



WATTA HOLDING BERHAD (324384-A)
Quarter 3 Year 2015 (April 2015 – June 2015)
Financial Year 2015 (October 2014 – September 2015)

Announcement Date: 19 AUG 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 third quarter ended 30 June 2015.

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
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	7,952	9,615	29,724	28,953
Interest income from fixed deposits	133	105	395	351
Other operating income	235	201	584	520
Depreciation and amortisation	(229)	(232)	(693)	(699)
Impairment on trade receivables	(45)	(45)	(135)	(135)
Write off of receivables	0	0	0	0
(Loss)/Gain on unrealised/realised forex	25	0	26	5
Cost of sales and Administration expenses	(8,417)	(9,274)	(30,044)	(29,150)
Profit/(Loss) from operation	(346)	370	(143)	(155)
Finance cost	(74)	(63)	(208)	(220)
Profit/(Loss) before taxation	(420)	307	(351)	(375)
Taxation	(28)	(57)	(53)	(39)
Profit/(Loss) net of taxation	(448)	250	(404)	(414)
Profit/(Loss) attributable to:				
Equity holders of the parent	(443)	253	(391)	(404)
Non-controlling interests	(5)	(3)	(13)	(10)
	(448)	250	(404)	(414)
Total comprehensive income/(Loss) attributable to:				
Equity holders of the parent	(443)	253	(391)	(404)
Non-controlling interests	(5)	(3)	(13)	(10)
	(448)	250	(404)	(414)
Earnings/(Loss) per share attributable to equity holders of the parent (sen):				
Basic	(0.52)	0.30	(0.46)	(0.48)
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 30.06.2015 (RM'000)	AUDITED 30.09.2014 (RM'000)
ASSETS		
Non-current assets		
Property, plant and equipment	8,610	8,964
Investment properties	20,020	20,290
Other investments	5	5
Goodwill on consolidation	4,803	4,803
Deferred tax assets	5	5
Total non-current assets	33,443	34,067
Current Assets		
Inventories	5,399	6,424
Trade receivables	5,947	7,270
Other receivables, deposits & prepayment	1,214	1,352
Fixed deposits with licensed banks	16,971	15,088
Cash and bank balances	5,863	5,837
Total current assets	35,394	35,971
TOTAL ASSETS	68,837	70,038
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	42,240	42,240
Reserves	13,506	13,897
Equity attributable to equity holders of the parent	55,746	56,137
Non-controlling interests	(34)	(21)
Total equity	55,712	56,116
Non-current liabilities		
Deferred taxation	5,597	5,633
Long term borrowings	834	947
	6,431	6,580
Current Liabilities		
Bank borrowings	1,280	724
Trade payables	1,814	3,025
Other payables and accruals	3,505	3,428
Hire purchase creditor	95	165
Tax payable	0	0
Total current liabilities	6,694	7,342
Total equity and liabilities	68,837	70,038
Net assets	55,746	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	3rd Quarter	
	Current Year	Previous Year
	30.06.2015 (RM'000) (Unaudited)	30.06.2014 (RM'000) (Unaudited)
Profit/(Loss) before taxation	(351)	(375)
Adjustments for:-		
Depreciation of property, plant and equipment	693	699
Impairment of trade receivables	135	135
Gain on disposal of property, plant and equipment	(3)	0
Reversal of impairment on inventories written down	0	(150)
Interest expenses	208	220
Interest income	(395)	(351)
Reversal of impairment on trade receivables	(45)	(11)
Unrealised loss/(gain) on foreign exchange	(1)	(5)
Operating profit/(Loss) before working capital changes	241	162
Changes in working capital		
Inventories	1,025	(3,636)
Receivables	1,689	264
Payables	(1,141)	239
Cash used in operations	1,814	(2,971)
Interest received	395	351
Interest paid	(208)	(220)
Income tax paid	(408)	(483)
Net cash generated from/(used in) operating activities	1,593	(3,323)
Investing activities		
Proceed from disposal of property, plant and equipment	3	0
Purchase of property, plant and equipment	(69)	(212)
Net cash used in investing activities	(66)	(212)
Financing activities		
(Repayment)/Proceed of bank borrowings	442	(1,291)
Repayment of hire purchase payables	(69)	(108)
Increased in fixed deposit pledged	(1)	(1)
Net cash generated from/(used in) financing activities	372	(1,400)
Net increased/(decreased) in cash and cash equivalents	1,899	(4,935)
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	22,615	19,025
Cash and cash equivalents comprise:		
Cash and bank balances	5,863	4,644
Fixed deposit with licensed banks	16,971	14,420
Total	22,834	19,064
Less : Fixed deposit pledged with a licensed bank	(219)	(39)
	22,615	19,025

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)
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
9 months ended 30 June 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	(391)	(391)	(13)	(404)
Balance as of 30 June 2015 (unaudited)	42,240	13,506	55,746	(34)	55,712

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 30 June 2015				Consolidated
	Trading	Services	Investment Holding	Elimination	
	RM'000	RM'000	RM'000	RM'000	RM'000
External sales	15,122	14,602	-	-	29,724
Inter-segment sales	-	-	162	(162)	-
Total revenue	15,122	14,602	162	(162)	29,724

Results					
Segment results	(364)	259	(271)	(162)	(538)
Loss from operations					(538)
Interest income					395
Interest expenses					(208)
Profit/(Loss) before tax					(351)
Income tax expenses					(53)
Profit/(Loss) for the financial period					(404)

	Cumulative Quarter ended 30 June 2014				Consolidated
	Trading	Services	Investment Holding	Elimination	
	RM'000	RM'000	RM'000	RM'000	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	(245)	(162)	(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)

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 RM2.73 million.

13. Capital commitments

There were no capital commitments incurred by the Group to any parties as at 30 June 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 30 June 2015 RM'000	Cumulative year to date as at 30 June 2015 RM'000

Rental of premises	72	216
Purchase of cellular telephones	0	11
Service maintenance fee and repair of phone	0	1
<hr/>		
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	127	331
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15. Review of performance

For the quarter under review, the Group recorded revenue of RM7.95 million, 17.4% lower than revenue of RM9.62 million in the corresponding quarter of the preceding year. The decrease in revenue was mainly due to decrease in the volume of units of automotive batteries sold. There were also decrease in revenue in servicing and repair of telecommunication product division by 7.7% as compared to the corresponding quarter of preceding year.

The Group recorded a loss before tax ("LBT") of RM0.420 million as compared to profit before tax ("PBT") of RM0.307 million in the corresponding quarter of the preceding year.

16. Comparison with immediate preceding quarter's results

The Group recorded revenue of RM7.95 million, a decrease of 31.6% from the preceding quarter of RM11.63 million. The revenue of both automotive batteries and servicing and repair of telecommunication product divisions have reduced. Revenue was affected since the implementation of Goods and Services Tax ("GST") which effected from 1 April 2015.

The Group recorded a LBT of RM0.420 million as compared to PBT of RM0.042 million in the preceding quarter. The decrease in PBT was mainly due to decrease in revenue in both business segments. The weakening of Ringgit Malaysia against US Dollar has resulted in the higher costs of importation of automotive batteries during the reporting quarter and 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 the unfavorable foreign exchange rates. The servicing and repair of telecommunication products division is expected to make a positive contribution 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 June 2015 RM'000	Cumulative current year to date as at 30 June 2015 RM'000
Current tax expense	40	89
Deferred taxation	(12)	(36)
Total income tax expense	<hr/> 28 <hr/>	<hr/> 53 <hr/>

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.

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 RM2.2 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 30 June 2015 RM'000	As at 30 June 2014 RM'000
Retained profits		
Realised	40,427	41,391
Unrealised	(5,597)	(5,515)
	34,830	35,876
Less: Consolidation adjustments	(21,324)	(22,031)
Total retained profits	13,506	13,845

25. Loss per ordinary share

	Current quarter	Cumulative financial Year to date
Net loss attributable to equity holders of the parent (RM'000)	443	404
Number of shares in issue of RM0.50 each	84,480,000	84,480,000
Loss per share (sen)	0.52	0.46

26. Notes to the statement of comprehensive income

	Current quarter RM'000	Cumulative financial year to date RM'000
Interest income from fixed deposits	133	395
Depreciation and amortisation	(229)	(693)
Reversal of impairment on trade receivable	23	45
Impairment on trade receivables	(45)	(135)
Gain on disposal of property, plant and equipments	0	3
Gain on unrealised foreign exchange	0	1
Finance cost	(74)	(208)

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 19 August 2015.

By order of the Board

Haji Ariffin Bin Abdul Aziz
Group Executive Director

19 August 2015