



WATTA HOLDING BERHAD (324384-A)
Quarter 1 Year 2017 (October 2016 – December 2016)
Financial Year 2017 (October 2016 – September 2017)

Announcement Date: 23 FEB 2017

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 2016.

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	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	11,201	9,544	11,201	9,544
Interest income from fixed deposits	88	120	88	120
Other operating income	260	176	260	176
Depreciation and amortization	(193)	(194)	(193)	(194)
Impairment on trade receivables	(45)	(45)	(45)	(45)
(Loss)/Gain on unrealised/realised forex	(33)	(28)	(33)	(28)
Cost of sales and Administration expenses	(11,535)	(9,712)	(11,535)	(9,712)
(Loss)/Profit from operation	(257)	(139)	(257)	(139)
Finance cost	(50)	(74)	(50)	(74)
(Loss)/Profit before taxation	(307)	(213)	(307)	(213)
Taxation	(16)	(20)	(16)	(20)
(Loss)/Profit net of taxation	(323)	(233)	(323)	(233)
Profit/ (Loss) attributable to:				
Equity holders of the parent	(319)	(228)	(319)	(228)
Non-controlling interests	(4)	(5)	(4)	(5)
	(323)	(233)	(323)	(233)
Total comprehensive income attributable to:				
Equity holders of the parent	(319)	(228)	(319)	(228)
Non-controlling interests	(4)	(5)	(4)	(5)
	(323)	(233)	(323)	(233)
Earnings/(Loss) per share attributable to equity holders of the parent (sen):				
Basic	(0.38)	(0.27)	(0.38)	(0.27)
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 2016 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 31.12.2016 (RM'000)	AUDITED 30.09.2016 (RM'000)
ASSETS		
Non-current assets		
Property, plant and equipment	8,075	8,157
Investment properties	19,435	19,530
Goodwill on consolidation	4,803	4,803
Deferred tax assets	5	5
Total non-current assets	32,318	32,495
Current Assets		
Inventories	6,020	6,536
Trade receivables	7,064	5,742
Other receivables, deposits & prepayment	1,042	863
Fixed deposits with licensed banks	12,497	13,523
Cash and bank balances	8,275	8,607
Total current assets	34,898	35,271
TOTAL ASSETS	67,216	67,766
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	42,240	42,240
Reserves	11,554	11,873
Equity attributable to equity holders of the parent	53,794	54,113
Non-controlling interests	(56)	(52)
Total equity	53,738	54,061
Non-current liabilities		
Deferred taxation	5,203	5,219
Long term borrowings	256	597
	5,459	5,816
Current Liabilities		
Bank borrowings	1,539	2,006
Trade payables	2,893	2,075
Other payables and accruals	3,500	3,721
Hire purchase creditor	87	87
Tax payable	0	0
Total current liabilities	8,019	7,889
Total equity and liabilities	67,216	67,766
Net assets	53,794	54,113
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.64	0.64

The unaudited condensed statement of financial position should be read in conjunction with the audited financial statements for the year ended 30 September 2016 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
	31.12.2016	31.12.2015
	(RM'000)	(RM'000)
	(Unaudited)	(Unaudited)
(Loss)/Profit before taxation	(307)	(213)
Adjustments for:-		
Depreciation of property, plant and equipment	193	194
Impairment of trade receivables	45	45
Gain on disposal of property, plant and equipment	0	0
Interest expenses	50	74
Interest income	(88)	(120)
Reversal of impairment on trade receivables	(5)	(8)
Unrealised loss/(gain) on foreign exchange	0	0
Operating (loss)/profit before working capital changes	(112)	(28)
Changes in working capital		
Inventories	516	(562)
Receivables	(1,490)	(798)
Payables	597	(606)
Cash generated from/(used in) operations	(489)	(1,994)
Interest received	88	120
Interest paid	(50)	(74)
Income tax paid	(83)	(80)
Net cash generated from/(used in) operating activities	(532)	(2,028)
Investing activities		
Proceed from disposal of property, plant and equipment	0	0
Purchase of property, plant and equipment	(16)	(8)
Net cash generated from/(used in) investing activities	(16)	(8)
Financing activities		
(Repayment)/Proceed of bank borrowings	(780)	543
Repayment of hire purchase payables	(28)	(26)
Increased in fixed deposit pledged	(1)	0
Net cash generated from/(used in) financing activities	(809)	517
Net increased/(decreased)in cash and cash equivalents	(1,357)	(1,519)
Foreign exchange differences	0	0
Cash and cash equivalents at beginning of financial period	21,895	24,479
Cash and cash equivalents at end of financial period	20,538	22,960
Cash and cash equivalents comprise:		
Cash and bank balances	8,275	5,696
Fixed deposit with licensed banks	12,497	17,305
Total	20,772	23,001
Less : Fixed deposit pledged with a licensed bank	(42)	(41)
Less : Deposit not for short term funding requirement	(192)	0
	20,538	22,960

The unaudited condensed statement of cash flows should be read in conjunction with the audited financial statements for the year ended 30 September 2016 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)
3 months ended 31 Dec 2015					
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)
Balance as of 31 Dec 2015 (unaudited)	42,240	13,099	55,339	(43)	55,296
3 months ended 31 Dec 2016					
Balance as of 1 October 2016	42,240	11,873	54,113	(52)	54,061
Net loss for the period, representing total comprehensive income	0	(319)	(319)	(4)	(323)
Balance as of 31 Dec 2016 (unaudited)	42,240	11,554	53,794	(56)	53,738

The unaudited condensed statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 September 2016 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 2016.

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 2016 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 2016.

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 2016.

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 2016				Consolidated RM'000
	Trading RM'000	Services RM'000	Investment Holding RM'000	Elimination RM'000	
External sales	4,920	6,281	-	-	11,201
Inter-segment sales	-	-	54	(54)	-
Total revenue	4,920	6,281	54	(54)	11,201

Results					
Segment results	(316)	139	(114)	(54)	(345)
Loss from operations					(345)
Interest income					88
Interest expenses					(50)
Loss before tax					(307)
Income tax expenses					(16)
Loss for the financial quarter					(323)

	Cumulative Quarter ended 31 Dec 2015				Consolidated RM'000
	Trading RM'000	Services RM'000	Investment Holding RM'000	Elimination 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)
Loss for the financial quarter					(233)

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 been reflected in the financial statements.

11. Changes in the composition of the Group

On 30 November 2016, the Company entered into a Sale of Shares Agreement for the acquisition of the remaining 49% of the issued and paid up share capital of Watta Energy (M) Sdn Bhd ("WEMSB") for a total consideration of RM490,000.00. Upon completion of the proposed acquisition, WEMSB will become a wholly-owned subsidiary of the Company. The proposed acquisition had been completed on 23 January 2017.

12. Contingent liabilities

Unsecured corporate guarantees were given to various institutions for facilities granted to subsidiary companies amounted to RM2.41 million.

13. Capital commitments

There were no capital commitments incurred by the Group to any parties as at 31 December 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 31 December 2016 RM'000	Cumulative year to date as at 31 December 2016 RM'000

Zitron Enterprise (M) Sdn Bhd:		
Rental of premises	72	72
Purchase of cellular telephones	0	0
Service maintenance fee and repair of phone	64	64
Z'tronic Holidays (M) Sdn Bhd:		
Purchase of airline tickets, tour arrangement and accommodation booking	125	125

15. Review of performance

For the quarter under review, the Group recorded revenue of RM11.20 million, 17.4% higher than revenue of RM9.54 million in the corresponding quarter of the preceding year. The increased in revenue were mainly contributed by the increased in sales for servicing and repair of telecommunication division and sales of telecommunication products in WEMSB.

The Group recorded a loss before tax ("LBT") of RM0.307 million as compared to LBT of RM0.213 million in the corresponding quarter of the preceding year.

16. Comparison with immediate preceding quarter's results

The Group recorded revenue of RM11.20 million, an increase of 10.9% from the preceding quarter of RM10.13 million. The revenue of automotive batteries, distribution of telecommunication products and servicing and repair of telecommunication product divisions had increased by 15.3%, 46.9% and 2.7% respectively.

The Group recorded a LBT of RM0.307 million as compared to LBT of RM0.907 million in the preceding quarter. The decreased in LBT was mainly due to increased in sales in the above revenue divisions. 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 distribution, servicing and repair of telecommunication products divisions 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 31 Dec 2016 RM'000	Cumulative current year to date as at 31 Dec 2016 RM'000
Current tax expense	31	31
Deferred taxation	(15)	(15)
Total income tax expense	16	16

The Group's taxation charge for the current quarter under review mainly represents taxation for profit from service and repair of telecommunication product division 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 RM1.88 million as disclosed in the Condensed Consolidated Statement of Financial Position above.

22. Material litigation

There were no material litigations 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 2016 RM'000	As at 31 Dec 2015 RM'000
Retained profits		
Realised	37,082	39,458
Unrealised	(5,203)	(5,480)
	31,879	33,978
Less: Consolidation adjustments	(20,325)	(20,879)
Total retained profits	11,554	13,099

25. Loss per ordinary share

	Current quarter	Cumulative financial Year to date
Net loss attributable to equity holders of the parent (RM'000)	(319)	(319)
Number of shares in issue of RM0.50 each	84,480,000	84,480,000
Basic loss per share (sen)	(0.38)	(0.38)

26. Notes to the statement of comprehensive income

	Current quarter RM'000	Cumulative financial year to date RM'000
Interest income from fixed deposits	88	88
Depreciation and amortisation	(193)	(193)
Reversal of impairment on trade receivable	5	5
Impairment on trade receivables	(45)	(45)
Gain on disposal of property, plant and equipments	0	0
Loss on unrealised foreign exchange	(33)	(33)
Finance cost	(50)	(50)

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 23 February 2017.

By order of the Board

Haji Ariffin Bin Abdul Aziz
Group Executive Director

23 February 2017