



WATTA HOLDING BERHAD (324384-A)
Quarter 2 Year 2015 (January 2015 – March 2015)
Financial Year 2015 (October 2014 – September 2015)

Announcement Date: 20 MAY 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 second quarter ended 31 March 2015.

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

for the financial period ended	2nd Quarter		Year to Date	
	Current Year	Previous Year	Current Year	Previous Year
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	11,633	8,301	21,772	19,338
Interest income from fixed deposits	167	140	262	246
Other operating income	151	137	349	319
Depreciation and amortisation	(230)	(230)	(464)	(467)
Impairment on trade receivables	(45)	(45)	(90)	(90)
Write off of receivables	0	0	0	0
(Loss)/Gain on unrealised/realised forex	0	(1)	1	5
Cost of sales and Administration expenses	(11,563)	(8,947)	(21,628)	(19,876)
Profit/(Loss) from operation	113	(645)	202	(525)
Finance cost	(71)	(64)	(133)	(157)
Profit/(Loss) before taxation	42	(709)	69	(628)
Taxation	(9)	22	(25)	18
Profit/(Loss) net of taxation	33	(687)	44	(664)
Profit/(Loss) attributable to:				
Equity holders of the parent	37	(682)	52	(658)
Non-controlling interests	(4)	(5)	(8)	(6)
	33	(687)	44	(664)
Total comprehensive income/(Loss) attributable to:				
Equity holders of the parent	37	(682)	52	(658)
Non-controlling interests	(4)	(5)	(8)	(6)
	33	(687)	44	(664)
Earnings/(Loss) per share attributable to equity holders of the parent (sen):				
Basic	0.09	(0.81)	0.10	(0.78)
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 31.03.2015 (RM'000)	AUDITED 30.09.2014 (RM'000)
ASSETS		
Non-current assets		
Property, plant and equipment	8,715	8,964
Investment properties	20,115	20,290
Other investments	5	5
Goodwill on consolidation	4,803	4,803
Deferred tax assets	5	5
Total non-current assets	33,643	34,067
Current Assets		
Inventories	6,369	6,424
Trade receivables	9,198	7,270
Other receivables, deposits & prepayment	1,116	1,352
Fixed deposits with licensed banks	16,822	15,088
Cash and bank balances	4,980	5,837
Total current assets	38,485	35,971
TOTAL ASSETS	72,128	70,038
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	42,240	42,240
Reserves	13,949	13,897
Equity attributable to equity holders of the parent	56,189	56,137
Non-controlling interests	(29)	(21)
Total equity	56,160	56,116
Non-current liabilities		
Deferred taxation	5,609	5,633
Long term borrowings	857	947
	6,466	6,580
Current Liabilities		
Bank borrowings	2,850	724
Trade payables	2,791	3,025
Other payables and accruals	3,728	3,428
Hire purchase creditor	133	165
Tax payable	0	0
Total current liabilities	9,502	7,342
Total equity and liabilities	72,128	70,038
Net assets	56,189	56,137
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.67	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	2nd Quarter	
	Current Year	Previous Year
	31.03.2015 (RM'000) (Unaudited)	31.03.2014 (RM'000) (Unaudited)
Profit/(Loss) before taxation	69	(682)
Adjustments for:-		
Depreciation of property, plant and equipment	440	467
Impairment of trade receivables	90	90
Gain on disposal of property, plant and equipment	(3)	0
Reversal of impairment on inventories written down	0	(150)
Interest expenses	133	157
Interest income	(262)	(234)
Reversal of impairment on trade receivables	(22)	(8)
Unrealised loss/(gain) on foreign exchange	(1)	(5)
Operating profit/(Loss) before working capital changes	444	(365)
Changes in working capital		
Inventories	55	(5,235)
Receivables	(1,640)	633
Payables	193	2,586
Cash used in operations	(948)	(2,381)
Interest received	262	234
Interest paid	(133)	(157)
Income tax paid	(280)	(309)
Net cash generated from/(used in) operating activities	(1,099)	(2,613)
Investing activities		
Proceed from disposal of property, plant and equipment	3	0
Purchase of property, plant and equipment	(40)	(121)
Net cash used in investing activities	(37)	(121)
Financing activities		
(Repayment)/Proceed of bank borrowings	2,087	694
Repayment of hire purchase payables	(83)	(36)
Increased in fixed deposit pledged	(1)	(1)
Net cash generated from/(used in) financing activities	2,003	657
Net increased/(decreased)in cash and cash equivalents	867	(2,077)
Foreign exchange differences	1	5
Cash and cash equivalents at beginning of financial period	20,715	23,955
Cash and cash equivalents at end of financial period	21,583	21,883
Cash and cash equivalents comprise:		
Cash and bank balances	4,980	6,035
Fixed deposit with licensed banks	16,822	15,887
Total	21,802	21,922
Less : Fixed deposit pledged with a licensed bank	(219)	(39)
	21,583	21,883

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)
6 months ended 31 March 2014					
Balance as of 1 October 2013	42,240	14,250	56,490	(7)	56,483
Net loss for the period, representing total comprehensive income	0	(658)	(658)	(6)	(664)
Balance as of 31 March 2014 (unaudited)	42,240	13,592	55,832	(13)	55,819
6 months ended 31 March 2015					
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	52	52	(8)	44
Balance as of 31 March 2015 (unaudited)	42,240	13,949	56,189	(29)	56,160

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 March 2015				Consolidated
	Trading	Services	Investment Holding	Elimination	
	RM'000	RM'000	RM'000	RM'000	RM'000
External sales	11,682	10,090	-	-	21,772
Inter-segment sales	-	-	108	(108)	-
Total revenue	11,682	10,090	108	(108)	21,772

Results					
Segment results	9	183	(144)	(108)	(60)
Loss from operations					(60)
Interest income					262
Interest expenses					(133)
Profit before tax					69
Income tax expenses					(25)
Profit for the financial period					44

	Cumulative Quarter ended 31 March 2014				Consolidated
	Trading	Services	Investment Holding	Elimination	
	RM'000	RM'000	RM'000	RM'000	
External sales	11,993	7,345	-	-	19,338
Inter-segment sales	-	-	108	(108)	-
Total revenue	11,993	7,345	108	(108)	19,338
Results					
Segment results	(636)	156	(171)	(108)	(759)
Loss from operations					(759)
Interest income					234
Interest expenses					(157)
Loss before tax					(682)
Income tax expenses					18
Loss for the financial period					(664)

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 RM2.74 million.

13. Capital commitments

There were no capital commitments incurred by the Group to any parties as at 31 March 2015.

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 March 2015 RM'000	Cumulative year to date as at 31 March 2015 RM'000
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Rental of premises	72	144
Purchase of cellular telephones	0	11
Service maintenance fee and repair of phone	0	1
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Hello Service Centre (M) Sdn Bhd		
Rental of premises	0	26
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Z'tronic Holidays (M) Sdn Bhd:		
Purchase of airline tickets, tour arrangement and accommodation booking	17	204
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15. Review of performance

For the quarter under review, the Group recorded revenue of RM11.63 million, 40.1% higher than revenue of RM8.30 million in the corresponding quarter of the preceding year. The increase in revenue was contributed by the increase in the volume of units of automotive batteries sold. Servicing and repair of telecommunication product division has also contributed higher revenue by 36.4% as compared to the corresponding quarter of preceding year.

The Group recorded a profit before tax ("PBT") of RM0.042 million as compared to loss before tax ("LBT") of RM0.709 million in the corresponding quarter of the preceding year.

16. Comparison with immediate preceding quarter's results

The Group recorded revenue of RM11.63 million, an increase of 14.7% from the preceding quarter of RM10.14 million. The revenue of both automotive batteries and servicing and repair of telecommunication product divisions have been consistently increased.

The Group recorded a PBT of RM0.042 million as compared to PBT of RM0.027 million in the preceding quarter. The increase in PBT was mainly due to increase in revenue in both divisions. Despite the increase in revenue by RM1.49 million, the increase in PBT was minor. It was affected by 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 March 2015 RM'000	Cumulative current year to date as at 31 March 2015 RM'000
Current tax expense	21	49
Deferred taxation	(12)	(24)
Total income tax expense	<u>9</u>	<u>25</u>

The Group's taxation charge for the current and cumulative quarter under review mainly represents taxation for interest income and rental income, which were treated as separate source of income. There was provision for taxation on servicing and repair of telecommunication products division amounted to RM0.021 million 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 RM3.8 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 March 2015 RM'000	As at 31 March 2014 RM'000
Retained profits		
Realised	40,887	41,154
Unrealised	(5,609)	(5,527)
	35,278	35,627
Less: Consolidation adjustments	(21,329)	(22,035)
Total retained profits	13,949	13,592

25. Earnings per ordinary share

	Current quarter	Cumulative financial Year to date
Net profit attributable to equity holders of the parent (RM'000)	37	52
Number of shares in issue of RM0.50 each	84,480,000	84,480,000
Basic earnings per share (sen)	0.09	0.10

26. Notes to the statement of comprehensive income

	Current quarter RM'000	Cumulative financial year to date RM'000
Interest income from fixed deposits	167	262
Depreciation and amortisation	(230)	(464)
Reversal of impairment on trade receivable	3	22
Impairment on trade receivables	(45)	(90)
Gain on disposal of property, plant and equipments	0	3
Gain on unrealised foreign exchange	0	1
Finance cost	(71)	(133)

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 20 May 2015.

By order of the Board

Haji Ariffin Bin Abdul Aziz
Group Executive Director

20 May 2015