



WATTA HOLDING BERHAD (324384-A)
Financial Period for Quarter (January 2019 – March 2019)
Financial Year 2019 (January 2019 – December 2019)

Announcement Date: 29 MAY 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 first quarter ended 31 March 2019.

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	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	3,446	4,775	3,446	4,775
Interest income from fixed deposits	145	106	145	106
Other operating income	6	218	6	218
Gain on revaluation of investment properties	0	0	0	0
Depreciation and amortisation	(16)	(55)	(16)	(55)
Impairment on trade receivables	0	0	0	0
Impairment of goodwill	0	0	0	0
Loss on unrealised/realised forex	0	0	0	0
Cost of sales and Administration expenses	(4,056)	(5,376)	(4,056)	(5,376)
Profit/ (Loss) from operation	(475)	(332)	(475)	(332)
Finance cost	0	(24)	0	(24)
Profit/(Loss) before taxation	(475)	(356)	(475)	(356)
Taxation	27	27	27	27
Profit/(Loss) net of taxation	(448)	(329)	(448)	(329)
Profit/(Loss) attributable to:				
Equity holders of the parent	(448)	(329)	(448)	(329)
Non-controlling interests	0	0	0	0
	(448)	(329)	(448)	(329)
Total comprehensive income attributable to:				
Equity holders of the parent	(448)	(329)	(448)	(329)
Non-controlling interests	0	0	0	0
	(448)	(329)	(448)	(329)
Earnings/ (Loss) per share attributable to equity holders of the parent (sen):				
Basic	(0.53)	(0.39)	(0.53)	(0.39)
Diluted	N/A	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 2018 and the accompanying explanatory notes that form an integral part of the Interim Financial Statements.

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

as at	UNAUDITED 31.03.2019 (RM'000)	(AUDITED) 31.12.2018 (RM'000)
ASSETS		
Non-current assets		
Property, plant and equipment	7,489	7,504
Investment properties	34,300	34,300
Other investments	512	512
Total non-current assets	42,301	42,316
Current Assets		
Inventories	532	716
Trade receivables	700	866
Other receivables, deposits & prepayment	739	1,068
Fixed deposits with licensed banks	17,016	16,870
Cash and bank balances	4,372	4,405
Total current assets	23,359	23,925
TOTAL ASSETS	65,660	66,241
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	42,240	42,240
Reserves	13,234	13,682
Total equity	55,474	55,922
Non-current liabilities		
Deferred taxation	7,876	7,903
Current Liabilities		
Trade payables	671	1,102
Other payables and accruals	1,639	1,314
Total current liabilities	2,310	2,416
Total equity and liabilities	65,660	66,241
Net assets	55,474	55,922
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.66	0.66

The unaudited condensed statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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
	31.03.2019	31.03.2018
	(RM'000)	(RM'000)
	(Unaudited)	(Unaudited)
Loss before taxation	(475)	(356)
Adjustments for:-		
Interest expenses	0	24
Interest income	(145)	(106)
Impairment on / reversal of impairment on inventories	0	(77)
Gain on disposal of property, plant and equipment	0	(50)
Impairment of trade receivable	0	0
Depreciation of property, plant and equipment	16	55
Revaluation surplus on investment properties	0	0
Impairment of goodwill	0	0
Unrealised loss/(gain) on foreign exchange	0	0
Operating (loss)/profit before working capital changes	(604)	(510)
Changes in working capital		
Inventories	184	353
Receivables	295	1,418
Payables	(193)	(486)
Cash generated from/(used in) operations	(318)	775
Interest received	145	106
Interest paid	0	(24)
Income tax paid	(67)	(59)
Income tax refunded	354	0
Net cash generated from/(used in) operating activities	114	798
Investing activities		
Proceed from disposal of property, plant and equipment	0	69
Purchase of property, plant and equipment	(1)	0
Purchase of other investment	0	(500)
Net cash (used in) investing activities	(1)	(431)
Financing activities		
(Repayment)/Proceed of bank borrowings	0	(150)
Repayment of hire purchase payables	0	(28)
Net cash (used in)/generated from financing activities	0	(178)
Net increase/(decrease)in cash and cash equivalents	113	189
Cash and cash equivalents at beginning of financial period	21,275	22,221
Cash and cash equivalents at end of financial period	21,388	22,410
Cash and cash equivalents comprise:		
Cash and bank balances	4,372	10,159
Fixed deposit with licensed banks	17,016	12,446
	21,388	22,605
Less : Deposit not for short term funding requirement	0	(195)
	21,388	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 2018 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)
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 financial 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
3 months ended 31 March 2019					
Balance as of 1 January 2019	42,240	13,682	55,922	0	55,922
Net loss for the financial period, representing total comprehensive income		(448)	(448)	0	(448)
Balance as of 31 March 2019 (unaudited)	42,240	13,234	55,474	0	55,474

The unaudited condensed statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 31 December 2018.

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 31 December 2018 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 year beginning on or after 1 January 2019.

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 2018.

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 2019				Consolidated
	Trading/ Property Investment	Services	Investment Holding	Elimination	
	RM'000	RM'000	RM'000	RM'000	RM'000
External sales	209	3,237	-	-	3,446
Inter-segment sales	-	-	18	(18)	-
Total revenue	209	3,237	18	(18)	3,446

Results					
Segment results	(339)	(100)	(181)	0	(620)
Loss from operations					(620)
Interest income					145
Interest expenses					0
Loss before tax					(475)
Income tax (expenses)/credit					27
Loss for the financial period					(448)

	Quarter ended 31 March 2018				Consolidated RM'000
	Trading/ Property Investment 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	(297)	27	(168)	0	(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)

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 not 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 guarantees given to financial institution for facility granted to a subsidiary company amounted to RM0.70 million.

13. Capital commitments

There were no capital commitments contracted by the Group to any parties as at 31 March 2019.

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 2019 RM'000	Cumulative period to date as at 31 March 2019 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 RM3.45 million, 27.7% lower than revenue of RM4.78 million in the corresponding quarter of the preceding year. The decrease in revenue was due to the absence of sales for automotive batteries following its cessation in end of June 2018 and drop in sales in the servicing and repairs of mobile telecommunication equipment products divisions.

The Group recorded a loss before tax ("LBT") of RM0.475 million as compared to LBT of RM0.356 million in the corresponding quarter of the preceding year. The increase in LBT was due to the absence in the contribution by the automotive battery business unit and the decrease in revenue of servicing and repairs of mobile telecommunication equipment products division which contributed lower gross profit margin.

16. Comparison with immediate preceding quarter's results

The Group recorded revenue of RM3.45 million, a decrease of 6.3% from the preceding quarter of RM3.68 million. The revenue of servicing and repairs of mobile telecommunication equipment products have decreased by RM0.44 million. The decrease in revenue was mainly due to stiff competition in the market place.

The Group recorded a LBT of RM0.475 million as compared to LBT of RM2.25 million in the preceding quarter. The LBT is significantly lower due to the impairment loss of goodwill on consolidation in the preceding quarter.

The Board will review and look into ways to cost control measures.

17. Prospects

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 March 2019 RM'000	Cumulative current year to date as at 31 March 2019 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 2019.

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 2019 RM'000	As at 31 Dec 2018 RM'000
Retained profits		
Realised	38,448	38,923
Unrealised	(7,876)	(7,903)
	30,572	31,020
Less: Consolidation adjustments	(17,338)	(17,338)
Total retained profits	13,234	13,682

25. Loss per ordinary share

	Current quarter	Cumulative financial year to date
Net loss attributable to equity holders of the parent (RM'000)	(448)	(448)
Number of shares in issue	84,480,000	84,480,000
Basic loss per share (sen)	(0.53)	(0.53)

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	145	145
Depreciation and amortisation	(16)	(16)
Reversal of impairment on trade receivable	0	0
Impairment on trade receivables	0	0
Finance cost	0	0
	0	0

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 29 May 2019.

By order of the Board

Haji Ariffin Bin Abdul Aziz
Group Executive Director
29 May 2019