



WATTA HOLDING BERHAD (324384-A)
Quarter 4 Year 2015 (July 2015 – September 2015)
Financial Year 2015 (October 2014 – September 2015)

Announcement Date: 30 SEPT 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 fourth quarter ended 30 September 2015.

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	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	8,594	10,358	38,318	39,312
Interest income from fixed deposits	223	174	618	525
Other operating income	196	326	780	671
Depreciation and amortisation	(199)	(230)	(892)	(930)
Impairment on trade receivables	0	0	(43)	(37)
Write off of receivables	0	0	0	0
(Loss)/Gain on unrealised/realised forex	39	1	65	6
Cost of sales and Administration expenses	(9,008)	(10,248)	(39,225)	(39,322)
Profit/(Loss) from operation	(155)	381	(379)	225
Finance cost	(22)	(70)	(149)	(289)
Profit/(Loss) before taxation	(177)	311	(528)	(64)
Taxation	(6)	(263)	(59)	(302)
Profit/(Loss) net of taxation	(183)	48	(587)	(366)
Profit/(Loss) attributable to:				
Equity holders of the parent	(179)	52	(570)	(352)
Non-controlling interests	(4)	(4)	(17)	(14)
	(183)	48	(587)	(366)
Total comprehensive income/(Loss) attributable to:				
Equity holders of the parent	(179)	52	(570)	(352)
Non-controlling interests	(4)	(4)	(17)	(14)
	(183)	48	(587)	(366)
Earnings/(Loss) per share attributable to equity holders of the parent (sen):				
Basic	(0.21)	0.06	(0.67)	(0.42)
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 30.09.2015 (RM'000)	AUDITED 30.09.2014 (RM'000)
ASSETS		
Non-current assets		
Property, plant and equipment	8,520	8,964
Investment properties	19,910	20,290
Other investments	5	5
Goodwill on consolidation	4,803	4,803
Deferred tax assets	5	5
Total non-current assets	33,243	34,067
Current Assets		
Inventories	5,477	6,424
Trade receivables	6,185	7,270
Other receivables, deposits & prepayment	1,028	1,352
Fixed deposits with licensed banks	17,187	15,088
Cash and bank balances	7,334	5,837
Total current assets	37,211	35,971
TOTAL ASSETS	70,454	70,038
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	42,240	42,240
Reserves	13,327	13,897
Equity attributable to equity holders of the parent	55,567	56,137
Non-controlling interests	(38)	(21)
Total equity	55,529	56,116
Non-current liabilities		
Deferred taxation	5,492	5,633
Long term borrowings	763	947
	6,255	6,580
Current Liabilities		
Bank borrowings	1,958	724
Trade payables	2,558	3,025
Other payables and accruals	4,046	3,428
Hire purchase creditor	108	165
Tax payable	0	0
Total current liabilities	8,670	7,342
Total equity and liabilities	70,454	70,038
Net assets	55,567	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 year ended	4th Quarter	
	Current Year	Previous Year
	30.09.2015	30.09.2014
	(RM'000)	(RM'000)
	(Unaudited)	(Audited)
Profit/(Loss) before taxation	(528)	(65)
Adjustments for:-		
Depreciation of property, plant and equipment	892	930
Impairment of trade receivables	43	37
Gain on disposal of property, plant and equipment	(3)	(6)
Reversal of impairment on inventories written down	0	(74)
Interest expenses	149	178
Interest income	(618)	(525)
Reversal of impairment on trade receivables	(47)	(112)
Unrealised loss/(gain) on foreign exchange	(83)	(1)
Operating profit/(Loss) before working capital changes	(195)	362
Changes in working capital		
Inventories	947	(2,431)
Receivables	1,517	6
Payables	213	1,192
Cash used in operations	2,482	(871)
Interest received	618	525
Interest paid	(149)	(178)
Income tax refunded	161	139
Income tax paid	(445)	(651)
Net cash generated from/(used in) operating activities	2,667	(1,036)
Investing activities		
Proceed from disposal of property, plant and equipment	3	6
Purchase of property, plant and equipment	(69)	(246)
Net cash used in investing activities	(66)	(240)
Financing activities		
(Repayment)/Proceed of bank borrowings	1,158	(1,652)
Repayment of hire purchase payables	(165)	(146)
Increased in fixed deposit pledged	(17)	(1)
Net cash generated from/(used in) financing activities	976	(1,799)
Net increased/(decreased) in cash and cash equivalents	3,577	(3,075)
Foreign exchange differences	2	6
Cash and cash equivalents at beginning of financial year	20,715	23,784
Cash and cash equivalents at end of financial year	24,294	20,715
Cash and cash equivalents comprise:		
Cash and bank balances	7,334	5,837
Fixed deposit with licensed banks	17,187	15,088
Total	24,521	20,925
Less : Fixed deposit pledged with a licensed bank	(227)	(210)
	24,294	20,715

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)
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 year, representing total comprehensive income	0	(352)	(352)	(14)	(366)
Balance as of 30 Sept 2014 (Audited)	42,240	13,897	56,137	(21)	56,116
12 months ended 30 Sept 2015					
Balance as of 1 October 2014	42,240	13,897	56,137	(21)	56,116
Net profit for the year, representing total comprehensive income	0	(570)	(570)	(17)	(587)
Balance as of 30 Sept 2015 (unaudited)	42,240	13,327	55,567	(38)	55,529

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 Sept 2015				Consolidated
	Trading	Services	Investment Holding	Elimination	
	RM'000	RM'000	RM'000	RM'000	RM'000
External sales	19,312	19,006	-	-	38,318
Inter-segment sales	-	-	216	(216)	-
Total revenue	19,312	19,006	216	(216)	38,318

Results					
Segment results	(443)	224	(562)	(216)	(997)
Loss from operations					(997)
Interest income					618
Interest expenses					(149)
Profit/(Loss) before tax					(528)
Income tax expenses					(59)
Profit/(Loss) for the financial year					(587)
		Cumulative Quarter ended 30 Sept 2014			
	Trading	Services	Investment Holding	Elimination	Consolidated
	RM'000	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	(45)	459	(498)	(216)	(300)
Loss from operations					(300)
Interest income					525
Interest expenses					(289)
Loss before tax					(64)
Income tax expenses					(302)
Profit/(Loss) for the financial year					(366)

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 RM3.56 million.

13. Capital commitments

There were no capital commitments incurred by the Group to any parties as at 30 September 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 Sept 2015 RM'000	Cumulative year to date as at 30 Sept 2015 RM'000
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Rental of premises	72	288
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	0	331
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15. Review of performance

For the quarter under review, the Group recorded revenue of RM8.59 million, 17.0% lower than revenue of RM10.36 million in the corresponding quarter of the preceding year. The decrease in revenue were mainly due to decrease in the volume of units of automotive battery sold and also decrease in revenue in servicing and repair of telecommunication product division as compared to the corresponding quarter of preceding year.

The Group recorded a loss before tax ("LBT") of RM0.177 million as compared to profit before tax ("PBT") of RM0.311 million in the corresponding quarter of the preceding year.

16. Comparison with immediate preceding quarter's results

The Group recorded revenue of RM8.59 million, an increase of 8.1% from the preceding quarter of RM7.95 million. The revenue of servicing and repair of telecommunication product division have reduced by 2.3%. The revenue of automotive battery division had shown an increase of 21.67%. This was due to the decrease in revenue in the preceding quarter with the implementation of Goods and Services Tax ("GST").

The Group recorded a LBT of RM0.177 million as compared to LBT of RM0.420 million in the preceding quarter. The decrease in LBT was mainly due to increase in revenue from the automotive battery division. The weakening of Ringgit Malaysia against US Dollar has resulted in the higher costs of importation of automotive battery 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

As the group enters the new financial year, the board remains cautious on the business prospects in 2016 for both automotive battery and telecommunication product divisions.

18. Variance from profit forecast

There was no profit forecast or profit guarantee issued.

19. Taxation

	Current quarter as at 30 Sept 2015 RM'000	Cumulative current year to date as at 30 Sept 2015 RM'000
Current tax expense	111	200
Deferred taxation	(105)	(141)
Total income tax expense	<hr/> 6 <hr/>	<hr/> 59 <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. Profit attributed by servicing and repair of telecommunication product division is also subject to taxation due to no unabsorbed loss carried forward.

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 RM2.8 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 30 Sept 2015 RM'000	As at 30 Sept 2014 RM'000
Retained profits		
Realised	39,702	41,301
Unrealised	(5,492)	(5,634)
	34,210	35,667
Less: Consolidation adjustments	(20,883)	(21,770)
Total retained profits	13,327	13,897

25. Loss per ordinary share

	Current quarter	Cumulative financial Year to date
Net loss attributable to equity holders of the parent (RM'000)	179	570
Number of shares in issue of RM0.50 each	84,480,000	84,480,000
Loss per share (sen)	0.21	0.67

26. Notes to the statement of comprehensive income

	Current quarter RM'000	Cumulative financial year to date RM'000
Interest income from fixed deposits	223	618
Depreciation and amortisation	(199)	(892)
Reversal of impairment on trade receivable	2	47
Impairment on trade receivables	0	(43)
Gain on disposal of property, plant and equipments	0	3
Gain on unrealised foreign exchange	39	65
Finance cost	(22)	(149)

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 30 November 2015.

By order of the Board

Haji Ariffin Bin Abdul Aziz
Group Executive Director

30 November 2015