



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

Announcement Date: 21 FEB 2019

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 31 December 2018.

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

	Individual Quarter (3 mths)		Year to Date (12 mths)	
	Current Year	Previous Year	Current Year	Previous Year
for the financial period ended	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	3,683	6,739	16,093	-
Interest income from fixed deposits	154	107	526	-
Other operating income	923	167	1,761	-
Gain on revaluation of investment properties	0	11,648	0	-
Depreciation and amortisation	(57)	(160)	(215)	-
Impairment of goodwill	(2,402)	(2,402)	(2,402)	-
Loss on unrealised/realised forex	0	(2)	0	-
Cost of sales and administration expenses	(4,550)	(9,204)	(19,280)	-
Profit/ (Loss) from operations	(2,249)	6,893	(3,517)	-
Finance cost	0	(28)	(1)	-
Profit/(Loss) before taxation	(2,249)	6,865	(3,518)	-
Taxation	323	(25)	392	-
Profit/(Loss) net of taxation	(1,926)	6,840	(3,126)	-
Profit/(Loss) attributable to:				
Equity holders of the parent	(1,926)	6,840	(3,126)	-
Non-controlling interests	0	0	0	-
	(1,926)	6,840	(3,126)	-
Total comprehensive income attributable to:				
Equity holders of the parent	(1,926)	6,840	(3,126)	-
Non-controlling interests	0	0	0	-
	(1,926)	6,840	(3,126)	-
Earnings/ (Loss) per share attributable to equity holders of the parent (sen):				
Basic	(2.28)	8.10	(3.70)	-
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 12 months financial year end to 31 December 2018.

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

as at	(UNAUDITED) 31.12.2018 (RM'000)	(AUDITED) 31.12.2017 (RM'000)
ASSETS		
Non-current assets		
Property, plant and equipment	7,504	7,725
Investment properties	34,300	34,300
Other investments	500	0
Goodwill on consolidation	0	2,402
Deferred tax assets	0	5
Total non-current assets	42,304	44,432
Current Assets		
Inventories	716	948
Trade receivables	866	3,206
Other receivables, deposits & prepayment	1,067	917
Fixed deposits with licensed banks	16,866	12,384
Cash and bank balances	4,409	10,076
Total current assets	23,924	27,531
TOTAL ASSETS	66,228	71,963
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	42,240	42,240
Reserves	13,670	16,796
Equity attributable to equity holders of the parent	55,910	59,036
Non-controlling interests	0	0
Total equity	55,910	59,036
Non-current liabilities		
Deferred taxation	7,903	8,343
Long term borrowings	0	12
	7,903	8,355
Current Liabilities		
Bank borrowings	0	138
Trade payables	1,102	1,026
Other payables and accruals	1,313	3,380
Finance lease payable	0	28
Tax payable	0	0
Total current liabilities	2,415	4,572
Total equity and liabilities	66,228	71,963
Net assets	55,910	59,036
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.66	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
	31.12.2018	31.12.2017
	(RM'000)	(RM'000)
	(Unaudited)	
Loss before taxation	(3,518)	-
Adjustments for:-		
Interest expenses	1	-
Interest income	(549)	-
(Impairment on) / reversal of impairment on inventories	(440)	-
Gain on disposal of property, plant and equipments	(117)	-
Impairment of goodwill	2,402	-
Reversal of impairment on trade receivables	(195)	-
Depreciation of property, plant and equipments	215	-
Operating (loss)/profit before working capital changes	(2,201)	-
Changes in working capital		
Inventories	672	-
Receivables	2,637	-
Payables	(1,995)	-
Cash generated from/(used in) operations	(887)	-
Interest received	549	-
Interest paid	(1)	-
Income tax paid	(252)	-
Income tax refunded	0	-
Net cash generated from/(used in) operating activities	(591)	-
Investing activities		
Proceed from disposal of property, plant and equipment	162	-
Purchase of property, plant and equipment	(39)	-
Investment	(500)	-
Net cash (used in) investing activities	(377)	-
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	(1,146)	-
Cash and cash equivalents at beginning of financial period	22,221	-
Cash and cash equivalents at end of financial period	21,075	-
Cash and cash equivalents comprise:		
Cash and bank balances	4,409	-
Fixed deposit with licensed banks	16,866	-
	21,275	-
Less : Deposit not for short term funding requirement	(200)	-
	21,075	-

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 12 months financial year end to 31 December 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
12 months ended 31 Dec 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		(3,126)	(3,126)	0	(3,126)
Balance as of 31 Dec 2018 (unaudited)	42,240	13,670	55,910	0	55,910

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 year ended 31 Dec 2018				Consolidated RM'000
	Trading RM'000	Services RM'000	Investment Holding RM'000	Elimination RM'000	
External sales	602	15,491	-	-	16,093
Inter-segment sales	-	-	72	(72)	-
Total revenue	602	15,491	72	(72)	16,093

Results					
Segment results	(554)	(303)	(712)	(72)	(1,641)
Loss from operations					(1,641)
Interest income					526
Interest expenses					(1)
Impairment loss on goodwill					(2,402)
Loss before tax					(3,518)
Income tax credit					392
Loss for the financial year					(3,126)

	Cumulative year ended 31 Dec 2017				Consolidated
	Trading	Services	Investment Holding	Elimination	
	RM'000	RM'000	RM'000	RM'000	RM'000
External sales	16,518	26,508	-	-	43,026
Inter-segment sales	-	-	270	(270)	-
Total revenue	16,518	26,508	270	(270)	43,026
Results					
Segment results	8,016	328	(568)	(270)	7,506
Profit from operations					7,506
Interest income					769
Interest expenses					(6)
Impairment loss on goodwill					(2,402)
Profit before tax					5,867
Income tax expenses					(1,961)
Profit for the financial period					3,906

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 31 December 2018.

14. Related party transactions

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

	Current quarter as at 31 Dec 2018 RM'000	Cumulative year to date as at 31 Dec 2018 RM'000
Zitron Enterprise (M) Sdn Bhd: Rental and maintenance charge of premises	106	423

15. Review of performance

For the quarter under review, the Group recorded revenue of RM3.68 million, 45.4% lower than revenue of RM6.74 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 RM2.25 million as compared to profit before tax ("PBT") of RM6.87 million in the corresponding quarter of the preceding financial period. The higher in LBT was mainly due to the impairment loss of goodwill on consolidation amounted RM2.40 million and 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 RM3.68 million, a decrease of 3.4% from the preceding quarter of RM3.81 million. The revenue contributed by service and repair of telecommunication products has been consistent.

The Group recorded a LBT of RM2.25 million as compared to LBT of RM0.56 million in the preceding quarter. Impairment loss of goodwill on consolidation 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 financial year 2019. The Board continues to look 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 Dec 2018 RM'000	Cumulative current year to date as at 31 Dec 2018 RM'000
Current tax credit/ (expense)	(29)	(30)
Deferred taxation	352	422
Total income tax credit /(expense)	323	392

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 December 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 Dec 2018 RM'000	As at 31 Dec 2017 RM'000
Retained profits		
Realised	38,927	47,490
Unrealised	(7,919)	(8,343)
	31,008	39,147
Less: Consolidation adjustments	(17,338)	(22,351)
Total retained profits	13,670	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)	(1,926)	(3,126)
Number of shares in issue	84,480,000	84,480,000
Basic loss per share (sen)	(2.28)	(3.70)

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	154	526
Depreciation and amortisation	(57)	(215)
Reversal of impairment on trade receivable	192	195
Impairment on trade receivables	0	0
Finance cost	0	(1)

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 21 February 2019.

By order of the Board

Haji Ariffin Bin Abdul Aziz
Group Executive Director
21 February 2019