	2,283
Finance cost	(70)	(101)	(289)	(207)
Profit/(Loss) before taxation	313	1,487	(62)	2,076
Taxation	(263)	(305)	(302)	(210)
Profit/(Loss)/ net of taxation	50	1,182	(364)	1,866
Profit/(Loss) attributable to:				
Equity holders of the parent	54	818	(350)	1,432
Non-controlling interests	(4)	364	(14)	434
	50	1,182	(364)	1,866
Total comprehensive income/(loss) attributable to:				
Equity holders of the parent	54	818	(350)	1,432
Non-controlling interests	(4)	364	(14)	434
	50	1,182	(364)	1,866
Earnings/(Loss) per share attributable to equity holders of the parent (sen):				
Basic	0.06	0.97	(0.41)	1.70
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 30.09.2014 (RM'000)	AUDITED 30.09.2013 (RM'000)
ASSETS		
Non-current assets		
Property, plant and equipment	8,964	9,137
Investment properties	20,290	20,670
Other investments	5	5
Goodwill on consolidation	4,803	4,803
Deferred tax assets	5	12
Total non-current assets	34,067	34,627
Current Assets		
Inventories	6,424	3,919
Trade receivables	7,270	6,653
Other receivables, deposits & prepayment	1,340	1,832
Fixed deposits with licensed banks	15,088	14,793
Cash and bank balances	5,837	9,200
Total current assets	35,959	36,397
TOTAL ASSETS	70,026	71,024
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	42,240	42,240
Reserves	13,899	14,249
Equity attributable to equity holders of the parent	56,139	56,489
Non-controlling interests	(21)	(7)
Total equity	56,118	56,482
Non-current liabilities		
Deferred taxation	5,633	5,576
Long term borrowings	945	1,021
	6,578	6,597
Current Liabilities		
Bank borrowings	725	2,344
Trade payables	3,065	2,824
Other payables and accruals	3,375	2,501
Hire purchase creditor	165	139
Tax payable	0	137
Total current liabilities	7,330	7,945
Total equity and liabilities	70,026	71,024
Net assets	56,139	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 year ended	4th Quarter	
	Current Year	Previous Year
	30.09.2014	30.09.2013
	(RM'000)	(RM'000)
	(Unaudited)	(audited)
(Loss)/Profit before taxation	(62)	2,076
Adjustments for:-		
Waiver of debts	0	(294)
Depreciation of property, plant and equipment	930	881
Impairment/(Reversal) of impairment on inventories	76	(190)
Inventories written down	0	69
Impairment of trade receivables	37	16
Gain on disposal of property, plant and equipment	(6)	(52)
Gain on disposal of other investments	0	(6)
Interest expenses	289	207
Interest income	(525)	(588)
Reversal of impairment on trade receivables	(49)	(547)
Unrealised (gain)/loss on foreign exchange	(6)	(261)
Operating profit before working capital changes	684	1,311
Changes in working capital		
Inventories	(2,581)	594
Receivables	(430)	6,197
Payables	649	411
Cash (used in)/ generated from operations	(1,678)	8,513
Interest received	525	588
Interest paid	(289)	(207)
Income tax paid	(613)	(405)
Net cash (used in)/generated from operating activities	(2,055)	8,489
Investing activities		
Net cash outflow on acquisition of subsidiaries	0	(7,169)
Proceed from disposal of other investments in prior year	930	181
Proceed from disposal of property, plant and equipment	6	54
Purchase of property, plant and equipment	(227)	(318)
Net cash (used in)/ generated from investing activities	(1,346)	1,237
Financing activities		
Repayment of bank borrowings	(1,529)	(3,859)
Dividend paid	0	(2,112)
Repayment of term loan	(33)	(50)
Repayment of hire purchase payables	(166)	(104)
Increased in fixed deposit pledged	(1)	(1)
Net cash used in financing activities	(1,729)	(6,126)
Net decreased in cash and cash equivalents	(3,075)	(4,889)
Foreign exchange differences	6	251
Cash and cash equivalents at beginning of financial period	23,955	28,593
Cash and cash equivalents at end of financial period	20,886	23,955
Cash and cash equivalents comprise:		
Cash and bank balances	5,837	9,200
Fixed deposit with licensed banks	15,088	14,793
Total	20,925	23,993
Less : Fixed deposit pledged with a licensed bank	(39)	(38)
	20,886	23,955

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)
12 months ended 30 Sept 2013					
Balance as of 1 October 2012	42,240	14,929	57,169	(440)	56,729
Net profit for the period, representing total comprehensive income	0	1,432	1,432	433	1,865
Dividend paid		(2,112)	(2,112)	0	(2,112)
Balance as of 30 Sept 2013 (audited)	42,240	14,249	56,489	(7)	56,482
12 months ended 30 Sept 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	(350)	(350)	(14)	(364)
Balance as of 30 Sept 2014 (unaudited)	42,240	13,899	56,139	(21)	56,118

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 MFRSs, Amendments to MFRSs 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 Sept 2014				Consolidated
	Trading	Services	Investment Holding	Elimination	
	RM'000	RM'000	RM'000	RM'000	
External sales	22,146	17,166	-	-	39,312
Inter-segment sales	-	-	216	(216)	-
Total revenue	22,146	17,166	216	(216)	39,312
Results					
Segment results	(259)	459	(498)	-	(298)
Loss from operations					(298)
Interest income					525
Interest expenses					(289)
Loss before tax					(62)
Income tax expenses					(302)
Loss for the financial year					(364)

	Cumulative Quarter ended 30 Sept 2013				Consolidated
	Trading	Services	Investment Holding	Elimination	
	RM'000	RM'000	RM'000	RM'000	
External sales	21,038	9,330	-	-	30,368
Inter-segment sales	-	-	216	(216)	-
Total revenue	21,038	9,330	216	(216)	30,368
Results					
Segment results	1,000	1,211	(516)	-	1,695
Profit from operations					1,695
Interest income					588
Interest expenses					(207)
Profit before tax					2,076
Income tax expenses					(210)
Profit for the financial year					1,866

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 given to various financial institutions for facilities granted to subsidiary companies amounted to RM3.62 million.

13. Capital commitments

There were no capital commitments incurred by the Group to any parties as at 30 September 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 Sept 2014 RM'000	Cumulative year to date as at 30 Sept 2014 RM'000
Hello Service Centre (M) Sdn Bhd Rental of premises	38	150
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	288
Purchase of cellular telephones	14	23
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 RM10.36 million, 12.49% higher than revenue of RM9.21 million in the corresponding quarter of the preceding year. The increased in revenue was contributed by both automotive batteries and servicing and repair of telecommunication product division.

The Group recorded a profit before tax ("PBT") of RM0.31 million as compared to PBT of RM1.49 million in the corresponding quarter of the preceding year. The decrease in PBT of RM1.18 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 RM39.31 million, an increase of 29.45% as compared to the preceding year corresponding period of RM30.37 million. However, the Group recorded a loss before taxation ("LBT") of RM0.06 million as compared to PBT of RM2.08 million in the corresponding period of preceding year. The decrease in profit 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 RM10.36 million, an increase of 7.70% from the preceding quarter of RM9.62 million. The increased in revenue was mainly due to higher sales in automotive batteries division. The revenue in servicing and repair of telecommunication product division has been consistent. The Group recorded a PBT of RM0.31 million in both current and the preceding quarter.

17. Business prospect

The board anticipates that the business prospects will remain challenging for the distribution of automotive batteries for the financial year ending 2015; 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 2015.

18. Variance from profit forecast

There was no profit forecast or profit guarantee issued.

19. Taxation

	Current quarter as at 30 Sept 2014 RM'000	Cumulative current year to date as at 30 Sept 2014 RM'000
Current tax expense	145	245
Deferred taxation	118	57
Total income tax expenses	263	302

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 RM1.8 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 Sept 2014 RM'000	As at 30 Sept 2013 RM'000
Retained profits		
Realised	33,323	33,871
Unrealised	(5,639)	(5,837)
	27,684	28,034
Less: Consolidation adjustments	(13,785)	(13,785)
Total retained profits	13,899	14,249

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)	54	(350)
Number of shares in issue of RM0.50 each	84,480,000	84,480,000
Basic earnings /(loss) per share (sen)	0.06	(0.41)

26. Notes to the statement of comprehensive income

	Current quarter RM'000	Cumulative financial year to date RM'000
Interest income from fixed deposits	174	525
Depreciation and amortisation	(230)	(930)
Reversal of impairment on trade receivable	49	49
Impairment on trade receivables	-	(37)
Impairment of inventories	(76)	(76)
Gain on disposal of property, plant and equipments	6	6
Gain on unrealized foreign exchange	1	6
Finance cost	(69)	(289)

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 November 2014.

By order of the Board

Haji Ariffin Bin Abdul Aziz
Group Executive Director

27 November 2014