



WATTA HOLDING BERHAD (324384-A)
Quarter 1 Year 2015 (October 2014 – December 2014)
Financial Year 2015 (October 2014 – September 2015)

Announcement Date: 13 FEB 2015

The Board of Directors of Watta Holding Berhad (hereinafter referred to as “WATTA” or “the Company”) hereby announce the following unaudited results for the first quarter ended 31 December 2014.

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

	1st Quarter		Year to Date	
	Current Year	Previous Year	Current Year	Previous Year
for the financial period ended	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	10,139	11,037	10,139	11,037
Interest income from fixed deposits	95	106	95	106
Other operating income	198	182	198	182
Depreciation and amortization	(234)	(237)	(234)	(237)
Impairment on trade receivables	(45)	(45)	(45)	(45)
Write off of receivables	0	0	0	0
(Loss)/Gain on unrealised/realised forex	1	6	1	6
Cost of sales and Administration expenses	(10,065)	(10,930)	(10,065)	(10,930)
Profit from operation	89	119	89	119
Finance cost	(62)	(93)	(62)	(93)
Profit before taxation	27	26	27	26
Taxation	(16)	(3)	(16)	(3)
Profit net of taxation	11	23	11	23
Profit attributable to:				
Equity holders of the parent	15	25	15	25
Non-controlling interests	(4)	(2)	(4)	(2)
	11	23	11	23
Total comprehensive income attributable to:				
Equity holders of the parent	15	25	15	25
Non-controlling interests	(4)	(2)	(4)	(2)
	11	23	11	23
Earnings per share attributable to equity holders of the parent (sen):				
Basic	0.02	0.03	0.02	0.03
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 2014 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 31.12.2014 (RM'000)	AUDITED 30.09.2014 (RM'000)
ASSETS		
Non-current assets		
Property, plant and equipment	8,835	8,964
Investment properties	20,210	20,290
Other investments	5	5
Goodwill on consolidation	4,803	4,803
Deferred tax assets	5	5
Total non-current assets	33,858	34,067
Current Assets		
Inventories	7,388	6,424
Trade receivables	7,224	7,270
Other receivables, deposits & prepayment	1,107	1,352
Fixed deposits with licensed banks	16,679	15,088
Cash and bank balances	6,172	5,837
Total current assets	38,570	35,971
TOTAL ASSETS	72,428	70,038
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	42,240	42,240
Reserves	13,912	13,897
Equity attributable to equity holders of the parent	56,152	56,137
Non-controlling interests	(25)	(21)
Total equity	56,127	56,116
Non-current liabilities		
Deferred taxation	5,621	5,633
Long term borrowings	887	947
	6,508	6,580
Current Liabilities		
Bank borrowings	3,711	724
Trade payables	2,561	3,025
Other payables and accruals	3,356	3,428
Hire purchase creditor	165	165
Tax payable	0	0
Total current liabilities	9,793	7,342
Total equity and liabilities	72,428	70,038
Net assets	56,152	56,137
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.66	0.66

The unaudited condensed statement of financial position should be read in conjunction with the audited financial statements for the year ended 30 September 2014 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	1st Quarter	
	Current Year	Previous Year
	31.12.2014 (RM'000) (Unaudited)	31.12.2013 (RM'000) (Unaudited)
Profit before taxation	27	26
Adjustments for:-		
Depreciation of property, plant and equipment	234	237
Impairment of trade receivables	45	45
Gain on disposal of property, plant and equipment	(3)	0
Interest expenses	62	93
Interest income	(95)	(106)
Reversal of impairment on trade receivables	(19)	(6)
Unrealised loss/(gain) on foreign exchange	(1)	(6)
Operating profit before working capital changes	250	283
Changes in working capital		
Inventories	(964)	(1,536)
Receivables	381	(882)
Payables	(536)	430
Cash generated from/(used in) operations	(869)	(1,705)
Interest received	95	106
Interest paid	(62)	(93)
Income tax paid	(144)	(138)
Net cash generated from/(used in) operating activities	(980)	(1,830)
Investing activities		
Proceed from disposal of property, plant and equipment	3	0
Purchase of property, plant and equipment	(25)	(52)
Net cash used in investing activities	(22)	(52)
Financing activities		
(Repayment)/Proceed of bank borrowings	2,968	651
Repayment of hire purchase payables	(41)	(36)
Increased in fixed deposit pledged	0	0
Net cash generated from/(used in) financing activities	2,927	615
Net increased/(decreased)in cash and cash equivalents	1,925	(1,267)
Foreign exchange differences	1	6
Cash and cash equivalents at beginning of financial period	20,715	23,955
Cash and cash equivalents at end of financial period	22,641	22,694
Cash and cash equivalents comprise:		
Cash and bank balances	6,172	6,837
Fixed deposit with licensed banks	16,679	15,895
Total	22,851	22,732
Less : Fixed deposit pledged with a licensed bank	(210)	(38)
	22,641	22,694

The unaudited condensed statement of cash flows should be read in conjunction with the audited financial statements for the year ended 30 September 2014 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 Company</u>				
	Share Capital	<u>Distributable</u> Retained Profits	Total	Non-Controlling Interest	Total Equity
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
3 months ended 31 Dec 2013					
Balance as of 1 October 2013	42,240	14,249	56,489	(7)	56,482
Net profit for the period, representing total comprehensive income	0	25	25	(2)	23
Balance as of 31 Dec 2013 (unaudited)	42,240	14,274	56,514	(9)	56,505
3 months ended 31 Dec 2014					
Balance as of 1 October 2014	42,240	13,897	56,137	(21)	56,116
Net profit for the period, representing total comprehensive income	0	15	15	(4)	11
Balance as of 31 Dec 2014 (unaudited)	42,240	13,912	56,152	(25)	56,127

The unaudited condensed statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 September 2014 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 2014.

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 2014 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 2014.

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 2014.

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 31 Dec 2014				Consolidated
	Trading	Services	Investment Holding	Elimination	
	RM'000	RM'000	RM'000	RM'000	RM'000
External sales	5,251	4,888	-	-	10,139
Inter-segment sales	-	-	54	(54)	-
Total revenue	5,251	4,888	54	(54)	10,139

Results					
Segment results	64	47	(63)	(54)	(6)
Profit from operations					(6)
Interest income					95
Interest expenses					(62)
Profit before tax					27
Income tax expenses					(16)
Profit for the financial quarter					11

	Cumulative Quarter ended 31 Dec 2013				Consolidated
	Trading	Services	Investment Holding	Elimination	
	RM'000	RM'000	RM'000	RM'000	RM'000
External sales	7,404	3,633	-	-	11,037
Inter-segment sales	-	-	54	(54)	-
Total revenue	7,404	3,633	54	(54)	11,037
Results					
Segment results	71	66	(70)	(54)	13
Profit from operations					13
Interest income					106
Interest expenses					(93)
Profit before tax					26
Income tax expenses					(3)
Profit for the financial quarter					23

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 RM5.43 million.

13. Capital commitments

There were no capital commitments incurred by the Group to any parties as at 31 December 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 31 December 2014 RM'000	Cumulative year to date as at 31 December 2014 RM'000

Rental of premises	72	72
Purchase of cellular telephones	11	11
Service maintenance fee and repair of phone	1	1
<hr/>		
Hello Service Centre (M) Sdn Bhd		
Rental of premises	26	26
<hr/>		
Z'tronic Holidays (M) Sdn Bhd:		
Purchase of airline tickets, tour arrangement and accommodation booking	187	187
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15. Review of performance

For the quarter under review, the Group recorded revenue of RM10.14 million, 8.2% lower than revenue of RM11.04 million in the corresponding quarter of the preceding year. The decrease in revenue was due to decrease in the volume of units of automotive batteries sold. However, servicing and repair of telecommunication product division has contributed higher revenue of 34.5% as compared to the corresponding quarter of preceding year.

The Group recorded a profit before tax ("PBT") of RM0.027 million as compared to PBT of RM0.026 million in the corresponding quarter of the preceding year. The PBT was consistent.

16. Comparison with immediate preceding quarter's results

The Group recorded revenue of RM10.14 million, a decrease of 2.1% from the preceding quarter of RM10.36 million. The revenue of both automotive batteries servicing and repair of telecommunication product divisions have been consistent.

The Group recorded a PBT of RM0.027 million as compared to PBT of RM0.31 million in the preceding quarter. The reduction in PBT was mainly due to weakening of Ringgit Malaysia against US Dollar, which resulted in the higher costs of importation of automotive batteries during the reporting quarter. It has affected the contribution margin. The servicing and repair of telecommunication product divisions have contributed a marginal profit.

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 31 Dec 2014 RM'000	Cumulative current year to date as at 31 Dec 2014 RM'000
Current tax expense	28	28
Deferred taxation	(12)	(12)
Total income tax expense	<u>16</u>	<u>16</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. It was provision for taxation on servicing and repair of telecommunication products division amounted to RM19 thousand during the current quarter as no group relief available.

20. Corporate proposal

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

21. Group borrowings

There was secured bank borrowing amounted RM4.8 million as disclosed in the Condensed Consolidated Statement of Financial Position above.

22. Material litigation

There were no material litigation 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 31 Dec 2014 RM'000	As at 31 Dec 2013 RM'000
Retained profits		
Realised	40,866	41,877
Unrealised	(5,621)	(5,564)
	35,245	36,313
Less: Consolidation adjustments	(21,333)	(22,039)
Total retained profits	13,912	14,274

25. Earnings per ordinary share

	Current quarter	Cumulative financial Year to date
Net profit attributable to equity holders of the parent (RM'000)	15	15
Number of shares in issue of RM0.50 each	84,480,000	84,480,000
Basic earnings per share (sen)	0.02	0.02

26. Notes to the statement of comprehensive income

	Current quarter RM'000	Cumulative financial year to date RM'000
Interest income from fixed deposits	95	95
Depreciation and amortisation	(234)	(234)
Reversal of impairment on trade receivable	19	19
Impairment on trade receivables	(45)	(45)
Gain on disposal of property, plant and equipments	3	3
Gain on unrealised foreign exchange	1	1
Finance cost	(62)	(62)

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 13 February 2015.

By order of the Board

Haji Ariffin Bin Abdul Aziz
Group Executive Director

13 February 2015