



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

Announcement Date: 19 FEB 2020

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 2019.

**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	31.12.2019 (RM'000)	31.12.2018 (RM'000)	31.12.2019 (RM'000)	31.12.2018 (RM'000)
Revenue	3,338	3,683	13,372	16,093
Interest income	170	154	605	556
Other operating income	52	923	57	1,739
Gain on revaluation of investment properties	5,238	0	5,238	0
Depreciation	(495)	(57)	(537)	(215)
Impairment of goodwill	0	(2,402)	0	(2,402)
Gain on disposal of property, plant and equipment	0	0	18	113
Loss on unrealised/realised forex	0	0	(6)	(16)
Cost of sales and Administration expenses	(3,553)	(4,550)	(15,202)	(19,372)
<b>Profit/(Loss) from operation</b>	<b>4,750</b>	<b>(2,249)</b>	<b>3,545</b>	<b>(3,504)</b>
Finance cost	(11)	0	(11)	(1)
<b>Profit/(Loss) before taxation</b>	<b>4,739</b>	<b>(2,249)</b>	<b>3,534</b>	<b>(3,505)</b>
Taxation	(1,687)	323	(1,606)	392
<b>Profit/(Loss) net of taxation</b>	<b>3,052</b>	<b>(1,926)</b>	<b>1,928</b>	<b>(3,113)</b>
<b>Profit/(Loss) attributable to:</b>				
Equity holders of the parent	3,052	(1,926)	1,928	(3,113)
Non-controlling interests	0	0	0	0
	<b>3,052</b>	<b>(1,926)</b>	<b>1,928</b>	<b>(3,113)</b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the parent	3,052	(1,926)	1,928	(3,113)
Non-controlling interests	0	0	0	0
	<b>3,052</b>	<b>(1,926)</b>	<b>1,928</b>	<b>(3,113)</b>
<b>Earnings/(Loss) per share attributable to equity holders of the parent (sen):</b>				
Basic	3.61	(2.28)	2.28	(3.69)
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 31.12.2019 (RM'000)	(AUDITED) 31.12.2018 (RM'000)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,813	7,504
Right of use assets	245	0
Investment properties	45,555	34,300
Other investments	531	512
<b>Total non-current assets</b>	<b>48,144</b>	<b>42,316</b>
<b>Current Assets</b>		
Inventories	699	716
Trade receivables	708	866
Other receivables, deposits & prepayment	717	1,068
Fixed deposits with licensed banks	16,881	16,870
Cash and bank balances	2,951	4,405
<b>Total current assets</b>	<b>21,956</b>	<b>23,925</b>
<b>TOTAL ASSETS</b>	<b>70,100</b>	<b>66,241</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	42,240	42,240
Reserves	15,610	13,682
<b>Total equity</b>	<b>57,850</b>	<b>55,922</b>
<b>Non-current liability</b>		
Deferred taxation	9,289	7,903
Finance lease liability	329	0
<b>Current Liabilities</b>		
Trade payables	697	1,102
Other payables and accruals	1,483	1,314
Finance lease liability	74	0
Lease liabilities	243	0
Tax payable	135	0
<b>Total current liabilities</b>	<b>2,632</b>	<b>2,416</b>
<b>Total equity and liabilities</b>	<b>70,100</b>	<b>66,241</b>
<b>Net assets</b>	<b>57,850</b>	<b>55,922</b>
<b>Net assets per share attributable to ordinary equity holders of the parent (RM)</b>	<b>0.68</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 year ended</b>	<b>Current Year</b>	<b>Previous Year</b>
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Profit / (Loss) before taxation</b>	3,534	(3,505)
Adjustments for:		
Interest expenses	11	1
Interest income	(605)	(556)
Gain on disposal of property, plant and equipment	(18)	(113)
Gain on revaluation of investment property	(5,238)	0
Property, plant and equipment written off	0	3
Bad debts recovered	0	(5)
Waiver of debts from payable	(26)	0
Depreciation of property, plant and equipment	537	215
Fair value gain on other investment	(19)	(12)
Impairment of goodwill	0	2,402
Unrealised loss/(gain) on foreign exchange	(2)	3
Operating (loss)/profit before working capital changes	(1,826)	(1,567)
Changes in working capital		
Inventories	17	231
Receivables	509	2,413
Payables	(590)	(1,990)
Cash generated from/(used in) operations	(1,890)	(913)
Interest received	605	556
Interest paid	(11)	(1)
Income tax paid	(291)	(259)
Income tax refunded	658	0
<b>Net cash generated from/(used in) operating activities</b>	<b>(929)</b>	<b>(617)</b>
<b>Investing activities</b>		
Proceed from disposal of property, plant and equipment	18	154
Purchase of property, plant and equipment	(65)	(39)
Purchase of other investment	0	(500)
<b>Net cash from /(used in) investing activities</b>	<b>(47)</b>	<b>(385)</b>
<b>Financing activities</b>		
(Repayment)/Proceed of bank borrowings	0	(138)
Repayment of hire purchase payables	0	(41)
Placement of deposits not for short-term funding requirement	0	(1,255)
<b>Net cash (used in)/generated from financing activities</b>	<b>0</b>	<b>(1,434)</b>
<b>Net increase/(decrease)in cash and cash equivalents</b>	<b>(976)</b>	<b>(2,436)</b>
<b>Foreign exchange differences</b>	<b>0</b>	<b>(4)</b>
<b>Cash and cash equivalents at beginning of financial year</b>	<b>12,351</b>	<b>14,791</b>
<b>Cash and cash equivalents at end of financial year</b>	<b>11,375</b>	<b>12,351</b>
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	2,951	4,405
Fixed deposit with licensed banks	16,881	16,870
	19,832	21,275
Less : Deposit not for short term funding requirement	(8,457)	(8,924)
	<b>11,375</b>	<b>12,351</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**

	<b>Attributable to Owners of the Company</b>				
	<b>Share Capital</b>	<b>Distributable Retained Profits</b>	<b>Total</b>	<b>Non- Controlling Interest</b>	<b>Total Equity</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>
<b>12 months ended 31 Dec 2018</b>					
Balance as at 1 January 2018	42,240	16,795	59,035	0	59,035
Net loss for the financial year, representing total comprehensive income		(3,113)	(3,113)	0	(3,113)
<b>Balance as at 31 Dec 2018 (audited)</b>	<b>42,240</b>	<b>13,682</b>	<b>55,922</b>	<b>0</b>	<b>55,922</b>
<b>12 months ended 31 Dec 2019</b>					
Balance as at 1 January 2019	42,240	13,682	55,922	0	55,922
Net profit for the financial year, representing total comprehensive income		1,928	1,928	0	1,928
<b>Balance as at 31 Dec 2019 (unaudited)</b>	<b>42,240</b>	<b>15,610</b>	<b>57,850</b>	<b>0</b>	<b>57,850</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 arising from adoption of MFRS 16 *Leases* as described below:

Adoption of MFRS 16 Leases

The Group has adopted MFRS 16 *Leases* in financial year 2019. The standard replaces the MFRS 117 *Leases*.

MFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its present obligations to make lease payments.

There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains unchanged to the current standard which continues to be classified as finance or operating lease.

As allowed by the transitional provision, the Group applies modified retrospective approach without any restatement comparative information and its impact of adopting MFRS 16 was recognised as an adjustment to the opening balance of components as 1 January 2019 as follows:

**Impact of change in accounting policy in Condensed Consolidated Statement of Financial Position as at 1 January 2019**

Opening Balance	As previously reported RM'000	MFRS 16 adjustment RM'000	After adjustment RM'000
<b>Assets</b>			
Right-of -use assets	-	637	637
<b>Liabilities</b>			
Lease liabilities	-	637	637
<b>Equity</b>			
Retained earnings	13,682	NIL	13,682

**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.

	<b>Cumulative year ended 31 Dec 2019</b>				<b>Consolidated</b>
	<b>Trading/ Property Investment</b>	<b>Services</b>	<b>Investment Holding</b>	<b>Elimination</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
External sales	1,065	12,307	-	-	13,372
Inter-segment sales	-	-	72	(72)	-
<b>Total revenue</b>	<b>1,065</b>	<b>12,307</b>	<b>72</b>	<b>(72)</b>	<b>13,372</b>
<b>Results</b>					
Segment results	4,122	(472)	(710)	0	2,940
Profit from operations					2,940
Interest income					605
Interest expenses					(11)
Profit before tax					3,534
Income tax (expenses)/credit					(1,606)
<b>Profit for the financial year</b>					<b>1,928</b>

	<b>Cumulative year ended 31 Dec 2018</b>				<b>Consolidated</b>
	<b>Trading/ Property Investment</b>	<b>Services</b>	<b>Investment Holding</b>	<b>Elimination</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
External sales	602	15,491	-	-	16,093
Inter-segment sales	-	-	72	(72)	-
<b>Total revenue</b>	<b>602</b>	<b>15,491</b>	<b>72</b>	<b>(72)</b>	<b>16,093</b>
<b>Results</b>					
Segment results	(644)	(302)	(3,114)	0	(4,060)
Loss from operations					(4,060)
Interest income					556
Interest expenses					(1)
Loss before tax					(3,505)
Income tax (expenses)/ credit					392
<b>Loss for the financial year</b>					<b>(3,113)</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 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 31 December 2019.

**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 31 Dec 2019 RM'000</b>	<b>Cumulative year to date as at 31 Dec 2019 RM'000</b>
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 RM3.34 million, 9.2% lower than revenue of RM3.68 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 which experienced stiff competitions in the market place.

The Group recorded a profit before tax ("PBT") of RM4.74 million as compared to PBT of RM0.15 million in the corresponding quarter of the preceding year. The PBT was resulted from revaluation surplus on investment properties of RM5.24 million. The deferred tax effect under this revaluation was RM1.42 million. Without the revaluation surplus, the Group would have incurred an operating loss of RM0.50 million for the quarter under review.

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

The Group recorded revenue of RM3.34 million, a decrease of 2.9% from the preceding quarter of RM3.44 million. The decrease in revenue was due to the drop in sales from the servicing and repairs of mobile telecommunication equipment products division which experienced challenges in its operations.

The Group recorded a PBT of RM4.74 million as compared to LBT of RM0.36 million in the preceding quarter. Note 15 above has stated the rationale of PBT for the quarter under review. 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 will be facing challenges in financial year 2020. The Board will continue 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. The Board will make the necessary announcements should there be any concrete developments.

In light of global health crisis involving COVID-19 may have indirect impact to the performance of the Group in financial year 2020. However, the impact cannot be assessed certainly at the present moment. The Board will review the impact of COVID-19, if any; and to take necessary mitigation measures.

**18. Variance from profit forecast**

There were no profit forecasts or profit guarantee issued.

**19. Taxation**

	<b>Current quarter as at 31 Dec 2019 RM'000</b>	<b>Cumulative current year to date as at 31 Dec 2019 RM'000</b>
Current tax credit/ (expense)	(221)	(220)
Deferred taxation	(1,466)	(1,386)
Total income tax credit /(expense)	<u>(1,687)</u>	<u>(1,606)</u>

There was additional deferred taxation attributed to 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 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**

	<b>As at 31 Dec 2019 RM'000</b>	<b>As at 31 Dec 2018 RM'000</b>
Retained profits		
Realised	41,834	38,923
Unrealised	(9,289)	(7,903)
	<u>32,545</u>	<u>31,020</u>
Less: Consolidation adjustments	<u>(16,935)</u>	<u>(17,338)</u>
Total retained profits	<u>15,610</u>	<u>13,682</u>

**25. Profit / (Loss) per ordinary share**

	<b>Current quarter</b>	<b>Cumulative financial year to date</b>
Net profit attributable to equity holders of the parent (RM'000)	3,052	1,928
Number of shares in issue	84,480,000	84,480,000
<b>Basic profit per share (sen)</b>	<u>3.61</u>	<u>2.28</u>



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

	<b>Current quarter RM'000</b>	<b>Cumulative financial year to date RM'000</b>
Interest income from fixed deposits	110	605
Depreciation and amortisation	(495)	(537)
Gain on disposal of property, plant and equipment	0	18
Gain on revaluation of investment properties	5,238	5,238

**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 February 2020.

By order of the Board

Haji Ariffin Bin Abdul Aziz  
Group Executive Director  
19 February 2020