



WATTA HOLDING BERHAD (324384-A)
Quarter 3 Year 2016 (APRIL 2016 – JUNE 2016)
Financial Year 2016 (October 2015 – September 2016)

Announcement Date: 25 AUG 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 third quarter ended 30 June 2016.

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

	^{3rd} Quarter		Year to Date	
	Current Year	Previous Year	Current Year	Previous Year
for the financial period ended	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	10,213	7,952	28,750	29,724
Interest income from fixed deposits	178	133	529	395
Other operating income	228	235	491	584
Depreciation and amortization	(193)	(229)	(570)	(693)
Impairment on trade receivables	(45)	(45)	(135)	(135)
(Loss)/Gain on unrealised/realised forex	(98)	25	(154)	26
Cost of sales and Administration expenses	(10,420)	(8,417)	(29,293)	(30,044)
Loss from operation	(137)	(346)	(382)	(143)
Finance cost	(64)	(74)	(214)	(208)
Loss before taxation	(201)	(420)	(596)	(351)
Taxation	(55)	(28)	(123)	(53)
Loss net of taxation	(256)	(448)	(719)	(404)
Loss attributable to:				
Equity holders of the parent	(252)	(443)	(705)	(391)
Non-controlling interests	(4)	(5)	(14)	(13)
	(256)	(448)	(719)	(404)
Total comprehensive income attributable to:				
Equity holders of the parent	(252)	(443)	(705)	(391)
Non-controlling interests	(4)	(5)	(14)	(13)
	(256)	(448)	(719)	(404)
Loss per share attributable to equity holders of the parent (sen):				
Basic	(0.30)	(0.52)	(0.83)	(0.46)
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 30.06.2016 (RM'000)	AUDITED 30.09.2015 (RM'000)
ASSETS		
Non-current assets		
Property, plant and equipment	8,252	8,521
Investment properties	19,624	19,910
Other investments	0	5
Goodwill on consolidation	4,803	4,803
Deferred tax assets	5	5
Total non-current assets	32,684	33,244
Current Assets		
Inventories	3,921	5,477
Trade receivables	5,892	6,175
Other receivables, deposits & prepayment	1,077	943
Fixed deposits with licensed banks	17,451	17,187
Cash and bank balances	7,565	7,334
Total current assets	35,906	37,116
TOTAL ASSETS	68,590	70,360
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	42,240	42,240
Reserves	12,622	13,327
Equity attributable to equity holders of the parent	54,862	55,567
Non-controlling interests	(52)	(38)
Total equity	54,810	55,529
Non-current liabilities		
Deferred taxation	5,456	5,492
Long term borrowings	629	763
	6,085	6,255
Current Liabilities		
Bank borrowings	1,774	1,958
Trade payables	2,926	2,558
Other payables and accruals	2,887	3,952
Hire purchase creditor	108	108
Tax payable	0	0
Total current liabilities	7,695	8,576
Total equity and liabilities	68,590	70,360
Net assets	54,862	55,567
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.65	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 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	3rd Quarter	
	Current Year	Previous Year
	30.06.2016	30.06.2015
	(RM'000)	(RM'000)
	(Unaudited)	(Unaudited)
Loss before taxation	(596)	(351)
Adjustments for:-		
Depreciation of property, plant and equipment	580	693
Impairment of trade receivables	135	135
Gain on disposal of property, plant and equipment	(8)	(3)
Interest expenses	214	208
Interest income	(529)	(395)
Reversal of impairment on trade receivables	(8)	(45)
Unrealised loss/(gain) on foreign exchange	0	(1)
Operating (loss)/profit before working capital changes	(212)	241
Changes in working capital		
Inventories	1,556	1,025
Receivables	63	1,689
Payables	(660)	(1,141)
Cash generated from/(used in) operations	747	1,814
Interest received	529	395
Interest paid	(214)	(208)
Income tax paid	(298)	(408)
Income tax refunded	67	0
Net cash generated from/(used in) operating activities	831	1,593
Investing activities		
Proceed from disposal of property, plant and equipment	8	3
Purchase of property, plant and equipment	(26)	(69)
Net cash generated from/(used in) investing activities	(18)	(66)
Financing activities		
(Repayment)/Proceed of bank borrowings	(237)	442
Repayment of hire purchase payables	(81)	(69)
Increased in fixed deposit pledged	0	(1)
Net cash generated from/(used in) financing activities	(318)	372
Net increased/(decreased)in cash and cash equivalents	495	1,899
Foreign exchange differences	0	1
Cash and cash equivalents at beginning of financial period	24,479	20,715
Cash and cash equivalents at end of financial period	24,974	22,615
Cash and cash equivalents comprise:		
Cash and bank balances	7,565	5,863
Fixed deposit with licensed banks	17,451	16,971
Total	25,016	22,834
Less : Fixed deposit pledged with a licensed bank	(42)	(219)
	24,974	22,615

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>				
	<u>Share Capital</u>	<u>Distributable Retained Profits</u>	<u>Total</u>	<u>Non- Controlling Interest</u>	<u>Total Equity</u>
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
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
9 months ended 30 June 2016					
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	(705)	(705)	(14)	(719)
Balance as of 30 June 2016 (unaudited)	42,240	12,622	54,862	(52)	54,810

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 30 June 2016				Consolidated
	Trading	Services	Investment Holding	Elimination	
	RM'000	RM'000	RM'000	RM'000	RM'000
External sales	12,757	15,993	-	-	28,750
Inter-segment sales	-	-	162	(162)	-
Total revenue	12,757	15,993	162	(162)	28,750

Results					
Segment results	(868)	445	(326)	(162)	(911)
Loss from operations					(911)
Interest income					529
Interest expenses					(214)
Loss before tax					(596)
Income tax expenses					(123)
Loss for the financial period					(719)

	Cumulative Quarter ended 30 June 2015				Consolidated RM'000
	Trading RM'000	Services RM'000	Investment Holding RM'000	Elimination 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)
Loss before tax					(351)
Income tax expenses					(53)
Loss for the financial period					(404)

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 RM3.10 million.

13. Capital commitments

There were no capital commitments incurred by the Group to any parties as at 30 June 2016.

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 2016 RM'000	Cumulative year to date as at 30 June 2016 RM'000

Rental of premises	72	216
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	20	132
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15. Review of performance

For the quarter under review, the Group recorded revenue of RM10.21 million, 28.4% higher than revenue of RM7.95 million in the corresponding quarter of the preceding year. The increase in revenue was mainly contributed by the increased in sales for both automotive batteries and servicing and repair of telecommunication divisions.

The Group recorded a loss before tax ("LBT") of RM0.20 million as compared to LBT of RM0.42 million in the corresponding quarter of the preceding year.

16. Comparison with immediate preceding quarter's results

The Group recorded revenue of RM10.21 million, an increase of 13.6% from the preceding quarter of RM8.99 million. The revenue of both automotive batteries and servicing and repair of telecommunication product divisions have increased by 14.8% and 12.6% respectively.

The Group recorded a LBT of RM0.201 million as compared to LBT of RM0.182 million in the preceding quarter. The intense competition in the automobile batteries business 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 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

	Current quarter as at 30 June 2016 RM'000	Cumulative current year to date as at 30 June 2016 RM'000
Current tax expense	67	159
Deferred taxation	(12)	(36)
Total income tax expense	<hr/> 55	<hr/> 123

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 RM93 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 RM2.5 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 2016 RM'000	As at 30 June 2015 RM'000
Retained profits		
Realised	38,948	40,427
Unrealised	(5,456)	(5,597)
	33,492	34,830
Less: Consolidation adjustments	(20,870)	(21,324)
Total retained profits	12,622	13,506

25. Loss per ordinary share

	Current quarter	Cumulative financial Year to date
Net loss attributable to equity holders of the parent (RM'000)	(252)	(705)
Number of shares in issue of RM0.50 each	84,480,000	84,480,000
Basic loss per share (sen)	(0.30)	(0.83)

26. Notes to the statement of comprehensive income

	Current quarter RM'000	Cumulative financial year to date RM'000
Interest income from fixed deposits	178	529
Depreciation and amortisation	(193)	(580)
Reversal of impairment on trade receivable	0	8
Impairment on trade receivables	(45)	(135)
Gain on disposal of property, plant and equipments	0	8
Loss on realised foreign exchange	(98)	(154)
Finance cost	(64)	(214)

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 25 August 2016.

By order of the Board

Haji Ariffin Bin Abdul Aziz
Group Executive Director

25 August 2016