



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

Announcement Date: 15 AUG 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 second quarter ended 30 June 2019.

**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	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	3,152	3,827	6,598	8,602
Interest income from fixed deposits	132	124	277	230
Other operating income	5	346	11	514
Gain on revaluation of investment properties	0	0	0	0
Depreciation and amortisation	(14)	(50)	(29)	(105)
Impairment on trade receivables	0	0	0	0
Impairment of goodwill	0	0	0	0
Gain on disposal of property, plant and equipment	18	10	18	60
Loss on unrealised/realised forex	0	(7)	0	(7)
Cost of sales and Administration expenses	(3,661)	(4,592)	(7,718)	(9,968)
<b>Profit/ (Loss) from operation</b>	<b>(368)</b>	<b>(342)</b>	<b>(843)</b>	<b>(674)</b>
Finance cost	0	(13)	0	(37)
<b>Profit/(Loss) before taxation</b>	<b>(368)</b>	<b>(355)</b>	<b>(843)</b>	<b>(711)</b>
Taxation	27	27	54	54
<b>Profit/(Loss) net of taxation</b>	<b>(341)</b>	<b>(328)</b>	<b>(789)</b>	<b>(657)</b>
<b>Profit/(Loss) attributable to:</b>				
Equity holders of the parent	(341)	(328)	(789)	(657)
Non-controlling interests	0	0	0	0
	<b>(341)</b>	<b>(328)</b>	<b>(789)</b>	<b>(657)</b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the parent	(341)	(328)	(789)	(657)
Non-controlling interests	0	0	0	0
	<b>(341)</b>	<b>(328)</b>	<b>(789)</b>	<b>(657)</b>
<b>Earnings/ (Loss) per share attributable to equity holders of the parent (sen):</b>				
Basic	(0.40)	(0.39)	(0.93)	(0.78)
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**

<b>as at</b>	<b>UNAUDITED</b> <b>30.06.2019</b> <b>(RM'000)</b>	<b>(AUDITED)</b> <b>31.12.2018</b> <b>(RM'000)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	7,475	7,504
Investment properties	34,300	34,300
Other investments	512	512
<b>Total non-current assets</b>	<b>42,287</b>	<b>42,316</b>
<b>Current Assets</b>		
Inventories	740	716
Trade receivables	755	866
Other receivables, deposits & prepayment	959	1,068
Fixed deposits with licensed banks	17,147	16,870
Cash and bank balances	3,273	4,405
<b>Total current assets</b>	<b>22,874</b>	<b>23,925</b>
<b>TOTAL ASSETS</b>	<b>65,161</b>	<b>66,241</b>
<b>EQUITY AND LIABILITY</b>		
<b>Capital and reserves</b>		
Share capital	42,240	42,240
Reserves	12,893	13,682
<b>Total equity</b>	<b>55,133</b>	<b>55,922</b>
<b>Non-current liabilities</b>		
Deferred taxation	7,850	7,903
<b>Current Liabilities</b>		
Trade payables	722	1,102
Other payables and accruals	1,456	1,314
<b>Total current liabilities</b>	<b>2,178</b>	<b>2,416</b>
<b>Total equity and liabilities</b>	<b>65,161</b>	<b>66,241</b>
<b>Net assets</b>	<b>55,133</b>	<b>55,922</b>
<b>Net assets per share attributable to ordinary equity holders of the parent (RM)</b>	<b>0.65</b>	<b>0.66</b>

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**

<b>for the financial period ended</b>	<b>Current Year</b>	<b>Previous Year</b>
	<b>30.06.2019</b>	<b>30.06.2018</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Loss before taxation</b>	(843)	(710)
Adjustments for:-		
Interest expenses	0	37
Interest income	(277)	(230)
Impairment on / (reversal of) impairment on inventories	0	(440)
Gain on disposal of property, plant and equipment	(18)	(60)
Impairment /(reversal of) impairment on trade receivable	0	(3)
Depreciation of property, plant and equipment	29	105
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	(1,109)	(1,301)
Changes in working capital		
Inventories	(24)	694
Receivables	56	1,529
Payables	(273)	(634)
Cash generated from/(used in) operations	(1,350)	288
Interest received	277	230
Interest paid	0	(37)
Income tax paid	(153)	(155)
Income tax refunded	354	0
<b>Net cash generated from/(used in) operating activities</b>	<b>(872)</b>	<b>326</b>
<b>Investing activities</b>		
Proceed from disposal of property, plant and equipment	18	79
Purchase of property, plant and equipment	(1)	0
Purchase of other investment	0	(500)
<b>Net cash from /(used in) investing activities</b>	<b>17</b>	<b>(421)</b>
<b>Financing activities</b>		
(Repayment)/Proceed of bank borrowings	0	(150)
Repayment of hire purchase payables	0	(28)
<b>Net cash (used in)/generated from financing activities</b>	<b>0</b>	<b>(178)</b>
<b>Net increase/(decrease)in cash and cash equivalents</b>	<b>(855)</b>	<b>(273)</b>
<b>Cash and cash equivalents at beginning of financial period</b>	<b>21,071</b>	<b>22,221</b>
<b>Cash and cash equivalents at end of financial period</b>	<b>20,216</b>	<b>21,948</b>
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	3,273	6,578
Fixed deposit with licensed banks	17,147	15,570
	20,420	22,148
Less : Deposit not for short term funding requirement	(204)	(200)
	<b>20,216</b>	<b>21,948</b>

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>				Total Equity (RM'000)
	Share Capital (RM'000)	<u>Distributable</u> Retained Profits (RM'000)	Total (RM'000)	Non- Controlling Interest (RM'000)	
<b>6 months ended 30 June 2018</b>					
Balance as at 1 January 2018	42,240	16,796	59,036	0	59,036
Net loss for the financial period, representing total comprehensive income		(657)	(657)	0	(657)
<b>Balance as at 30 June 2018 (unaudited)</b>	<b>42,240</b>	<b>16,139</b>	<b>58,379</b>	<b>0</b>	<b>58,379</b>
<b>6 months ended 30 June 2019</b>					
Balance as at 1 January 2019	42,240	13,682	55,922	0	55,922
Net loss for the financial period, representing total comprehensive income		(789)	(789)	0	(789)
<b>Balance as at 30 June 2019 (unaudited)</b>	<b>42,240</b>	<b>12,893</b>	<b>55,133</b>	<b>0</b>	<b>55,133</b>

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 year 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.

	Cumulative Quarter ended 30 June 2019				Consolidated RM'000
	Trading/ Property Investment RM'000	Services RM'000	Investment Holding RM'000	Elimination RM'000	
External sales	494	6,104	-	-	6,598
Inter-segment sales	-	-	36	(36)	-
Total revenue	494	6,104	36	(36)	6,598

Results					
Segment results	(565)	(183)	(372)	0	(1,120)
Loss from operations					(1,120)
Interest income					277
Interest expenses					0
Loss before tax					(843)
Income tax (expenses)/credit					54
<b>Loss for the financial period</b>					<b>(789)</b>

	Cumulative Quarter ended 30 June 2018				Consolidated
	Trading/ Property Investment	Services	Investment Holding	Elimination	
	RM'000	RM'000	RM'000	RM'000	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	(480)	(96)	(328)	0	(904)
Loss from operations					(904)
Interest income					230
Interest expenses					(37)
Loss before tax					(711)
Income tax (expenses)/ credit					54
<b>Loss for the financial period</b>					<b>(657)</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 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 30 June 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 30 June 2019 RM'000	Cumulative period to date as at 30 June 2019 RM'000
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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 RM3.15 million, 17.8% lower than revenue of RM3.83 million in the corresponding quarter of the preceding year. The decrease in revenue was due to drop in sales from the servicing and repairs of mobile telecommunication equipment products divisions.

The Group recorded a loss before tax ("LBT") of RM0.368 million as compared to LBT of RM0.355 million in the corresponding quarter of the preceding year. The increase in LBT was due to the decrease in revenue of servicing and repairs of mobile telecommunication equipment products division, amounted to approximately RM0.68 million.

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

The Group recorded revenue of RM3.15 million, a decrease of 8.7% from the preceding quarter of RM3.45 million. The revenue of servicing and repairs of mobile telecommunication equipment products have decreased by RM0.30 million. The decrease in revenue was mainly due to stiff competition in the market place.

The Group recorded a LBT of RM0.368 million as compared to LBT of RM0.475 million in the preceding quarter. Factory lot has been tenanted which generated rental income and contributed to the revenue; thus lower LBT.

The Board will continue to review and look into ways of 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 30 June 2019 RM'000	Cumulative current year to date as at 30 June 2019 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 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 30 June 2019 RM'000	As at 31 Dec 2018 RM'000
Retained profits		
Realised	38,081	38,923
Unrealised	(7,850)	(7,903)
	<b>30,231</b>	<b>31,020</b>
Less: Consolidation adjustments	<b>(17,338)</b>	<b>(17,338)</b>
Total retained profits	<b>12,893</b>	<b>13,682</b>

**25. Loss per ordinary share**

	Current quarter	Cumulative financial year to date
Net loss attributable to equity holders of the parent (RM'000)	(341)	(789)
Number of shares in issue	84,480,000	84,480,000
<b>Basic loss per share (sen)</b>	<b>(0.40)</b>	<b>(0.93)</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	132	277
Depreciation and amortization	(14)	(29)
Gain on disposal of property, plant and equipment	18	18
Reversal of impairment on trade receivable	0	0
Impairment on trade receivables	0	0
Finance cost	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 15 August 2019.

By order of the Board

Haji Ariffin Bin Abdul Aziz  
Group Executive Director  
15 August 2019