



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

Announcement Date: 19 NOV 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 third quarter ended 30 September 2019.

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	30.09.2019 (RM'000)	30.09.2018 (RM'000)	30.09.2019 (RM'000)	30.09.2018 (RM'000)
Revenue	3,436	3,809	10,034	12,410
Interest income from fixed deposits	144	142	421	372
Other operating income	8	263	37	838
Gain on revaluation of investment properties	0	0	0	0
Depreciation and amortisation	(13)	(52)	(42)	(157)
Impairment on trade receivables	0	0	0	0
Impairment of goodwill	0	0	0	0
Gain on disposal of property, plant and equipment	0	0	18	0
Loss on unrealised/realised forex	(6)	0	(6)	0
Cost of sales and Administration expenses	(3,931)	(4,699)	(11,667)	(14,674)
Profit/(Loss) from operation	(362)	(537)	(1,205)	(1,211)
Finance cost	0	(21)	0	(58)
Profit/(Loss) before taxation	(362)	(558)	(1,205)	(1,269)
Taxation	27	15	81	69
Profit/(Loss) net of taxation	(335)	(543)	(1,124)	(1,200)
Profit/(Loss) attributable to:				
Equity holders of the parent	(335)	(543)	(1,124)	(1,200)
Non-controlling interests	0	0	0	0
	(335)	(543)	(1,124)	(1,200)
Total comprehensive income attributable to:				
Equity holders of the parent	(335)	(543)	(1,124)	(1,200)
Non-controlling interests	0	0	0	0
	(335)	(543)	(1,124)	(1,200)
Earnings/(Loss) per share attributable to equity holders of the parent (sen):				
Basic	(0.40)	(0.64)	(1.33)	(1.42)
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 30.09.2019 (RM'000)	(AUDITED) 31.12.2018 (RM'000)
ASSETS		
Non-current assets		
Property, plant and equipment	7,465	7,504
Investment properties	34,300	34,300
Other investments	512	512
Total non-current assets	42,277	42,316
Current Assets		
Inventories	835	716
Trade receivables	772	866
Other receivables, deposits & prepayment	868	1,068
Fixed deposits with licensed banks	17,291	16,870
Cash and bank balances	2,996	4,405
Total current assets	22,762	23,925
TOTAL ASSETS	65,039	66,241
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	42,240	42,240
Reserves	12,558	13,682
Total equity	54,798	55,922
Non-current liability		
Deferred taxation	7,823	7,903
Current Liabilities		
Trade payables	836	1,102
Other payables and accruals	1,582	1,314
Total current liabilities	2,418	2,416
Total equity and liabilities	65,039	66,241
Net assets	54,798	55,922
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.65	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
	30.09.2019	30.09.2018
	(RM'000)	(RM'000)
	(Unaudited)	(Unaudited)
Loss before taxation	(1,205)	(1,269)
Adjustments for:-		
Interest expenses	0	58
Interest income	(421)	(372)
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	43	157
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	(1,601)	(1,929)
Changes in working capital		
Inventories	(119)	669
Receivables	117	2,231
Payables	(359)	(1,574)
Cash generated from/(used in) operations	(1,962)	(603)
Interest received	421	372
Interest paid	0	(58)
Income tax paid	(189)	(238)
Income tax refunded	524	0
Net cash generated from/(used in) operating activities	(1,206)	(527)
Investing activities		
Proceed from disposal of property, plant and equipment	18	84
Purchase of property, plant and equipment	(4)	(23)
Purchase of other investment	0	(500)
Net cash from /(used in) investing activities	14	(439)
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	(1,192)	(1,144)
Cash and cash equivalents at beginning of financial period	21,275	22,221
Cash and cash equivalents at end of financial period	20,083	21,077
Cash and cash equivalents comprise:		
Cash and bank balances	2,996	5,565
Fixed deposit with licensed banks	17,291	15,712
	20,287	21,277
Less : Deposit not for short term funding requirement	(204)	(200)
	20,083	21,077

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)
9 months ended 30 Sept 2018					
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		(1,200)	(1,200)	0	(1,200)
Balance as at 30 Sept 2018 (unaudited)	42,240	15,596	57,836	0	57,836
9 months ended 30 sept 2019					
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		(1,124)	(1,124)	0	(1,124)
Balance as at 30 Sept 2019 (unaudited)	42,240	12,558	54,798	0	54,798

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 Sept 2019				Consolidated RM'000
	Trading/ Property Investment RM'000	Services RM'000	Investment Holding RM'000	Elimination RM'000	
External sales	779	9,255	-	-	10,034
Inter-segment sales	-	-	54	(54)	-
Total revenue	779	9,255	54	(54)	10,034

Results					
Segment results	(739)	(356)	(531)	0	(1,626)
Loss from operations					(1,626)
Interest income					421
Interest expenses					0
Loss before tax					(1,205)
Income tax (expenses)/credit					81
Loss for the financial period					(1,124)

	Cumulative Quarter ended 30 Sept 2018				Consolidated RM'000
	Trading/ Property Investment 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	(840)	(209)	(534)	0	(1,583)
Loss from operations					(1,583)
Interest income					372
Interest expenses					(58)
Loss before tax					(1,269)
Income tax (expenses)/ credit					69
Loss for the financial period					(1,200)

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 year. 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 September 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 Sept 2019 RM'000	Cumulative period to date as at 30 Sept 2019 RM'000
Zitron Enterprise (M) Sdn Bhd: Rental and maintenance charge of premises	106	318

15. Review of performance

For the quarter under review, the Group recorded revenue of RM3.44 million, 9.7% lower than revenue of RM3.81 million in the corresponding quarter of the preceding year. The decrease in revenue was due to the drop in sales from the servicing and repairs of mobile telecommunication equipment products division.

The Group recorded a loss before tax ("LBT") of RM0.362 million as compared to LBT of RM0.558 million in the corresponding quarter of the preceding year. The decrease in LBT was due to the decrease in operating expenses of property investment division, amounted to approximately RM0.223 million.

16. Comparison with immediate preceding quarter's results

The Group recorded revenue of RM3.44 million, an increase of 9.2% from the preceding quarter of RM3.15 million. The revenue of servicing and repairs of mobile telecommunication equipment products division have increased by RM0.28 million, despite stiff competition in the market place.

The Group recorded a LBT of RM0.362 million as compared to LBT of RM0.368 million in the preceding quarter. The Board will continue to review and look into ways of cost control measures.

17. Prospects

The servicing and repair of mobile telecommunication equipment products division is facing 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 Sept 2019 RM'000	Cumulative current year to date as at 30 Sept 2019 RM'000
Current tax credit/ (expense)	1	1
Deferred taxation	26	80
Total income tax credit /(expense)	<u>27</u>	<u>81</u>

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 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 Sept 2019 RM'000	As at 31 Dec 2018 RM'000
Retained profits		
Realised	37,719	38,923
Unrealised	(7,823)	(7,903)
	29,896	31,020
Less: Consolidation adjustments	(17,338)	(17,338)
Total retained profits	12,558	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)	(335)	(1,124)
Number of shares in issue	84,480,000	84,480,000
Basic loss per share (sen)	(0.40)	(1.33)

26. Notes to the consolidated statement of profit or loss and other comprehensive income

	Current quarter RM'000	Cumulative financial year to date RM'000
Interest income from fixed deposits	144	421
Depreciation and amortisation	(13)	(43)
Gain on disposal of property, plant and equipment	0	18

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 19 November 2019.

By order of the Board

Haji Ariffin Bin Abdul Aziz
Group Executive Director
19 November 2019