



WATTA HOLDING BERHAD (324384-A)
Quarter 4 Year 2016 (July 2016 – September 2016)
Financial Year 2016 (October 2015 – September 2016)

Announcement Date: 24 Nov 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 fourth quarter ended 30 September 2016.

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

	4th Quarter		Year to Date	
	Current Year	Previous Year	Current Year	Previous Year
for the financial year ended	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	10,130	8,584	38,881	38,308
Interest income from fixed deposits	187	223	671	618
Other operating income	134	196	671	780
Depreciation and amortization	(193)	(199)	(774)	(892)
Impairment on trade receivables	(14)	0	(149)	(43)
(Loss)/Gain on unrealised/realised forex	36	39	(118)	80
Cost of sales and Administration expenses	(11,168)	(8,998)	(40,571)	(39,230)
Loss from operation	(888)	(155)	(1,389)	(379)
Finance cost	(19)	(22)	(113)	(149)
Loss before taxation	(907)	(177)	(1,502)	(528)
Taxation	158	(6)	34	(59)
Loss net of taxation	(749)	(183)	(1,468)	(587)
Loss attributable to:				
Equity holders of the parent	(749)	(179)	(1,454)	(570)
Non-controlling interests	(0)	(4)	(14)	(17)
	(749)	(183)	(1,468)	(587)
Total comprehensive income attributable to:				
Equity holders of the parent	(749)	(179)	(1,454)	(570)
Non-controlling interests	(0)	(4)	(14)	(17)
	(749)	(183)	(1,468)	(587)
Loss per share attributable to equity holders of the parent (sen):				
Basic	(0.89)	(0.21)	(1.72)	(0.67)
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 30.09.2016 (RM'000)	AUDITED 30.09.2015 (RM'000)
ASSETS		
Non-current assets		
Property, plant and equipment	8,157	8,521
Investment properties	19,529	19,910
Other investments	0	5
Goodwill on consolidation	4,803	4,803
Deferred tax assets	5	5
Total non-current assets	32,494	33,244
Current Assets		
Inventories	6,536	5,477
Trade receivables	5,742	6,175
Other receivables, deposits & prepayment	863	943
Fixed deposits with licensed banks	13,523	17,187
Cash and bank balances	8,607	7,334
Total current assets	35,271	37,116
TOTAL ASSETS	67,765	70,360
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	42,240	42,240
Reserves	11,873	13,327
Equity attributable to equity holders of the parent	54,113	55,567
Non-controlling interests	(52)	(38)
Total equity	54,061	55,529
Non-current liabilities		
Deferred taxation	5,218	5,492
Long term borrowings	597	763
	5,815	6,255
Current Liabilities		
Bank borrowings	2,005	1,958
Trade payables	2,076	2,558
Other payables and accruals	3,721	3,952
Hire purchase creditor	87	108
Tax payable	0	0
Total current liabilities	7,889	8,576
Total equity and liabilities	67,765	70,360
Net assets	54,113	55,567
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.64	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 year ended	4th Quarter	
	Current Year 30.09.2016 (RM'000) (Unaudited)	Previous Year 30.09.2015 (RM'000) (audited)
Loss before taxation	(1,503)	(528)
Adjustments for:-		
Depreciation of property, plant and equipment	774	892
Impairment of trade receivables	149	43
Gain on disposal of property, plant and equipment	(8)	(3)
Impairment of other receivables	0	110
Impairment of inventories written down	102	0
Interest expenses	113	150
Interest income	(671)	(618)
Reversal of impairment on trade receivables	(8)	0
Reversal of impairment on inventories	(109)	(47)
Unrealised loss/(gain) on foreign exchange	(1)	(83)
Operating (loss)/profit before working capital changes	(1,162)	(84)
Changes in working capital		
Inventories	(1,052)	947
Receivables	449	1,491
Payables	(272)	142
Cash (used in)/ generated from operations	(2,037)	2,496
Interest received	671	618
Interest paid	(113)	(150)
Income tax paid	(407)	(410)
Income tax refunded	85	112
Net cash (used in)/ generated from operating activities	(1,801)	2,666
Investing activities		
Proceed from disposal of property, plant and equipment	8	4
Purchase of property, plant and equipment	(30)	(70)
Net cash used in investing activities	(22)	(66)
Financing activities		
(Repayment)/Proceed of bank borrowings	(32)	1,159
Repayment of hire purchase payables	(108)	(165)
Placement of deposit not for short-term funding requirement	0	(251)
Increased in fixed deposit pledged	1	169
Net cash (used in)/ generated from financing activities	(139)	912
Net (decreased)/ increased in cash and cash equivalents	(1,962)	3,512
Foreign exchange differences	0	1
Cash and cash equivalents at beginning of financial year	24,050	20,537
Cash and cash equivalents at end of financial year	22,088	24,050
Cash and cash equivalents comprise:		
Cash and bank balances	8,607	7,334
Fixed deposit with licensed banks	13,523	17,186
Total	22,130	24,520
Less : Fixed deposit pledged with a licensed bank	(42)	(470)
	22,088	24,050

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>			Non- Controlling Interest (RM'000)	Total Equity (RM'000)
	Share Capital (RM'000)	<u>Distributable</u> Retained Profits (RM'000)	Total (RM'000)		
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 period, representing total comprehensive income	0	(570)	(570)	(17)	(587)
Balance as of 30 Sept 2015 (audited)	42,240	13,327	55,567	(38)	55,529
12 months ended 30 Sept 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	(1,454)	(1,454)	(14)	(1,468)
Balance as of 30 Sept 2016 (unaudited)	42,240	11,873	54,113	(52)	54,061

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 Sept 2016				Consolidated
	Trading	Services	Investment Holding	Elimination	
	RM'000	RM'000	RM'000	RM'000	RM'000
External sales	16,775	22,106	-	-	38,881
Inter-segment sales	-	-	216	(216)	-
Total revenue	16,775	22,106	216	(216)	38,881

Results					
Segment results	(1,612)	426	(658)	(216)	(2,060)
Loss from operations					(2,060)
Interest income					671
Interest expenses					(113)
Loss before tax					(1,502)
Income tax credit					34
Loss for the financial year					(1,468)

	Cumulative Quarter ended 30 Sept 2015				Consolidated
	Trading	Services	Investment Holding	Elimination	
	RM'000	RM'000	RM'000	RM'000	RM'000
External sales	19,302	19,006	-	-	38,308
Inter-segment sales	-	-	216	(216)	-
Total revenue	19,302	19,006	216	(216)	38,308
Results					
Segment results	(443)	224	(562)	(216)	(997)
Loss from operations					(997)
Interest income					618
Interest expenses					(149)
Loss before tax					(528)
Income tax expenses					(59)
Loss for the financial year					(587)

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 RM2.77 million.

13. Capital commitments

There were no capital commitments incurred by the Group to any parties as at 30 September 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 Sept 2016 RM'000	Cumulative year to date as at 30 Sept 2016 RM'000
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Rental of premises	72	288
Purchase of cellular telephones	0	0
Service maintenance fee and repair of phone	0	0
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Z'tronic Holidays (M) Sdn Bhd: Purchase of airline tickets, tour arrangement and accommodation booking	0	132
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15. Review of performance

For the quarter under review, the Group recorded revenue of RM10.13 million, 18.0% higher than revenue of RM8.58 million in the corresponding quarter of the preceding year. The increase in revenue was mainly contributed by the increased in sales for servicing and repair of telecommunication products division and the sales in the distribution of mobile phones division.

The Group recorded a loss before tax ("LBT") of RM0.91 million as compared to LBT of RM0.18 million in the corresponding quarter of the preceding year.

16. Comparison with immediate preceding quarter's results

The Group recorded revenue of RM10.13 million, a decrease of 0.8% from the preceding quarter of RM10.21 million. The revenue of automotive batteries division has decreased by 10.1% whereas revenue of servicing and repair of telecommunication product division has increased by 6.5%. Distribution of mobile phones division has contributed a revenue of RM0.88 million in the current quarter under review.

The Group recorded a LBT of RM0.91 million as compared to LBT of RM0.20 million in the preceding quarter. The intense competition in the automobile batteries business has affected the contribution margin. The weakening of Ringgit Malaysia against US Dollar has also resulted in the higher cost of sales in automotive batteries division. 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 2017; 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 and the distribution of mobile phones division are expected to make a positive contribution to Watta Group's earnings in financial year 2017.

18. Variance from profit forecast

There was no profit forecast or profit guarantee issued.

19. Taxation

	Current quarter as at 30 Sept 2016 RM'000	Cumulative current year to date as at 30 Sept 2016 RM'000
Current tax expense	80	240
Deferred taxation	(238)	(274)
Total income tax credit	<u>(158)</u>	<u>(34)</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 RM158 thousand during the current quarter as no group relief available. There were reversal of deferred taxation and reduction of tax rate from 25% to 24%, which result a total deferred tax credit of RM0.27 million.

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 RM2.6 million as disclosed in the Condensed Consolidated Statement of Financial Position above.

22. Material litigation

There was 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 2016 RM'000	As at 30 Sept 2015 RM'000
Retained profits		
Realised	36,988	40,048
Unrealised	(5,218)	(5,405)
	31,770	34,643
Less: Consolidation adjustments	(19,897)	(21,316)
Total retained profits	11,873	13,327

25. Loss per ordinary share

	Current quarter	Cumulative financial Year to date
Net loss attributable to equity holders of the parent (RM'000)	(749)	(1,454)
Number of shares in issue of RM0.50 each	84,480,000	84,480,000
Basic loss per share (sen)	(0.89)	(1.72)

26. Notes to the statement of comprehensive income

	Current quarter RM'000	Cumulative financial year to date RM'000
Interest income from fixed deposits	187	671
Depreciation and amortisation	(193)	(774)
Reversal of impairment on trade receivable	0	8
Impairment on trade receivables	(14)	(149)
Gain on disposal of property, plant and equipments	0	8
Gain/ (Loss) on realised foreign exchange	36	(118)
Finance cost	(19)	(113)

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 24 November 2016.

By order of the Board

Haji Ariffin Bin Abdul Aziz
Group Executive Director

24 November 2016