



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

Announcement Date: 13 NOV 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 third quarter ended 30 September 2018.

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

	Individual Quarter (3 mths)		Year to Date (9 mths)	
	Current Year	Previous Year	Current Year	Previous Year
for the financial period ended	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	3,809	8,226	12,410	-
Interest income from fixed deposits	142	116	372	-
Other operating income	263	265	838	-
Gain on revaluation of investment properties	0	0	0	-
Depreciation and amortisation	(52)	(191)	(157)	-
Impairment on trade receivables	0	0	0	-
Impairment of goodwill	0	0	0	-
Loss on unrealised/realised forex	0	(1)	0	-
Cost of sales and administration expenses	(4,699)	(8,703)	(14,674)	-
<b>Profit/ (Loss) from operation</b>	<b>(537)</b>	<b>(288)</b>	<b>(1,211)</b>	-
Finance cost	(21)	(34)	(58)	-
<b>Profit/(Loss) before taxation</b>	<b>(558)</b>	<b>(322)</b>	<b>(1,269)</b>	-
Taxation	15	39	69	-
<b>Profit/(Loss) net of taxation</b>	<b>(543)</b>	<b>(283)</b>	<b>(1,200)</b>	-
<b>Profit/(Loss) attributable to:</b>				
Equity holders of the parent	(543)	(283)	(1,200)	-
Non-controlling interests	0	0	0	-
	<b>(543)</b>	<b>(283)</b>	<b>(1,200)</b>	-
<b>Total comprehensive income attributable to:</b>				
Equity holders of the parent	(543)	(283)	(1,200)	-
Non-controlling interests	0	0	0	-
	<b>(543)</b>	<b>(283)</b>	<b>(1,200)</b>	-
<b>Earnings/ (Loss) per share attributable to equity holders of the parent (sen):</b>				
Basic	(0.64)	(0.33)	(1.42)	-
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 9 months financial period end to 30 September 2018.*

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

as at	UNAUDITED 30.09.2018 (RM'000)	(AUDITED) 31.12.2017 (RM'000)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	7,567	7,725
Investment properties	34,300	34,300
Other investments	500	0
Goodwill on consolidation	2,402	2,402
Deferred tax assets	5	5
<b>Total non-current assets</b>	<b>44,774</b>	<b>44,432</b>
<b>Current Assets</b>		
Inventories	719	948
Trade receivables	1,084	3,206
Other receivables, deposits & prepayment	1,049	917
Fixed deposits with licensed banks	15,712	12,384
Cash and bank balances	5,565	10,076
<b>Total current assets</b>	<b>24,129</b>	<b>27,531</b>
<b>TOTAL ASSETS</b>	<b>68,903</b>	<b>71,963</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	42,240	42,240
Reserves	15,596	16,796
<b>Equity attributable to equity holders of the parent</b>	<b>57,836</b>	<b>59,036</b>
Non-controlling interests	0	0
<b>Total equity</b>	<b>57,836</b>	<b>59,036</b>
<b>Non-current liabilities</b>		
Deferred taxation	8,262	8,343
Long term borrowings	0	12
	<b>8,262</b>	<b>8,355</b>
<b>Current Liabilities</b>		
Bank borrowings	0	138
Trade payables	1,074	1,026
Other payables and accruals	1,731	3,380
Finance lease payable	0	28
Tax payable	0	0
<b>Total current liabilities</b>	<b>2,805</b>	<b>4,572</b>
<b>Total equity and liabilities</b>	<b>68,903</b>	<b>71,963</b>
<b>Net assets</b>	<b>57,836</b>	<b>59,036</b>
<b>Net assets per share attributable to ordinary equity holders of the parent (RM)</b>	<b>0.68</b>	<b>0.70</b>

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 30.09.2018 (RM'000) (Unaudited)	Previous Year 30.06.2017 (RM'000)
<b>Loss before taxation</b>	(1,269)	-
Adjustments for:-		
Depreciation of property, plant and equipment	157	-
Reversal of amortisation on investment properties	0	-
Impairment of trade receivables	0	-
Gain on disposal of property, plant and equipment	(60)	-
Interest expenses	58	-
Interest income	(372)	-
Impairment on / reversal of impairment on inventories	(440)	-
Revaluation surplus on investment properties	0	-
Impairment of goodwill	0	-
Reversal of impairment on trade receivables	(3)	-
Unrealised loss/(gain) on foreign exchange	0	-
Operating (loss)/profit before working capital changes	(1,929)	-
Changes in working capital		
Inventories	669	-
Receivables	2,231	-
Payables	(1,574)	-
Cash generated from/(used in) operations	(603)	-
Interest received	372	-
Interest paid	(58)	-
Income tax paid	(238)	-
Income tax refunded	0	-
<b>Net cash generated from/(used in) operating activities</b>	<b>(527)</b>	<b>-</b>
<b>Investing activities</b>		
Proceed from disposal of property, plant and equipment	84	-
Purchase of property, plant and equipment	(23)	-
Investment	(500)	-
<b>Net cash (used in) investing activities</b>	<b>(439)</b>	<b>-</b>
<b>Financing activities</b>		
(Repayment)/Proceed of bank borrowings	(150)	-
Repayment of hire purchase payables	(28)	-
<b>Net cash (used in)/generated from financing activities</b>	<b>(178)</b>	<b>-</b>
<b>Net increase/(decrease)in cash and cash equivalents</b>	<b>(1,144)</b>	<b>-</b>
<b>Cash and cash equivalents at beginning of financial period</b>	<b>22,221</b>	<b>-</b>
<b>Cash and cash equivalents at end of financial period</b>	<b>21,077</b>	<b>-</b>
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	5,565	-
Fixed deposit with licensed banks	15,712	-
	21,277	-
Less : Deposit not for short term funding requirement	(200)	-
	<b>21,077</b>	<b>-</b>

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 2017, there were no comparative financial information available for the 9 months financial period end to 30 September 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)
<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 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)
<b>Balance as of 31 Dec 2017 (audited)</b>	<b>42,240</b>	<b>16,796</b>	<b>59,036</b>	<b>0</b>	<b>59,036</b>
<b>9 months ended 30 Sept 2018</b>					
Balance as of 1 January 2018	42,240	16,796	59,036	0	59,036
Net loss for the period, representing total comprehensive income		(1,200)	(1,200)	0	(1,200)
<b>Balance as of 30 Sept 2018 (unaudited)</b>	<b>42,240</b>	<b>15,596</b>	<b>57,836</b>	<b>0</b>	<b>57,836</b>

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 Sept 2018				Consolidated RM'000
	Trading RM'000	Services RM'000	Investment Holding RM'000	Elimination RM'000	
External sales	602	11,808	-	-	12,410
Inter-segment sales	-	-	54	(54)	-
Total revenue	602	11,808	54	(54)	12,410

Results					
Segment results	(786)	(209)	(534)	(54)	(1,583)
Loss from operations					(1,583)
Interest income					372
Interest expenses					(58)
Loss before tax					(1,269)
Income tax credit					69
<b>Loss for the financial period</b>					<b>(1,200)</b>

	Cumulative Quarter ended 30 Sept 2017				Consolidated RM'000
	Trading RM'000	Services RM'000	Investment Holding RM'000	Elimination 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					41
<b>Loss for the financial period</b>					<b>(1,557)</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 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 RM0.70 million.

#### 13. Capital commitments

There were no capital commitments incurred by the Group to any parties as at 30 September 2018.

**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 30 Sept 2018 RM'000</b>	<b>Cumulative period to date as at 30 Sept 2018 RM'000</b>
Zitron Enterprise (M) Sdn Bhd: Rental and maintenance charge of premises	106	317

**15. Review of performance**

For the quarter under review, the Group recorded revenue of RM3.81 million, 53.7% lower than revenue of RM8.23 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 due to stiff competition in market place.

The Group recorded a loss before tax ("LBT") of RM0.558 million as compared to LBT of RM0.322 million in the corresponding quarter of the preceding financial period. The higher in LBT was mainly due to the cessation of automotive battery division which previously contributed gross profit margin from sales.

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

The Group recorded revenue of RM3.81 million, a decrease of 0.5% from the preceding quarter of RM3.83 million. Automotive batteries division did not generate revenue. All remaining inventories had been sold in the preceding quarter. Revenue generated by service and repair of telecommunication products was consistent.

The Group recorded a LBT of RM0.558 million as compared to LBT of RM0.355 million in the preceding quarter. The reduction in other income and upkeep of building expenditure have resulted the group incurring additional losses during the current quarter under review.

**17. Business prospect**

The servicing and repair of telecommunication products division is expected to face challenges in the balance of financial year 2018. The Board continues to look 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**

	<b>Current quarter as at 30 Sept 2018 RM'000</b>	<b>Cumulative current year to date as at 30 Sept 2018 RM'000</b>
Current tax credit/ (expense)	0	0
Deferred taxation	15	69
Total income tax credit /(expense)	15	69

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 September 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 Sept 2018 RM'000	As at 31 Dec 2017 RM'000
Retained profits		
Realised	46,209	47,490
Unrealised	(8,262)	(8,343)
	<b>37,947</b>	<b>39,147</b>
Less: Consolidation adjustments	<b>(22,351)</b>	<b>(22,351)</b>
Total retained profits	<b>15,596</b>	<b>16,796</b>

**25. Loss per ordinary share**

	Current quarter	Cumulative financial year to date
Net loss attributable to equity holders of the parent (RM'000)	(543)	(1,200)
Number of shares in issue	84,480,000	84,480,000
<b>Basic loss per share (sen)</b>	<b>(0.64)</b>	<b>(1.42)</b>

**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	142	372
Depreciation and amortisation	(52)	(157)
Reversal of impairment on trade receivable	0	(3)
Impairment on trade receivables	0	0
Finance cost	(21)	(58)

**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 13 November 2018.

By order of the Board

Haji Ariffin Bin Abdul Aziz  
Group Executive Director  
13 November 2018