



WATTA HOLDING BERHAD (324384-A)
Quarter 3 Year 2017 (April 2017 – June 2017)
Financial Year 2017 (October 2016 – September 2017)

Announcement Date: 17 Aug 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 third quarter ended 30 June 2017.

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	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	8,025	10,213	28,331	28,750
Interest income from fixed deposits	122	178	314	529
Other operating income	153	228	698	491
Depreciation and amortisation	(191)	(193)	(576)	(570)
Impairment on trade receivables	(45)	(45)	(135)	(135)
(Loss)/Gain on unrealised/realised forex	(13)	(98)	(70)	(154)
Cost of sales and Administration expenses	(8,494)	(10,420)	(29,705)	(29,293)
(Loss)/Profit from operation	(443)	(137)	(1,143)	(382)
Finance cost	(43)	(64)	(133)	(214)
(Loss)/Profit before taxation	(486)	(201)	(1,276)	(596)
Taxation	16	(55)	2	(123)
(Loss)/Profit net of taxation	(470)	(256)	(1,274)	(719)
Profit/ (Loss) attributable to:				
Equity holders of the parent	(470)	(252)	(1,270)	(705)
Non-controlling interests	0	(4)	(4)	(14)
	(470)	(256)	(1,274)	(719)
Total comprehensive income attributable to:				
Equity holders of the parent	(470)	(252)	(1,270)	(705)
Non-controlling interests	0	(4)	(4)	(14)
	(470)	(256)	(1,274)	(719)
Earnings/(Loss) per share attributable to equity holders of the parent (sen):				
Basic	(0.56)	(0.30)	(1.50)	(0.83)
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 30.06.2017 (RM'000)	AUDITED 30.09.2016 (RM'000)
ASSETS		
Non-current assets		
Property, plant and equipment	7,884	8,157
Investment properties	19,244	19,530
Goodwill on consolidation	4,803	4,803
Deferred tax assets	5	5
Total non-current assets	31,936	32,495
Current Assets		
Inventories	5,908	6,536
Trade receivables	4,647	5,742
Other receivables, deposits & prepayment	1,265	863
Fixed deposits with licensed banks	12,161	13,523
Cash and bank balances	7,838	8,607
Total current assets	31,819	35,271
TOTAL ASSETS	63,755	67,766
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	42,240	42,240
Reserves	10,057	11,873
Equity attributable to equity holders of the parent	52,297	54,113
Non-controlling interests	0	(52)
Total equity	52,297	54,061
Non-current liabilities		
Deferred taxation	5,172	5,219
Long term borrowings	237	597
	5,409	5,816
Current Liabilities		
Bank borrowings	860	2,006
Trade payables	2,155	2,075
Other payables and accruals	2,996	3,721
Finance lease payable	38	87
Tax payable	0	0
Total current liabilities	6,049	7,889
Total equity and liabilities	63,755	67,766
Net assets	52,297	54,113
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.62	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	3rd Quarter	
	Current Year	Previous Year
	30.06.2017	30.06.2016
	(RM'000)	(RM'000)
	(Unaudited)	(Unaudited)
(Loss)/Profit before taxation	(1,276)	(596)
Adjustments for:-		
Depreciation of property, plant and equipment	576	580
Impairment of trade receivables	135	135
Gain on disposal of property, plant and equipment	0	(8)
Interest expenses	133	214
Interest income	(314)	(529)
Reversal of impairment on trade receivables	(11)	(8)
Unrealised loss/(gain) on foreign exchange	0	0
Operating (loss)/profit before working capital changes	(757)	(212)
Changes in working capital		
Inventories	628	1,556
Receivables	715	63
Payables	(1,094)	(660)
Cash generated from/(used in) operations	(508)	747
Interest received	314	529
Interest paid	(133)	(214)
Income tax paid	(283)	(298)
Income tax refunded	52	67
Net cash generated from/(used in) operating activities	(558)	831
Investing activities		
Proceed from disposal of property, plant and equipment	0	8
Purchase of property, plant and equipment	(17)	(26)
Net cash generated from/(used in) investing activities	(17)	(18)
Financing activities		
(Repayment)/Proceed of bank borrowings	(1,471)	(237)
Repayment of hire purchase payables	(84)	(81)
Increased in fixed deposit pledged	(4)	0
Net cash generated from/(used in) financing activities	(1,559)	(318)
Net increase/(decrease)in cash and cash equivalents	(2,134)	495
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	19,761	24,974
Cash and cash equivalents comprise:		
Cash and bank balances	7,838	7,565
Fixed deposit with licensed banks	12,161	17,451
Total	19,999	25,016
Less : Fixed deposit pledged with a licensed bank	(43)	(42)
Less : Deposit not for short term funding requirement	(195)	0
	19,761	24,974

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</u>				
	<u>Company</u>				
	<u>Share</u>	<u>Retained</u>	<u>Total</u>	<u>Non-</u>	<u>Total</u>
	<u>Capital</u>	<u>Profits</u>		<u>Controlling</u>	<u>Equity</u>
				<u>Interest</u>	
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
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
9 months ended 30 June 2017					
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	(1,270)	(1,270)	(4)	(1,274)
Adjustment on acquisition of Non Controlling Interest's equity		(546)	(546)	56	(490)
Balance as of 30 June 2017 (unaudited)	42,240	10,057	52,297	0	52,297

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 were no audit qualifications 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 30 June 2017				Consolidated RM'000
	Trading RM'000	Services RM'000	Investment Holding RM'000	Elimination RM'000	
External sales	10,820	17,511	-	-	28,331
Inter-segment sales	-	-	162	(162)	-
Total revenue	10,820	17,511	162	(162)	28,331

Results					
Segment results	(1,119)	249	(425)	(162)	(1,457)
Loss from operations					(1,457)
Interest income					314
Interest expenses					(133)
Loss before tax					(1,276)
Income tax expenses/credit					2
Loss for the financial period					(1,274)

	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)

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. 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 RM1.04 million.

13. Capital commitments

There were no capital commitments incurred by the Group to any parties as at 30 June 2017.

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 2017 RM'000	Cumulative year to date as at 30 June 2017 RM'000

Zitron Enterprise (M) Sdn Bhd:		
Rental and maintenance charge of premises	106	318
Purchase of cellular telephones	0	0
Service maintenance fee and repair of phone	0	64
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Z'tronic Holidays (M) Sdn Bhd:		
Purchase of airline tickets, tour arrangement and accommodation booking	0	204
		<hr/>

15. Review of performance

For the quarter under review, the Group recorded revenue of RM8.02 million, 21.4% lower than revenue of RM10.21 million in the corresponding quarter of the preceding year. The decrease in revenue were mainly due to decreased in sales for automotive batteries and servicing and repair of telecommunication divisions.

The Group recorded a loss before tax ("LBT") of RM0.486 million as compared to LBT of RM0.201 million in the corresponding quarter of the preceding year.

16. Comparison with immediate preceding quarter's results

The Group recorded revenue of RM8.02 million, a decrease of 11.9% from the preceding quarter of RM9.11 million. The revenue for distribution of automotive batteries, and servicing and repair of telecommunication product divisions has decreased by 27.4% and 14.3% respectively. The revenue for distribution of telecommunication products has increased by RM0.57 million (271.9%).

The Group recorded a LBT of RM0.486 million as compared to LBT of RM0.483 million in the preceding quarter. There was a marginal increase in LBT. The distribution, 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 intense competitive market for automotive batteries. The distribution, servicing and repair of telecommunication products divisions are expected to contribute positively to Watta Group's earnings in financial year 2017.

The board is currently looking at ways of improving the performance of the Group including but not limited to acquisition of new business or assets and /or business diversifications into other activities.

18. Variance from profit forecast

There were no profit forecasts or profit guarantee issued.

19. Taxation

	Current quarter as at 30 June 2017 RM'000	Cumulative current year to date as at 30 June 2017 RM'000
Current tax expense	0	44
Deferred taxation	(16)	(46)
Total income tax expense	<hr/> <hr/> (16)	<hr/> <hr/> (2)

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 RM1.13 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 30 June 2017 RM'000	As at 30 June 2016 RM'000
Retained profits		
Realised	35,668	38,948
Unrealised	(5,172)	(5,456)
	30,496	33,492
Less: Consolidation adjustments	(20,439)	(20,870)
Total retained profits	10,057	12,622

25. Loss per ordinary share

	Current quarter	Cumulative financial Year to date
Net loss attributable to equity holders of the parent (RM'000)	(470)	(1,270)
Number of shares in issue of RM0.50 each	84,480,000	84,480,000
Basic loss per share (sen)	(0.56)	(1.50)

26. Notes to the statement of comprehensive income

	Current quarter RM'000	Cumulative financial year to date RM'000
Interest income from fixed deposits	122	314
Depreciation and amortisation	(191)	(576)
Reversal of impairment on trade receivable	0	11
Impairment on trade receivables	(45)	(135)
Gain on disposal of property, plant and equipments	0	0
Loss on foreign exchange	(13)	(70)
Finance cost	(43)	(133)

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 17 August 2017.

By order of the Board

Haji Ariffin Bin Abdul Aziz
Group Executive Director

17 August 2017