



**WATTA HOLDING BERHAD (324384-A)**  
**Quarter 1 Year 2016 (October 2015 – December 2015)**  
**Financial Year 2016 (October 2015 – September 2016)**

Announcement Date: 29 FEB 2016

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 2015.

**A. PRESENTATION OF RESULTS****I) CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	1st Quarter		Year to Date	
	Current Year	Previous Year	Current Year	Previous Year
for the financial period ended	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	9,544	10,139	9,544	10,139
Interest income from fixed deposits	120	95	120	95
Other operating income	176	198	176	198
Depreciation and amortization	(194)	(234)	(194)	(234)
Impairment on trade receivables	(45)	(45)	(45)	(45)
(Loss)/Gain on unrealised/realised forex	(28)	1	(28)	1
Cost of sales and Administration expenses	(9,712)	(10,065)	(9,712)	(10,065)
<b>(Loss)/Profit from operation</b>	<b>(139)</b>	<b>89</b>	<b>(139)</b>	<b>89</b>
Finance cost	(74)	(62)	(74)	(62)
<b>(Loss)/Profit before taxation</b>	<b>(213)</b>	<b>27</b>	<b>(213)</b>	<b>27</b>
Taxation	(20)	(16)	(20)	(16)
<b>(Loss)/Profit net of taxation</b>	<b>(233)</b>	<b>11</b>	<b>(233)</b>	<b>11</b>
<b>Profit attributable to:</b>				
Equity holders of the parent	(228)	15	(228)	15
Non-controlling interests	(5)	(4)	(5)	(4)
	<b>(233)</b>	<b>11</b>	<b>(233)</b>	<b>11</b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the parent	(228)	15	(228)	15
Non-controlling interests	(5)	(4)	(5)	(4)
	<b>(233)</b>	<b>11</b>	<b>(233)</b>	<b>11</b>
<b>Earnings/(Loss) per share attributable to equity holders of the parent (sen):</b>				
Basic	(0.27)	0.02	(0.27)	0.02
Diluted	N/A	N/A	N/A	N/A

The unaudited condensed statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 30 September 2015 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 31.12.2015 (RM'000)	AUDITED 30.09.2015 (RM'000)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	8,430	8,521
Investment properties	19,815	19,910
Other investments	5	5
Goodwill on consolidation	4,803	4,803
Deferred tax assets	5	5
<b>Total non-current assets</b>	<b>33,058</b>	<b>33,244</b>
<b>Current Assets</b>		
Inventories	6,039	5,477
Trade receivables	6,734	6,175
Other receivables, deposits & prepayment	1,193	943
Fixed deposits with licensed banks	17,305	17,187
Cash and bank balances	5,696	7,334
<b>Total current assets</b>	<b>36,967</b>	<b>37,116</b>
<b>TOTAL ASSETS</b>	<b>70,025</b>	<b>70,360</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	42,240	42,240
Reserves	13,099	13,327
<b>Equity attributable to equity holders of the parent</b>	<b>55,339</b>	<b>55,567</b>
Non-controlling interests	(43)	(38)
<b>Total equity</b>	<b>55,296</b>	<b>55,529</b>
<b>Non-current liabilities</b>		
Deferred taxation	5,480	5,492
Long term borrowings	718	763
	<b>6,198</b>	<b>6,255</b>
<b>Current Liabilities</b>		
Bank borrowings	2,520	1,958
Trade payables	2,010	2,558
Other payables and accruals	3,893	3,952
Hire purchase creditor	108	108
Tax payable	0	0
<b>Total current liabilities</b>	<b>8,531</b>	<b>8,576</b>
<b>Total equity and liabilities</b>	<b>70,025</b>	<b>70,360</b>
<b>Net assets</b>	<b>55,339</b>	<b>55,567</b>
<b>Net assets per share attributable to ordinary equity holders of the parent (RM)</b>	<b>0.66</b>	<b>0.66</b>

The unaudited condensed statement of financial position should be read in conjunction with the audited financial statements for the year ended 30 September 2015 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
	31.12.2015 (RM'000) (Unaudited)	31.12.2014 (RM'000) (Unaudited)
<b>(Loss)/Profit before taxation</b>	(213)	27
Adjustments for:-		
Depreciation of property, plant and equipment	194	234
Impairment of trade receivables	45	45
Gain on disposal of property, plant and equipment	0	(3)
Interest expenses	74	62
Interest income	(120)	(95)
Reversal of impairment on trade receivables	(8)	(19)
Unrealised loss/(gain) on foreign exchange	0	(1)
Operating (loss)/profit before working capital changes	(28)	250
Changes in working capital		
Inventories	(562)	(964)
Receivables	(798)	381
Payables	(606)	(536)
Cash generated from/(used in) operations	(1,994)	(869)
Interest received	120	95
Interest paid	(74)	(62)
Income tax paid	(80)	(144)
<b>Net cash generated from/(used in) operating activities</b>	<b>(2,028)</b>	<b>(980)</b>
<b>Investing activities</b>		
Proceed from disposal of property, plant and equipment	0	3
Purchase of property, plant and equipment	(8)	(25)
<b>Net cash generated from/(used in) investing activities</b>	<b>(8)</b>	<b>(22)</b>
<b>Financing activities</b>		
(Repayment)/Proceed of bank borrowings	543	2,968
Repayment of hire purchase payables	(26)	(41)
Increased in fixed deposit pledged	0	0
<b>Net cash generated from/( used in) financing activities</b>	<b>517</b>	<b>2,927</b>
<b>Net increased/(decreased)in cash and cash equivalents</b>	<b>(1,519)</b>	<b>1,925</b>
<b>Foreign exchange differences</b>	<b>0</b>	<b>1</b>
<b>Cash and cash equivalents at beginning of financial period</b>	<b>24,479</b>	<b>20,715</b>
<b>Cash and cash equivalents at end of financial period</b>	<b>22,960</b>	<b>22,641</b>
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	5,696	6,172
Fixed deposit with licensed banks	17,305	16,679
Total	23,001	22,851
Less : Fixed deposit pledged with a licensed bank	(41)	(210)
	<b>22,960</b>	<b>22,641</b>

The unaudited condensed statement of cash flows should be read in conjunction with the audited financial statements for the year ended 30 September 2015 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>				Total Equity (RM'000)
	Share Capital (RM'000)	<u>Distributable</u> Retained Profits (RM'000)	Total (RM'000)	Non- Controlling Interest (RM'000)	
<b>3 months ended 31 Dec 2014</b>					
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
<b>Balance as of 31 Dec 2014 (unaudited)</b>	<b>42,240</b>	<b>13,912</b>	<b>56,152</b>	<b>(25)</b>	<b>56,127</b>
<b>3 months ended 31 Dec 2015</b>					
Balance as of 1 October 2015	42,240	13,327	55,567	(38)	55,529
Net loss for the period, representing total comprehensive income	0	(228)	(228)	(5)	(233)
<b>Balance as of 31 Dec 2015 (unaudited)</b>	<b>42,240</b>	<b>13,099</b>	<b>55,339</b>	<b>(43)</b>	<b>55,296</b>

The unaudited condensed statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 September 2015 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 2015.

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 2015 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 2015.

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 2015.

**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 2015				Consolidated
	Trading	Services	Investment Holding	Elimination	
	RM'000	RM'000	RM'000	RM'000	RM'000
External sales	4,392	5,152	-	-	9,544
Inter-segment sales	-	-	54	(54)	-
Total revenue	4,392	5,152	54	(54)	9,544

Results					
Segment results	(266)	149	(88)	(54)	(259)
Loss from operations					(259)
Interest income					120
Interest expenses					(74)
Loss before tax					(213)
Income tax expenses					(20)
<b>Loss for the financial quarter</b>					<b>(233)</b>

	Cumulative Quarter ended 31 Dec 2014				Consolidated
	Trading	Services	Investment Holding	Elimination	
	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)
Loss from operations					(6)
Interest income					95
Interest expenses					(62)
Profit before tax					27
Income tax expenses					(16)
<b>Profit for the financial quarter</b>					<b>11</b>

**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 RM3.0 million.

**13. Capital commitments**

There were no capital commitments incurred by the Group to any parties as at 31 December 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 December 2015 RM'000	Cumulative year to date as at 31 December 2015 RM'000

Rental of premises	72	72
Purchase of cellular telephones	0	0
Service maintenance fee and repair of phone	0	0
<hr/>		
Z'tronic Holidays (M) Sdn Bhd:		
Purchase of airline tickets, tour arrangement and accommodation booking	112	112
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**15. Review of performance**

For the quarter under review, the Group recorded revenue of RM9.54 million, 5.9% lower than revenue of RM10.14 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 5.4% as compared to the corresponding quarter of preceding year.

The Group recorded a loss before tax ("LBT") of RM0.213 million as compared to profit before tax of RM0.028 million in the corresponding quarter of the preceding year.

**16. Comparison with immediate preceding quarter's results**

The Group recorded revenue of RM9.54 million, an increase of 11.1% from the preceding quarter of RM8.59 million. The revenue of both automotive batteries and servicing and repair of telecommunication product divisions have increased by 5.1% and 16.9% respectively.

The Group recorded a LBT of RM0.213 million as compared to LBT of RM0.177 million in the preceding quarter. The increase in LBT was mainly due to weakening of Ringgit Malaysia against US Dollar, which resulted in the higher costs of importation of automotive batteries 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 battery for the financial year ending 2016; 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 make a positive contribution to Watta Group's earnings in financial year 2016.

**18. Variance from profit forecast**

There was no profit forecast or profit guarantee issued.

**19. Taxation**

	<b>Current quarter as at 31 Dec 2015 RM'000</b>	<b>Cumulative current year to date as at 31 Dec 2015 RM'000</b>
Current tax expense	32	32
Deferred taxation	(12)	(12)
Total income tax expense	<u>20</u>	<u>20</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 RM21 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 RM3.3 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 2015 RM'000	As at 31 Dec 2014 RM'000
Retained profits		
Realised	39,458	40,866
Unrealised	(5,480)	(5,621)
	<b>33,978</b>	<b>35,245</b>
Less: Consolidation adjustments	<b>(20,879)</b>	<b>(21,333)</b>
Total retained profits	<b>13,099</b>	<b>13,912</b>

**25. Loss per ordinary share**

	Current quarter	Cumulative financial Year to date
Net loss attributable to equity holders of the parent (RM'000)	(228)	(228)
Number of shares in issue of RM0.50 each	84,480,000	84,480,000
<b>Basic loss per share (sen)</b>	<b>(0.27)</b>	<b>(0.27)</b>

**26. Notes to the statement of comprehensive income**

	Current quarter RM'000	Cumulative financial year to date RM'000
Interest income from fixed deposits	120	120
Depreciation and amortisation	(194)	(194)
Reversal of impairment on trade receivable	8	8
Impairment on trade receivables	(45)	(45)
Gain on disposal of property, plant and equipments	0	0
Loss on unrealised foreign exchange	(28)	(28)
Finance cost	(74)	(74)

**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 29 February 2016.

By order of the Board

Haji Ariffin Bin Abdul Aziz  
Group Executive Director

29 February 2016