



WATTA HOLDING BERHAD (199401038699)(324384-A)
Financial Period for Quarter (April 2021 – June 2021)
Financial Year 2021 (January 2021 – December 2021)

Announcement Date: 17 AUG 2021

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 2021.

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	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	2,521	2,514	5,634	5,522
Interest income	51	123	123	263
Other operating income	0	2	17	474
Gain on revaluation of investment properties	0	0	0	0
Depreciation and amortisation	(149)	(105)	(298)	(210)
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	(2,940)	(3,157)	(6,406)	(6,616)
Profit/(Loss) from operation	(517)	(623)	(930)	(567)
Finance cost	(6)	(8)	(13)	(11)
Profit/(Loss) before taxation	(523)	(631)	(943)	(578)
Taxation	(60)	(76)	(120)	(125)
Profit/(Loss) net of taxation	(583)	(707)	(1,063)	(703)
Profit/(Loss) attributable to:				
Equity holders of the parent	(583)	(707)	(1,063)	(703)
Non-controlling interests	0	0	0	0
	(583)	(707)	(1,063)	(703)
Total comprehensive income/(loss) attributable to:				
Equity holders of the parent	(583)	(707)	(1,063)	(703)
Non-controlling interests	0	0	0	0
	(583)	(707)	(1,063)	(703)
Earnings/(Loss) per share attributable to equity holders of the parent (sen):				
Basic	(0.69)	(0.84)	(1.26)	(0.83)
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 2020 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 30.06.2021 (RM'000)	(AUDITED) 31.12.2020 (RM'000)
ASSETS		
Non-current assets		
Property, plant and equipment	22	51
Right of use assets	1,798	2,065
Investment properties	45,645	45,645
Total non-current assets	47,465	47,761
Current Assets		
Inventories	583	510
Trade receivables	380	567
Other receivables, deposits & prepayment	476	473
Tax recoverable	308	231
Fixed deposits with licensed banks	16,249	16,270
Cash and bank balances	857	2,413
Total current assets	18,853	20,464
TOTAL ASSETS	66,318	68,225
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	42,240	42,240
Reserves	13,111	14,174
Total equity	55,351	56,414
Non-current liabilities		
Deferred taxation	9,383	9,383
Lease liabilities	223	331
Total non-current liabilities	9,606	9,714
Current Liabilities		
Trade payables	132	696
Other payables and accruals	847	933
Lease liabilities	300	445
Tax payable	82	23
Total current liabilities	1,361	2,097
Total liabilities	10,967	11,811
Total equity and liabilities	66,318	68,225
Net assets	55,351	56,414
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.66	0.67

The unaudited condensed statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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
	30.06.2021	30.06.2020
	(RM'000)	(RM'000)
	(Unaudited)	(Unaudited)
Profit / (Loss) before taxation	(943)	(578)
Adjustments for:		
Interest expenses	13	11
Interest income	(123)	(263)
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 and amortisation	298	210
Inventories written down	0	0
Unrealised (gain)/loss on foreign exchange	0	0
Operating profit/(loss) before working capital changes	(755)	(620)
Changes in working capital		
Inventories	(73)	37
Receivables	125	(305)
Payables	(650)	(161)
Cash generated from/(used in) operations	(1,353)	(1,049)
Interest received	123	263
Interest paid	(13)	(11)
Income tax paid	(138)	(82)
Income tax refunded	0	0
Net cash generated from/(used in) operating activities	(1,381)	(879)
Investing activities		
Proceed from disposal of property, plant and equipment	0	0
Purchase of property, plant and equipment	(3)	(1)
Net cash from/ (used in) investing activities	(3)	(1)
Financing activities		
Repayment of lease liabilities	(253)	(148)
Withdrawal/ (Placement) of deposits not for short term funding	0	481
Net cash generated from/(used in) financing activities	(253)	333
Net increase/ (decrease) in cash and cash equivalents	(1,637)	(547)
Cash and cash equivalents at beginning of financial period	10,609	11,160
Cash and cash equivalents at end of financial period	8,972	10,613
Cash and cash equivalents comprise:		
Cash and bank balances	857	2,579
Fixed deposit with licensed banks	16,249	16,225
	17,106	18,804
Less: Deposit not for short term funding requirement	(8,114)	(8,171)
Fixed deposits pledged with licensed banks	(20)	(20)
	8,972	10,613

The unaudited condensed statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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)
6 months ended 30 June 2020					
Balance as at 1 January 2020	42,240	15,612	57,852	0	57,852
Net loss for the financial period, representing total comprehensive loss	-	(703)	(703)	0	(703)
Balance as at 30 June 2020 (unaudited)	42,240	14,909	57,149	0	57,149
6 months ended 30 June 2021					
Balance as at 1 January 2021	42,240	14,174	56,414	0	56,414
Net loss for the financial period, representing total comprehensive income	-	(1,063)	(1,063)	0	(1,063)
Balance as at 30 June 2021 (unaudited)	42,240	13,111	55,351	0	55,351

The unaudited condensed statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 2020.

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 2020 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 2021.

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 2020.

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 30 June 2021				Consolidated RM'000
	Trading/ Property Investment RM'000	Services RM'000	Investment Holding RM'000	Elimination RM'000	
External sales	579	5,055	-	-	5,634
Inter-segment sales	-	-	36	(36)	-
Total revenue	579	5,055	36	(36)	5,634
Results					
Segment results	(334)	(325)	(394)	0	(1,053)

Profit/ (Loss) from operations	(1,053)
Interest income	123
Interest expenses	(13)
Profit/(Loss) before tax	(943)
Income tax (expenses)/credit	(120)
Profit/(Loss) for the financial period	(1,063)

	Cumulative year ended 30 June 2020				Consolidated RM'000
	Trading/ Property Investment RM'000	Services RM'000	Investment Holding RM'000	Elimination RM'000	
External sales	554	4,968	-	-	5,522
Inter-segment sales	-	-	36	(36)	-
Total revenue	554	4,968	36	(36)	5,522
Results					
Segment results	121	(557)	(394)	0	(830)
Profit/ (Loss) from operations					(830)
Interest income					263
Interest expenses					(11)
Profit/(Loss) before tax					(578)
Income tax (expenses)/credit					(125)
Profit/(Loss) for the financial period					(703)

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 guarantee was given to a licensed bank 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 2021.

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 2021 RM'000	Cumulative year to date as at 30 June 2021 RM'000
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 RM2.52 million, as compared to RM2.51 million in the corresponding quarter of the preceding year. The revenues have been consistent for both the periods; where the revenues from the servicing and repairs of mobile telecommunication equipment products division experienced the loss of revenue due to the implementation of various Movement Control Orders ("MCOs").

The Group recorded a loss before tax ("LBT") of RM0.52 million as compared to LBT of RM0.63 million in the corresponding quarter of the preceding year. The lower LBT in the current quarter was due to lower administrative expenses incurred.

16. Comparison with immediate preceding quarter's results

The Group recorded revenue of RM2.52 million, a decrease of 19.0% from the preceding quarter of RM3.11 million. The decrease in revenue was due to the drop in sales from the servicing and repairs of mobile telecommunication equipment products division as stated in Note 15.

The Group recorded a LBT of RM0.52 million as compared to LBT of RM0.42 million in the preceding quarter. The higher LBT incurred was caused by decrease in revenue during the various MCOs.

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 2021, with the imposition of various MCOs and National Recovery Plan.

In January, February, May and June 2021, various MCOs have been imposed due to the rise of the Covid-19 cases. The financial impact of the Covid-19 pandemic and the re-imposition of various MCOs in the country will continue to affect the performance of the Group. With the acceleration of the National Immunisation Program and the recently implemented National Recovery Plan; it is anticipated that the economic activities will pick up for a sustained recovery.

With the anticipated economic recovery, the Board is looking forward for more opportunities to explore new businesses/assets to acquire and/or to diversify into; to improve the financial performance of the Group. 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 30 June 2021 RM'000	Cumulative current year to date as at 30 June 2021 RM'000
Current tax credit/ (expense)	(60)	(120)
Deferred taxation	0	0
Total income tax credit/(expense)	(60)	(120)

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 30 June 2021.

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 loss attributable to equity holders of the parent (RM'000)	583	1,063
Number of shares in issue	84,480,000	84,480,000
Basic loss per share (sen)	0.69	1.26

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	51	123
Depreciation and amortisation	(149)	(298)

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 17 August 2021.

By order of the Board

Haji Ariffin Bin Abdul Aziz
Group Executive Director
17 August 2021