



**WATTA HOLDING BERHAD (324384-A)**  
**Financial Period for Quarter (October 2017 – December 2017)**  
**Financial Period 2017 (October 2016 – December 2017)**

Announcement Date: 28 FEB 2018

The Board of Directors of Watta Holding Berhad (hereinafter referred to as “WATTA” or “the Company”) hereby announce the following unaudited results for the period ended 31 December 2017.

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

	Individual Quarter (3 mths)		Year to Date (15 mths)	
	Current Year	Previous Year	Current Year	Previous Year
for the financial period ended	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	6,739	11,201	43,296	-
Interest income from fixed deposits	107	88	537	-
Other operating income	167	260	1,130	-
Gain on revaluation of investment properties	9,272	0	9,272	-
Depreciation and amortisation	315	(193)	(451)	-
Impairment on trade receivables	0	(45)	(73)	-
Impairment of goodwill	(2,401)	0	(2,401)	-
(Loss)/Gain on unrealised/realised forex	(2)	(33)	(73)	-
Cost of sales and Administration expenses	(9,204)	(11,535)	(47,675)	-
<b>Profit/ (Loss) from operation</b>	<b>4,993</b>	<b>(257)</b>	<b>3,562</b>	-
Finance cost	(28)	(50)	(195)	-
<b>Profit/(Loss) before taxation</b>	<b>4,965</b>	<b>(307)</b>	<b>3,367</b>	-
Taxation	407	(16)	448	-
<b>Profit/(Loss) net of taxation</b>	<b>5,372</b>	<b>(323)</b>	<b>3,815</b>	-
<b>Profit/(Loss) attributable to:</b>				
Equity holders of the parent	5,372	(319)	3,819	-
Non-controlling interests	0	(4)	(4)	-
	<b>5,372</b>	<b>(323)</b>	<b>3,815</b>	-
<b>Total comprehensive income attributable to:</b>				
Equity holders of the parent	5,372	(319)	3,819	-
Non-controlling interests	0	(4)	(4)	-
	<b>5,372</b>	<b>(323)</b>	<b>3,815</b>	-
<b>Earnings/ (Loss) per share attributable to equity holders of the parent (sen):</b>				
Basic	6.36	(0.38)	4.52	-
Diluted	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.

*Note: In view of the change in financial year end from 30 September 2017 to 31 December 2017, there were no comparative financial information available for the 15 months financial period end to 31 December 2017.*

**A. PRESENTATION OF RESULTS (cont.)**  
**II) CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<b>as at</b>	<b>UNAUDITED 31.12.2017 (RM'000)</b>	<b>(RESTATEMENT) 30.09.2016 (RM'000)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	7,725	8,157
Investment properties	34,300	21,430
Goodwill on consolidation	2,402	4,803
Deferred tax assets	5	5
<b>Total non-current assets</b>	<b>44,432</b>	<b>34,395</b>
<b>Current Assets</b>		
Inventories	1,011	6,536
Trade receivables	3,013	5,742
Other receivables, deposits & prepayment	1,110	863
Fixed deposits with licensed banks	12,384	13,524
Cash and bank balances	10,076	8,606
<b>Total current assets</b>	<b>27,594</b>	<b>35,271</b>
<b>TOTAL ASSETS</b>	<b>72,026</b>	<b>69,666</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	42,240	42,240
Reserves	16,705	13,432
<b>Equity attributable to equity holders of the parent</b>	<b>58,945</b>	<b>55,672</b>
Non-controlling interests	0	(52)
<b>Total equity</b>	<b>58,945</b>	<b>55,620</b>
<b>Non-current liabilities</b>		
Deferred taxation	8,649	5,560
Long term borrowings	0	597
	<b>8,649</b>	<b>6,157</b>
<b>Current Liabilities</b>		
Bank borrowings	138	2,006
Trade payables	1,025	2,075
Other payables and accruals	3,228	3,721
Finance lease payable	41	87
Tax payable	0	0
<b>Total current liabilities</b>	<b>4,432</b>	<b>7,889</b>
<b>Total equity and liabilities</b>	<b>72,026</b>	<b>69,666</b>
<b>Net assets</b>	<b>58,945</b>	<b>55,672</b>
<b>Net assets per share attributable to ordinary equity holders of the parent (RM)</b>	<b>0.70</b>	<b>0.66</b>

The restatement on previous year figures have not been audited. 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**

<b>for the financial period ended</b>	<b>Current Year</b>	<b>(Restatement) Previous Year</b>
	<b>31.12.2017</b>	<b>30.09.2016</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>
	<b>(Unaudited)</b>	
<b>Profit before taxation</b>	3,367	397
Adjustments for:-		
Depreciation of property, plant and equipment	451	774
Reversal of amortization on investment properties	0	(1,900)
Impairment of trade receivables	73	149
Gain on disposal of property, plant and equipment	0	(7)
Interest expenses	195	113
Interest income	(537)	(671)
Impairment on / reversal of impairment on inventories	148	163
Revaluation surplus on investment properties	(9,272)	0
Impairment of goodwill	2,401	0
Reversal of impairment on trade receivables	(11)	(8)
Unrealised loss/(gain) on foreign exchange	0	(1)
Operating (loss)/profit before working capital changes	(3,185)	(991)
Changes in working capital		
Inventories	5,377	(1,221)
Receivables	2,614	277
Payables	(1,510)	(712)
Cash generated from/(used in) operations	3,296	(2,647)
Interest received	537	671
Interest paid	(195)	(113)
Income tax paid	(463)	(409)
Income tax refunded	173	264
<b>Net cash generated from/(used in) operating activities</b>	<b>3,348</b>	<b>(2,234)</b>
<b>Investing activities</b>		
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
<b>Net cash (used in) investing activities</b>	<b>(509)</b>	<b>(17)</b>
<b>Financing activities</b>		
(Repayment)/Proceed of bank borrowings	(2,391)	(31)
Repayment of hire purchase payables	(120)	(109)
Withdrawal of deposits not for short term funding requirement	0	237
Increased in fixed deposit pledged	(1)	(1)
<b>Net cash (used in)/generated from financing activities</b>	<b>(2,512)</b>	<b>96</b>
<b>Net increase/(decrease)in cash and cash equivalents</b>	<b>327</b>	<b>(2,155)</b>
<b>Cash and cash equivalents at beginning of financial period</b>	<b>21,895</b>	<b>24,050</b>
<b>Cash and cash equivalents at end of financial period</b>	<b>22,222</b>	<b>21,895</b>
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	10,076	8,606
Fixed deposit with licensed banks	12,384	13,523
	22,460	22,129
Less : Fixed deposit pledged with a licensed bank	(43)	(42)
Less : Deposit not for short term funding requirement	(195)	(192)
	<b>22,222</b>	<b>21,895</b>

The restatement on previous year figures have not been audited. 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>				
	<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)
<b>12 months ended 30 Sept 2016</b>					
Balance as of 1 October 2015	42,240	13,327	55,567	(38)	55,529
Net loss for the year	0	(1,454)	(1,454)	(14)	(1,468)
Adjustments on revaluation surplus, net of deferred tax		1,559	1,559	0	1,559
<b>Balance as of 30 Sept 2016 (Audited) (Restatement)</b>	<b>42,240</b>	<b>13,432</b>	<b>55,672</b>	<b>(52)</b>	<b>55,620</b>
<b>15 months ended 31 Dec 2017</b>					
Balance as of 1 October 2016	42,240	13,432	55,672	(52)	55,620
Net profit for the period, representing total comprehensive income	0	3,819	3,819	(4)	3,815
Adjustment on acquisition of Non Controlling Interest's equity		(546)	(546)	56	(490)
<b>Balance as of 31 Dec 2017 (unaudited)</b>	<b>42,240</b>	<b>16,705</b>	<b>58,945</b>	<b>0</b>	<b>58,945</b>

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 Group has adopted the change in accounting policy of its Investment Properties from “Cost method” to “Fair Value method”; thus certain comparative figures have been restated retrospectively.

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 31 Dec 2017				Consolidated
	Trading	Services	Investment Holding	Elimination	
	RM'000	RM'000	RM'000	RM'000	RM'000
External sales	16,788	26,508	-	-	43,296

Inter-segment sales	-	-	270	(270)	-
Total revenue	16,788	26,508	270	(270)	43,296
Results					
Segment results	3,535	328	(568)	(270)	3,025
Profit from operations					3,025
Interest income					537
Interest expenses					(195)
Profit before tax					3,367
Income tax expenses/credit					448
<b>Profit for the financial period</b>					<b>3,815</b>

	<b>Cumulative Quarter ended 30 Sept 2016</b>				<b>Consolidated</b>
	<b>Trading</b>	<b>Services</b>	<b>Investment Holding</b>	<b>Elimination</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
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
<b>Loss for the financial year</b>					<b>(1,468)</b>

#### 9. Valuation of property, plant and equipment and investment properties

The Group had performed valuation on its property, plant and equipment and investment properties during the financial quarter under review. The Group has adopted fair value method for its investment properties and maintained cost method for its property, plant and equipment.

#### 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, this set of accounts to 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 RM0.20 million.

**13. Capital commitments**

There were no capital commitments incurred by the Group to any parties as at 31 December 2017.

**14. Related party transactions**

During the financial period, significant related party transactions for the current quarter under review are as follows:-

	<b>Current quarter as at 31 Dec 2017 RM'000</b>	<b>Cumulative period to date as at 31 Dec 2017 RM'000</b>
Zitron Enterprise (M) Sdn Bhd:		
Rental and maintenance charge of premises	106	529
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 RM6.74 million, 39.8% lower than revenue of RM11.20 million in the corresponding quarter of the preceding year. The decreased in revenue were mainly due to the drop in sales for automotive batteries in view of the proposed cessation. Servicing and repair of telecommunication division has also experienced marginal reduction in revenue.

The Group recorded a profit before tax ("PBT") of RM4.965 million as compared to loss before tax ("LBT") of RM0.307 million in the corresponding quarter of the preceding year. The PBT was resulted from the change in accounting policy with revaluation surplus on investment properties amounted to RM9.272 million and impairment of goodwill amounted to RM2.401 million during the quarter under review.

**16. Comparison with immediate preceding quarter's results**

The Group recorded revenue of RM6.74 million, a decrease of 18.1% from the preceding quarter of RM8.23 million. The revenue for distribution of automotive batteries and servicing and repair of telecommunication products has decreased by RM1.48 million (55.6%) and RM0.14 million (3.0%) respectively. The distribution of telecommunication product divisions has increased by RM0.13 million (13.0%).

The Group recorded a PBT of RM4.965 million as compared to LBT of RM0.322 million in the preceding quarter. The trading and distribution of automotive batteries and telecommunication product divisions have incurred losses. The servicing and repair of telecommunication product division has contributed a marginal profit. Note 15 above has detailed down the rationale of PBT for the quarter under review.

**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 the practical completion of the cessation are expected to be 31 March 2018. With the proposed cessation of distribution of automotive battery business, the revenue is expected to be reduced.

The distribution, servicing and repair of telecommunication products divisions are expected to be stable in the financial year 2018. 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**

	<b>Current quarter as at 31 Dec 2017 RM'000</b>	<b>Cumulative current year to date as at 31 Dec 2017 RM'000</b>
Current tax credit/ (expense)	(40)	(60)
Deferred taxation	447	508
Total income tax credit /(expense)	<u>407</u>	<u>448</u>

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. There were reversals of deferred taxation attributed by revaluation of the Group's investment properties.

**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 RM0.20 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**

	<b>As at 31 Dec 2017 RM'000</b>	<b>As at 30 Sept 2016 RM'000</b>
Retained profits		
Realised	47,705	39,322
Unrealised	(8,649)	(5,560)
	<u>39,056</u>	<u>33,762</u>
Less: Consolidation adjustments	<u>(22,351)</u>	<u>(20,330)</u>
Total retained profits	<u>16,705</u>	<u>13,432</u>

**25. Earning per ordinary share**

	<b>Current quarter</b>	<b>Cumulative financial period to date</b>
Net profit attributable to equity holders of the parent (RM'000)	5,372	3,819
Number of shares in issue	84,480,000	84,480,000
<b>Basic earnings per share (sen)</b>	<u>6.36</u>	<u>4.52</u>

**26. Notes to the statement of profit and loss and comprehensive income**

	<b>Current quarter RM'000</b>	<b>Cumulative financial period to date RM'000</b>
Interest income from fixed deposits	107	537
Depreciation and amortisation	315	(451)
Reversal of impairment on trade receivable	0	11
Impairment on trade receivables	0	(73)
Revaluation surplus on investment properties	9,272	9,272
Impairment of goodwill	(2,401)	(2,401)
Loss on foreign exchange	(2)	(73)
Finance cost	(28)	(195)



**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 28 February 2018.

By order of the Board

Haji Ariffin Bin Abdul Aziz  
Group Executive Director  
28 February 2018