



WATTA HOLDING BERHAD (324384-A)
Financial Period for Quarter (January 2018 – March 2018)
Financial Year 2018 (January 2018 – December 2018)

Announcement Date: 24 MAY 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 first quarter ended 31 March 2018.

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

	Individual Quarter (3 mths)		Year to Date (3 mths)	
	Current Year	Previous Year	Current Year	Previous Year
for the financial period ended	31.03.2018	31.03.2017	31.03.2018	
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	4,775	9,105	4,775	-
Interest income from fixed deposits	106	104	106	-
Other operating income	218	286	218	-
Gain on revaluation of investment properties	0	0	0	-
Depreciation and amortisation	(55)	(192)	(55)	-
Impairment on trade receivables	0	(45)	0	-
Impairment of goodwill	0	0	0	-
Loss on unrealised/realised forex	0	(24)	0	-
Cost of sales and Administration expenses	(5,376)	(9,677)	(5,376)	-
Profit/ (Loss) from operation	(332)	(443)	(332)	-
Finance cost	(24)	(40)	(24)	-
Profit/(Loss) before taxation	(356)	(483)	(356)	-
Taxation	27	3	27	-
Profit/(Loss) net of taxation	(329)	(480)	(329)	-
Profit/(Loss) attributable to:				
Equity holders of the parent	(329)	(480)	(329)	-
Non-controlling interests	0	0	0	-
	(329)	(480)	(329)	-
Total comprehensive income attributable to:				
Equity holders of the parent	(329)	(480)	(329)	-
Non-controlling interests	0	0	0	-
	(329)	(480)	(329)	-
Earnings/ (Loss) per share attributable to equity holders of the parent (sen):				
Basic	(0.39)	(0.57)	(0.39)	-
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 31 December 2017 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 cumulative year to date 3 months financial period end to 31 March 2018.

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

as at	UNAUDITED 31.03.2018 (RM'000)	(AUDITED) 31.12.2017 (RM'000)
ASSETS		
Non-current assets		
Property, plant and equipment	7,651	7,725
Investment properties	34,300	34,300
Other investments	500	0
Goodwill on consolidation	2,402	2,402
Deferred tax assets	5	5
Total non-current assets	44,858	44,432
Current Assets		
Inventories	672	948
Trade receivables	1,572	3,206
Other receivables, deposits & prepayment	1,015	917
Fixed deposits with licensed banks	12,446	12,384
Cash and bank balances	10,159	10,076
Total current assets	25,864	27,531
TOTAL ASSETS	70,722	71,963
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	42,240	42,240
Reserves	16,467	16,796
Equity attributable to equity holders of the parent	58,707	59,036
Non-controlling interests	0	0
Total equity	58,707	59,036
Non-current liabilities		
Deferred taxation	8,326	8,343
Long term borrowings	0	12
	8,326	8,355
Current Liabilities		
Bank borrowings	0	138
Trade payables	1,140	1,026
Other payables and accruals	2,549	3,380
Finance lease payable	0	28
Tax payable	0	0
Total current liabilities	3,689	4,572
Total equity and liabilities	70,722	71,963
Net assets	58,707	59,036
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.69	0.70

The unaudited condensed statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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	Current Year	Previous Year
	31.03.2018	31.03.2017
	(RM'000)	(RM'000)
	(Unaudited)	
Loss before taxation	(356)	-
Adjustments for:-		
Depreciation of property, plant and equipment	55	-
Reversal of amortization on investment properties	0	-
Impairment of trade receivables	0	-
Gain on disposal of property, plant and equipment	(50)	-
Interest expenses	24	-
Interest income	(106)	-
Impairment on / reversal of impairment on inventories	(77)	-
Revaluation surplus on investment properties	0	-
Impairment of goodwill	0	-
Reversal of impairment on trade receivables	0	-
Unrealised loss/(gain) on foreign exchange	0	-
Operating (loss)/profit before working capital changes	(510)	-
Changes in working capital		
Inventories	353	-
Receivables	1,418	-
Payables	(486)	-
Cash generated from/(used in) operations	775	-
Interest received	106	-
Interest paid	(24)	-
Income tax paid	(59)	-
Income tax refunded	0	-
Net cash generated from/(used in) operating activities	798	-
Investing activities		
Proceed from disposal of property, plant and equipment	69	-
Purchase of property, plant and equipment	0	-
Investment	(500)	-
Acquisition of subsidiary's non controlling interest portion	0	-
Net cash (used in) investing activities	(431)	-
Financing activities		
(Repayment)/Proceed of bank borrowings	(150)	-
Repayment of hire purchase payables	(28)	-
Net cash (used in)/generated from financing activities	(178)	-
Net increase/(decrease)in cash and cash equivalents	189	-
Cash and cash equivalents at beginning of financial period	22,221	-
Cash and cash equivalents at end of financial period	22,410	-
Cash and cash equivalents comprise:		
Cash and bank balances	10,159	-
Fixed deposit with licensed banks	12,446	-
	22,605	-
Less : Deposit not for short term funding requirement	(195)	-
	22,410	-

The unaudited condensed statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 3 months financial period end to 31 March 2018.

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)
15 months ended 31 Dec 2017					
Balance as of 1 October 2016	42,240	13,432	55,672	(52)	55,620
Net profit for the financial period, representing comprehensive income		3,910	3,910	(4)	3,906
Adjustment on acquisition of Non Controlling Interest's equity		(546)	(546)	56	(490)
Balance as of 31 Dec 2017 (audited)	42,240	16,796	59,036	0	59,036
3 months ended 31 March 2018					
Balance as of 1 January 2018	42,240	16,796	59,036	0	59,036
Net loss for the period, representing total comprehensive income		(329)	(329)	0	(329)
Balance as of 31 March 2018 (unaudited)	42,240	16,467	58,707	0	58,707

The unaudited condensed statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 period ended 31 December 2017.

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 period ended 31 December 2017 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 January 2018.

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 period ended 31 December 2017.

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.

	Quarter ended 31 March 2018				Consolidated RM'000
	Trading RM'000	Services RM'000	Investment Holding RM'000	Elimination RM'000	
External sales	503	4,272	-	-	4,775
Inter-segment sales	-	-	18	(18)	-
Total revenue	503	4,272	18	(18)	4,775

Results					
Segment results	(279)	27	(168)	(18)	(438)
Loss from operations					(438)
Interest income					106
Interest expenses					(24)
Loss before tax					(356)
Income tax expenses/credit					27
Loss for the financial period					(329)

	Quarter ended 31 March 2017				Consolidated
	Trading	Services	Investment Holding	Elimination	
	RM'000	RM'000	RM'000	RM'000	RM'000
External sales	3,058	6,047	-	-	9,105
Inter-segment sales	-	-	54	(54)	-
Total revenue	3,058	6,047	54	(54)	9,105
Results					
Segment results	(368)	49	(174)	(54)	(547)
Loss from operations					(547)
Interest income					104
Interest expenses					(40)
Loss before tax					(483)
Income tax expenses/ (credit)					3
Loss for the financial period					(480)

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 last financial period. 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 for first quarter from 1 January 2018 to 31 March 2018. The financial year of Watta shall end on 31 December 2018.

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

There were no corporate guarantees or contingent liabilities for the financial quarter under review.

13. Capital commitments

There were no capital commitments incurred by the Group to any parties as at 31 March 2018.

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 March 2018 RM'000	Cumulative period to date as at 31 March 2018 RM'000
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Zitron Enterprise (M) Sdn Bhd:

Rental and maintenance charge of premises

106

106

15. Review of performance

For the quarter under review, the Group recorded revenue of RM4.77 million, 47.6% lower than revenue of RM9.11 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 cessation of battery division. Servicing and repair of telecommunication division has also experienced reduction in revenue.

The Group recorded a loss before tax ("LBT") of RM0.356 million as compared to LBT of RM0.483 million in the corresponding quarter of the preceding year. The reduction in LBT was resulted from the change in accounting policy on investment properties to fair value model in last quarter of financial period 2017. Thus, no amortisation on investment properties is accounted for during the current quarter under review which amounted to RM0.13 million.

16. Comparison with immediate preceding quarter's results

The Group recorded revenue of RM4.77 million, a decrease of 29.2% from the preceding quarter of RM6.74 million. The revenue for distribution of automotive batteries and servicing and repair of telecommunication products have decreased by RM1.81 million (78.2%) and RM0.16 million (3.6%) respectively. The decreased in revenue were mainly due to the drop in sales for automotive batteries in view of the cessation of battery division as mentioned in Note 15.

The Group recorded a LBT of RM0.355 million as compared to profit before tax ("PBT") of RM4.965 million in the preceding quarter; which arose from the surplus on revaluation of investment properties. 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.

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 practically completed on 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

	Current quarter as at 31 March 2018 RM'000	Cumulative current year to date as at 31 March 2018 RM'000
Current tax credit/ (expense)	0	0
Deferred taxation	27	27
Total income tax credit /(expense)	27	27

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 were no bank borrowings secured by the Group to any parties as at 31 March 2018.

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 March 2018 RM'000	As at 31 Dec 2017 RM'000
Retained profits		
Realised	47,144	47,490
Unrealised	(8,326)	(8,343)
	38,818	39,147
Less: Consolidation adjustments	(22,351)	(22,351)
Total retained profits	16,467	16,796

25. Loss per ordinary share

	Current quarter	Cumulative financial year to date
Net loss attributable to equity holders of the parent (RM'000)	(329)	(329)
Number of shares in issue	84,480,000	84,480,000
Basic loss per share (sen)	(0.39)	(0.39)

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

	Current quarter RM'000	Cumulative financial year to date RM'000
Interest income from fixed deposits	106	106
Depreciation and amortisation	(55)	(55)
Reversal of impairment on trade receivable	0	0
Impairment on trade receivables	0	0
Finance cost	(24)	(24)

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 May 2018.

By order of the Board

Haji Ariffin Bin Abdul Aziz
Group Executive Director
24 May 2018