



WATTA HOLDING BERHAD (199401038699)(324384-A) Announcement Date: 25 JUNE 2020
Financial Period for Quarter (January 2020 – March 2020)
Financial Year 2020 (January 2020 – December 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 first quarter ended 31 March 2020.

A. PRESENTATION OF RESULTS

I) CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial period ended	Individual Quarter (3 mths)		Year to Date (3 mths)	
	Current Year	Previous Year	Current Year	Previous Year
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	3,008	3,446	3,008	3,446
Interest income	140	145	140	145
Other operating income	472	6	472	6
Gain on revaluation of investment properties	0	0	0	0
Depreciation	(105)	(16)	(105)	(16)
Gain on disposal of property, plant and equipment	0	0	0	0
Loss on unrealised/realised forex	0	0	0	0
Cost of sales and Administration expenses	(3,459)	(4,056)	(3,459)	(4,056)
Profit/(Loss) from operation	56	(475)	56	(475)
Finance cost	(3)	0	(3)	0
Profit/(Loss) before taxation	53	(475)	53	(475)
Taxation	(49)	27	(49)	27
Profit/(Loss) net of taxation	4	(448)	4	(448)
Profit/(Loss) attributable to:				
Equity holders of the parent	4	(448)	4	(448)
Non-controlling interests	0	0	0	0
	4	(448)	4	(448)
Total comprehensive income attributable to:				
Equity holders of the parent	4	(448)	4	(448)
Non-controlling interests	0	0	0	0
	4	(448)	4	(448)
Earnings/(Loss) per share attributable to equity holders of the parent (sen):				
Basic	0.00	(0.53)	0.00	(0.53)
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 2019 and the accompanying explanatory notes that form an integral part of the Interim Financial Statements.

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

as at	UNAUDITED 31.03.2020 (RM'000)	(AUDITED) 31.12.2019 (RM'000)
ASSETS		
Non-current assets		
Property, plant and equipment	60	72
Right of use assets	1,887	1,980
Investment properties	45,555	45,555
Other investments	532	532
Total non-current assets	48,034	48,139
Current Assets		
Inventories	690	698
Trade receivables	554	727
Other receivables, deposits & prepayment	775	732
Fixed deposits with licensed banks	16,999	16,882
Cash and bank balances	2,440	2,951
Total current assets	21,458	21,990
TOTAL ASSETS	69,492	70,129
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	42,240	42,240
Reserves	15,616	15,612
Total equity	57,856	57,852
Non-current liabilities		
Deferred taxation	9,289	9,289
Lease liabilities	346	380
Current Liabilities		
Trade payables	508	697
Other payables and accruals	1,167	1,517
Lease liabilities	142	259
Tax payable	184	135
Total current liabilities	2,001	2,608
Total equity and liabilities	69,492	70,129
Net assets	57,856	57,852
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.68	0.68

The unaudited condensed statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes that form an integral part of the Interim Financial Statements.

A. PRESENTATION OF RESULTS (cont'd)
III) CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial period ended	Current Year	Previous Year
	31.03.2020	31.03.2019
	(RM'000)	(RM'000)
	(Unaudited)	(Audited)
Profit / (Loss) before taxation	53	(475)
Adjustments for:		
Interest expenses	3	0
Interest income	(140)	(145)
Gain on disposal of property, plant and equipment	0	0
Gain on revaluation of investment property	0	0
Waiver of debts from payable	0	0
Depreciation of property, plant and equipment	105	16
Inventories written down	0	0
Unrealised loss/(gain) on foreign exchange	0	0
Operating (loss)/profit before working capital changes	21	(604)
Changes in working capital		
Inventories	8	184
Receivables	170	295
Payables	(538)	(193)
Cash generated from/(used in) operations	(339)	(318)
Interest received	140	145
Interest paid	(3)	0
Income tax paid	(40)	(67)
Income tax refunded	0	354
Net cash generated from/(used in) operating activities	(242)	114
Investing activities		
Proceed from disposal of property, plant and equipment	0	0
Purchase of property, plant and equipment	0	(1)
Net cash from/ (used in) investing activities	0	(1)
Financing activities		
Repayment of finance lease payable	(151)	0
(Placement)/ withdrawal of deposits not for short term funding	(73)	(82)
Net cash (used in)/generated from financing activities	(224)	(82)
Net decrease in cash and Cash equivalents	(466)	31
Cash and cash equivalents at beginning of financial period	11,160	12,351
Cash and cash equivalents at end of financial year	10,694	12,382
Cash and cash equivalents comprise:		
Cash and bank balances	2,440	4,372
Fixed deposit with licensed banks	16,999	17,016
	19,439	21,388
Less: Deposit not for short term funding requirement	(8,725)	(9,006)
Fixed deposits pledged with licensed banks	(20)	0
	10,694	12,382

The unaudited condensed statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes that form an integral part of the Interim Financial Statements.

A. PRESENTATION OF RESULTS (cont'd)

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)
3 months ended 31 March 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 loss	-	(448)	(448)	0	(448)
Balance as at 31 March 2019 (unaudited)	42,240	13,234	55,474	0	55,474
3 months ended 31 March 2020					
Balance as at 1 January 2020	42,240	15,612	57,852	0	57,852
Net profit for the financial period, representing total comprehensive income	-	4	4	0	4
Balance as at 31 March 2020 (unaudited)	42,240	15,616	57,856	0	57,856

The unaudited condensed statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 2019.

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 2019 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 2020.

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 2019.

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 March 2020				
	Trading/ Property Investment RM'000	Services RM'000	Investment Holding RM'000	Elimination RM'000	Consolidated RM'000
External sales	290	2,718	-	-	3,008
Inter-segment sales	-	-	18	(18)	-
Total revenue	290	2,718	18	(18)	3,008

Results					
Segment results	292	(171)	(205)	0	(84)
Profit/ (Loss) from operations					(84)
Interest income					140
Interest expenses					(3)
Profit before tax					53
Income tax (expenses)/credit					(49)
Profit for the financial period					4

	Cumulative year ended 31 March 2019				Consolidated RM'000
	Trading/ Property Investment RM'000	Services RM'000	Investment Holding RM'000	Elimination 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)

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

There were no corporate guarantees or contingent liabilities for the financial quarter under review.

13. Capital commitments

There were no capital commitments contracted by the Group to any parties as at 31 March 2020.

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 2020 RM'000	Cumulative year to date as at 31 March 2020 RM'000
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 RM3.01 million, 12.8% lower than revenue of RM3.45 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 said division experienced the loss of revenue due to the implementation of Movement Control Order ("MCO") which commenced from 18 March 2020.

The Group recorded a profit before tax ("PBT") of RM0.05 million as compared to loss before tax ("LBT") of RM0.48 million in the corresponding quarter of the preceding year. The PBT was resulted from reversal of accrued import duty in a subsidiary company amounted RM0.47 million where the subsidiary company had obtained approval for part waiver of the import duty from Ministry of Finance ("MOF") during the quarter under review. The Group would incur LBT of RM0.42 million should the waiver was not granted by MOF.

16. Comparison with immediate preceding quarter's results

The Group recorded revenue of RM3.01 million, a decrease of 9.9% from the preceding quarter of RM3.34 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 loss in revenue during the MCO, as stated in Note 15.

The Group recorded a PBT of RM0.05 million as compared to PBT of RM4.74 million in the preceding quarter. The PBT of RM4.74 million in the preceding quarter was resulted from revaluation surplus on investment properties of RM5.24 million. The Board will continue to review and look into ways of cost control measures.

17. Prospects

The global health crisis involving COVID-19 will impact to the performance of the Group in financial year 2020 especially during the MCO and the Conditional Movement Control Order ("CMCO"). The servicing and repair of mobile telecommunication equipment products division is expected to experience the drop in revenue during the MCO, CMCO and Recovery Movement Control Order ("RMCO") periods.

The Board foresee the business performance of the Group will be affected in the following quarters of financial year 2020. It is prudent that the Group does not explore or consider any acquisitions or investments in new businesses/assets until the outlook is more certain. Meantime, the Group will actively manage costs and seek to maintain its current level of activities.

18. Variance from profit forecast

There were no profit forecasts or profit guarantee issued.

19. Taxation

	Current quarter as at 31 March 2020 RM'000	Cumulative current year to date as at 31 March 2020 RM'000
Current tax credit/ (expense)	(49)	(49)
Deferred taxation	0	0
Total income tax credit /(expense)	(49)	(49)

The Group's taxation charge for the current quarter under review mainly represents taxation for rental and fixed deposits interest income from property investment division as no group relief available.

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 2020.

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. Profit / (Loss) per ordinary share

	Current quarter	Cumulative financial year to date
Net profit attributable to equity holders of the parent (RM'000)	4	4
Number of shares in issue	84,480,000	84,480,000
Basic profit per share (sen)	0.00	0.00

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

	Current quarter	Cumulative financial year to date
	RM'000	RM'000
Interest income from fixed deposits	140	140
Depreciation and amortisation	(105)	(105)

26. Authorisation for issue

This quarterly report was authorised for issue by the Board of Directors in accordance with the resolution of the directors on 25 June 2020.

By order of the Board

Haji Ariffin Bin Abdul Aziz
Group Executive Director
25 June 2020