



WATTA HOLDING BERHAD (324384-A)
Quarter 4 Year 2017 (July 2017 – Sept 2017)
Financial Year 2017 (October 2016 – December 2017)

Announcement Date: 23 NOV 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 fourth quarter ended 30 September 2017.

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 period ended	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	8,226	10,130	36,557	38,881
Interest income from fixed deposits	116	187	430	671
Other operating income	265	134	962	671
Depreciation and amortisation	(191)	(193)	(767)	(774)
Impairment on trade receivables	0	(14)	(135)	(149)
(Loss)/Gain on unrealised/realised forex	(1)	36	(71)	(118)
Cost of sales and Administration expenses	(8,703)	(11,168)	(38,407)	(40,572)
(Loss)/Profit from operation	(288)	(888)	(1,431)	(1,390)
Finance cost	(34)	(19)	(167)	(113)
(Loss)/Profit before taxation	(322)	(907)	(1,598)	(1,503)
Taxation	39	158	41	35
(Loss)/Profit net of taxation	(283)	(749)	(1,557)	(1,468)
(Loss)/Profit attributable to:				
Equity holders of the parent	(283)	(749)	(1,553)	(1,454)
Non-controlling interests	0	(0)	(4)	(14)
	(283)	(749)	(1,557)	(1,468)
Total comprehensive income attributable to:				
Equity holders of the parent	(283)	(749)	(1,553)	(1,453)
Non-controlling interests	0	(0)	(4)	(14)
	(283)	(749)	(1,557)	(1,468)
(Loss)/Earnings per share attributable to equity holders of the parent (sen):				
Basic	(0.33)	(0.89)	(1.84)	(1.72)
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 30.09.2017 (RM'000)	AUDITED 30.09.2016 (RM'000)
ASSETS		
Non-current assets		
Property, plant and equipment	7,789	8,157
Investment properties	19,150	19,530
Goodwill on consolidation	4,803	4,803
Deferred tax assets	5	5
Total non-current assets	31,747	32,495
Current Assets		
Inventories	3,864	6,536
Trade receivables	5,127	5,742
Other receivables, deposits & prepayment	1,036	863
Fixed deposits with licensed banks	12,277	13,523
Cash and bank balances	8,039	8,607
Total current assets	30,343	35,271
TOTAL ASSETS	62,090	67,766
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	42,240	42,240
Reserves	9,774	11,873
Equity attributable to equity holders of the parent	52,014	54,113
Non-controlling interests	0	(52)
Total equity	52,014	54,061
Non-current liabilities		
Deferred taxation	5,157	5,219
Long term borrowings	7	597
	5,164	5,816
Current Liabilities		
Bank borrowings	735	2,006
Trade payables	1,250	2,075
Other payables and accruals	2,886	3,721
Finance lease payable	41	87
Tax payable	0	0
Total current liabilities	4,912	7,889
Total equity and liabilities	62,090	67,766
Net assets	52,014	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	4th Quarter	
	Current Year	Previous Year
	30.09.2017	30.09.2016
	(RM'000)	(RM'000)
	(Unaudited)	(Audited)
(Loss)/Profit before taxation	(1,598)	(1,503)
Adjustments for:-		
Depreciation of property, plant and equipment	767	774
Impairment of trade receivables	135	149
Gain on disposal of property, plant and equipment	0	(7)
Interest expenses	167	113
Interest income	(430)	(671)
Impairment on / reversal of impairment on inventories	60	163
Reversal of impairment on trade receivables	(11)	(8)
Unrealised loss/(gain) on foreign exchange	0	(1)
Operating (loss)/profit before working capital changes	(910)	(991)
Changes in working capital		
Inventories	2,612	(1,221)
Receivables	455	277
Payables	(1,667)	(712)
Cash generated from/(used in) operations	490	(2,647)
Interest received	430	671
Interest paid	(167)	(113)
Income tax paid	(364)	(409)
Income tax refunded	173	264
Net cash generated from/(used in) operating activities	562	(2,234)
Investing activities		
Proceed from disposal of property, plant and equipment	0	8
Purchase of property, plant and equipment	(19)	(30)
Proceed from disposal of other investment	0	5
Acquisition of subsidiary's non controlling interest portion	(490)	0
Net cash generated from/(used in) investing activities	(471)	(17)
Financing activities		
(Repayment)/Proceed of bank borrowings	(1,794)	(31)
Repayment of hire purchase payables	(113)	(109)
Withdrawal of deposits not for short term funding requirement	0	237
Increased in fixed deposit pledged	(1)	(1)
Net cash generated from/(used in) financing activities	(1,908)	96
Net increase/(decrease)in cash and cash equivalents	(1,817)	(2,155)
Cash and cash equivalents at beginning of financial period	21,895	24,050
Cash and cash equivalents at end of financial period	20,078	21,895
Cash and cash equivalents comprise:		
Cash and bank balances	8,039	8,606
Fixed deposit with licensed banks	12,277	13,523
	20,316	22,129
Less : Fixed deposit pledged with a licensed bank	(43)	(42)
Less : Deposit not for short term funding requirement	(195)	(192)
	20,078	21,895

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>Distributable</u>			Non- Controlling Interest (RM'000)	Total Equity (RM'000)
	Share Capital (RM'000)	Retained Profits (RM'000)	Total (RM'000)		
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 (Audited)	42,240	11,873	54,113	(52)	54,061
12 months ended 30 Sept 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	(1,553)	(1,553)	(4)	(1,557)
Adjustment on acquisition of Non Controlling Interest's equity		(546)	(546)	56	(490)
Balance as of 30 Sept 2017 (unaudited)	42,240	9,774	52,014	0	52,014

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 Sept 2017				Consolidated
	Trading	Services	Investment Holding	Elimination	
	RM'000	RM'000	RM'000	RM'000	RM'000
External sales	14,479	22,078	-	-	36,557
Inter-segment sales	-	-	216	(216)	-
Total revenue	14,479	22,078	216	(216)	36,557

Results					
Segment results	(1,398)	281	(528)	(216)	(1,861)
Loss from operations					(1,861)
Interest income					430
Interest expenses					(167)
Loss before tax					(1,598)
Income tax expenses/credit					41
Loss for the financial period					(1,557)

	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 period					(1,468)

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

On 21 August 2017, the Board of Directors had approved the change of financial year end of the Group from 30 September to 31 December. Thus the next set of accounts will be accounted from 1 October 2016 to 31 December 2017 covering a period of 15 months. Thereafter, the financial year of Watta shall end on 31 December for each subsequent year.

On 6 October 2017, the Company had announced its decision to cease the Trading and Distribution of Automotive Batteries Business by 31 December 2017. This is in line with the Group's re-organisation plan to discontinue its loss making business division; as a strategy to reduce the operating costs and overheads of the Group.

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 RM0.31 million.

13. Capital commitments

There were no capital commitments incurred by the Group to any parties as at 30 September 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 Sept 2017 RM'000	Cumulative year to date as at 30 Sept 2017 RM'000
Zitron Enterprise (M) Sdn Bhd:		
Rental and maintenance charge of premises	106	423
Purchase of cellular telephones	0	0
Service maintenance fee and repair of phone	0	64
Z'tronic Holidays (M) Sdn Bhd:		
Purchase of airline tickets, tour arrangement and accommodation booking	0	204

15. Review of performance

For the quarter under review, the Group recorded revenue of RM8.23 million, 18.8% lower than revenue of RM10.13 million in the corresponding quarter of the preceding year. The decreased 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 RM0.322 million as compared to LBT of RM0.907 million in the corresponding quarter of the preceding year.

16. Comparison with immediate preceding quarter's results

The Group recorded revenue of RM8.23 million, an increase of 2.6% from the preceding quarter of RM8.02 million. The revenue for distribution of automotive batteries and distribution of telecommunication products has increased by RM0.60 million (28.9%) and RM0.22 million (28.1%) respectively. The servicing and repair of telecommunication product divisions has decreased by RM0.62 million (11.8%).

The Group recorded a LBT of RM0.322 million as compared to LBT of RM0.486 million in the preceding quarter as the trading and distribution of automotive batteries division has incurred a lower loss. The distribution, servicing and repair of telecommunication product divisions have contributed a marginal profit.

17. Business prospect

On 6 October 2017, the Group has announced its proposed cessation of trading and distribution of automotive batteries business, by 31 December 2017 and expected to complete by 31 March 2018. With the proposed cessation, the revenue is expected to be reduced and loss is expected to be higher due to the provision of redundancy payment and impairment of assets in the next quarter.

The distribution, servicing and repair of telecommunication products divisions are expected to face challenges in the remaining 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 Sept 2017 RM'000	Cumulative current year to date as at 30 Sept 2017 RM'000
Current tax credit/ (expense)	23	(21)
Deferred taxation	16	62
Total income tax credit /(expense)	39	41

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 RM0.78 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 Sept 2017 RM'000	As at 30 Sept 2016 RM'000
Retained profits		
Realised	35,370	37,420
Unrealised	(5,157)	(5,217)
	30,213	32,203
Less: Consolidation adjustments	(20,439)	(20,330)
Total retained profits	9,774	11,873

25. Loss per ordinary share

	Current quarter	Cumulative financial Year to date
Net loss attributable to equity holders of the parent (RM'000)	(283)	(1,557)
Number of shares in issue of RM0.50 each	84,480,000	84,480,000
Basic loss per share (sen)	(0.33)	(1.84)

26. Notes to the statement of comprehensive income

	Current quarter RM'000	Cumulative financial year to date RM'000
Interest income from fixed deposits	116	430
Depreciation and amortisation	(191)	(767)
Reversal of impairment on trade receivable	0	11
Impairment on trade receivables	0	(135)
Gain on disposal of property, plant and equipments	0	0
Loss on foreign exchange	(1)	(71)
Finance cost	(34)	(167)
	(34)	(167)

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 November 2017.

By order of the Board

Haji Ariffin Bin Abdul Aziz
Group Executive Director

23 November 2017