



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

Announcement Date: 16 AUG 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 second quarter ended 30 June 2018.

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

	Individual Quarter (3 mths)		Year to Date (6 mths)	
	Current Year	Previous Year	Current Year	Previous Year
for the financial period ended	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	3,827	8,025	8,602	-
Interest income from fixed deposits	124	122	230	-
Other operating income	356	153	574	-
Gain on revaluation of investment properties	0	0	0	-
Depreciation and amortisation	(50)	(191)	(105)	-
Impairment on trade receivables	0	(45)	0	-
Impairment of goodwill	0	0	0	-
Loss on unrealised/realised forex	(7)	(13)	(7)	-
Cost of sales and Administration expenses	(4,592)	(8,494)	(9,968)	-
Profit/ (Loss) from operation	(342)	(443)	(674)	-
Finance cost	(13)	(43)	(37)	-
Profit/(Loss) before taxation	(355)	(486)	(711)	-
Taxation	27	16	54	-
Profit/(Loss) net of taxation	(328)	(470)	(657)	-
Profit/(Loss) attributable to:				
Equity holders of the parent	(328)	(470)	(657)	-
Non-controlling interests	0	0	0	-
	(328)	(470)	(657)	-
Total comprehensive income attributable to:				
Equity holders of the parent	(328)	(470)	(657)	-
Non-controlling interests	0	0	0	-
	(328)	(470)	(657)	-
Earnings/ (Loss) per share attributable to equity holders of the parent (sen):				
Basic	(0.39)	(0.56)	(0.78)	-
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 period 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 6 months financial period end to 30 June 2018.

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

as at	UNAUDITED 30.06.2018 (RM'000)	(AUDITED) 31.12.2017 (RM'000)
ASSETS		
Non-current assets		
Property, plant and equipment	7,600	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	44,807	44,432
Current Assets		
Inventories	694	948
Trade receivables	1,359	3,206
Other receivables, deposits & prepayment	1,132	917
Fixed deposits with licensed banks	15,570	12,384
Cash and bank balances	6,578	10,076
Total current assets	25,333	27,531
TOTAL ASSETS	70,140	71,963
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	42,240	42,240
Reserves	16,139	16,796
Equity attributable to equity holders of the parent	58,379	59,036
Non-controlling interests	0	0
Total equity	58,379	59,036
Non-current liabilities		
Deferred taxation	8,289	8,343
Long term borrowings	0	12
	8,289	8,355
Current Liabilities		
Bank borrowings	0	138
Trade payables	1,165	1,026
Other payables and accruals	2,307	3,380
Finance lease payable	0	28
Tax payable	0	0
Total current liabilities	3,472	4,572
Total equity and liabilities	70,140	71,963
Net assets	58,379	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 period 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
	30.06.2018	30.06.2017
	(RM'000)	(RM'000)
	(Unaudited)	
Loss before taxation	(711)	-
Adjustments for:-		
Depreciation of property, plant and equipment	105	-
Reversal of amortization on investment properties	0	-
Impairment of trade receivables	(3)	-
Gain on disposal of property, plant and equipment	(60)	-
Interest expenses	37	-
Interest income	(230)	-
Impairment on / reversal of impairment on inventories	(440)	-
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	(1,302)	-
Changes in working capital		
Inventories	694	-
Receivables	1,529	-
Payables	(633)	-
Cash generated from/(used in) operations	288	-
Interest received	230	-
Interest paid	(37)	-
Income tax paid	(155)	-
Income tax refunded	0	-
Net cash generated from/(used in) operating activities	326	-
Investing activities		
Proceed from disposal of property, plant and equipment	79	-
Purchase of property, plant and equipment	0	-
Investment	(500)	-
Acquisition of subsidiary's non controlling interest portion	0	-
Net cash (used in) investing activities	(421)	-
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	(273)	-
Cash and cash equivalents at beginning of financial period	22,221	-
Cash and cash equivalents at end of financial period	21,948	-
Cash and cash equivalents comprise:		
Cash and bank balances	6,578	-
Fixed deposit with licensed banks	15,570	-
	22,148	-
Less : Deposit not for short term funding requirement	(200)	-
	21,948	-

The unaudited condensed statement of cash flows should be read in conjunction with the audited financial statements for the period 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 2107, there were no comparative financial information available for the 6 months financial period end to 30 June 2018.

A. PRESENTATION OF RESULTS (cont.)**IV) CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to Owners of the Company				
	Share Capital	Distributable 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
6 months ended 30 June 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		(657)	(657)	0	(657)
Balance as of 30 June 2018 (unaudited)	42,240	16,139	58,379	0	58,379

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

	Cumulative Quarter ended 30 June 2018				Consolidated RM'000
	Trading RM'000	Services RM'000	Investment Holding RM'000	Elimination RM'000	
External sales	601	8,001	-	-	8,602
Inter-segment sales	-	-	36	(36)	-
Total revenue	601	8,001	36	(36)	8,602

Results					
Segment results	(444)	(96)	(328)	(36)	(904)
Loss from operations					(904)
Interest income					230
Interest expenses					(37)
Loss before tax					(711)
Income tax credit					54
Loss for the financial period					(657)

	Cumulative Quarter ended 30 June 2017				Consolidated
	Trading	Services	Investment Holding	Elimination	
	RM'000	RM'000	RM'000	RM'000	RM'000
External sales	7,978	12,328	-	-	20,306
Inter-segment sales	-	-	108	(108)	-
Total revenue	7,978	12,328	108	(108)	20,306
Results					
Segment results	(684)	188	(288)	(108)	(892)
Loss from operations					(892)
Interest income					192
Interest expenses					(90)
Loss before tax					(790)
Income tax expenses					(13)
Loss for the financial period					(803)

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

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

There were no changes in the composition of the Group for the financial quarter under review.

12. Contingent liabilities

Unsecured corporate guarantee was given to bank for facilities granted to subsidiary company amounted to RM0.560 million.

13. Capital commitments

There were no capital commitments incurred by the Group to any parties as at 30 June 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 30 June 2018 RM'000	Cumulative period to date as at 30 June 2018 RM'000
Zitron Enterprise (M) Sdn Bhd: Rental and maintenance charge of premises	106	212

15. Review of performance

For the quarter under review, the Group recorded revenue of RM3.83 million, 52.3% lower than revenue of RM8.03 million in the corresponding quarter of the preceding year. The decrease in revenue was mainly due to the drop in sales of automotive batteries in view of the cessation of automotive battery division. Servicing and repair of telecommunication division has also experienced reduction in revenue as a result of stiff competition.

The Group recorded a loss before tax ("LBT") of RM0.355 million as compared to LBT of RM0.486 million in the corresponding quarter of the preceding financial period. The lower in LBT was a result of lower overheads incurred following the cessation of automotive battery division.

16. Comparison with immediate preceding quarter's results

The Group recorded revenue of RM3.83 million, a decrease of 19.9% from the preceding quarter of RM4.78 million. The revenue for distribution of automotive batteries and servicing and repair of telecommunication products have decreased by RM0.41 million (80.52%) and RM0.54 million (12.7%) respectively. The remaining inventories of automotive batteries division have been sold.

The Group recorded a LBT of RM0.355 million as compared to LBT of RM0.356 million in the preceding quarter. The cessation of automotive battery division and the drop in revenue of servicing and repair of telecommunication division have resulted to both divisions incurring losses during the current quarter under review.

17. Business prospect

The distribution, servicing and repair of telecommunication products divisions are expected to face challenges in the financial year 2018. The board is currently looking at ways of improving the performance of the Group.

18. Variance from profit forecast

There were no profit forecasts or profit guarantee issued.

19. Taxation

	Current quarter as at 30 June 2018 RM'000	Cumulative current year to date as at 30 June 2018 RM'000
Current tax credit/ (expense)	0	0
Deferred taxation	27	54
Total income tax credit /(expense)	27	54

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 30 June 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 30 June 2018 RM'000	As at 31 Dec 2017 RM'000
Retained profits		
Realised	46,779	47,490
Unrealised	(8,289)	(8,343)
	38,490	39,147
Less: Consolidation adjustments	(22,351)	(22,351)
Total retained profits	16,139	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)	(328)	(657)
Number of shares in issue	84,480,000	84,480,000
Basic loss per share (sen)	(0.39)	(0.78)

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	124	230
Depreciation and amortisation	(50)	(105)
Reversal of impairment on trade receivable	(3)	(3)
Impairment on trade receivables	0	0
Finance cost	(13)	(37)

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 16 August 2018.

By order of the Board

Haji Ariffin Bin Abdul Aziz
Group Executive Director
16 August 2018