



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

Announcement Date: 28 FEB 2022

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 2021.

A. PRESENTATION OF RESULTS**I) CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

for the financial period/ year ended	Individual Quarter (3 mths)		Year to Date (12 mths)	
	Current Year	Previous Year	Current Year	Previous Year
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	3,375	3,102	11,980	12,196
Interest income	94	82	294	446
Other operating income	275	324	296	868
Gain on revaluation of investment properties	470	90	470	90
Depreciation of property, plant and equipment	(5)	(7)	(22)	(28)
Amortisation of right-of-use-assets	(110)	(136)	(538)	(541)
Loss on unrealised/realised forex	0	(7)	0	(8)
Cost of sales and Administration expenses	(3,543)	(3,539)	(13,242)	(14,100)
Profit/(Loss) from operation	556	(91)	(762)	(1,077)
Finance cost	(4)	(6)	(21)	(28)
Profit/(Loss) before taxation	552	(97)	(783)	(1,105)
Taxation	(218)	(160)	(380)	(332)
Profit/(Loss) net of taxation	334	(257)	(1,163)	(1,437)
Profit/(Loss) attributable to:				
Equity holders of the parent	334	(257)	(1,163)	(1,437)
Non-controlling interests	0	0	0	0
	334	(257)	(1,163)	(1,437)
Total comprehensive income/(loss) attributable to:				
Equity holders of the parent	334	(257)	(1,163)	(1,437)
Non-controlling interests	0	0	0	0
	334	(257)	(1,163)	(1,437)
Earnings/(Loss) per share attributable to equity holders of the parent (sen):				
Basic	0.40	(0.30)	(1.38)	(1.70)
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) 31.12.2021 (RM'000)	(AUDITED) 31.12.2020 (RM'000)
ASSETS		
Non-current assets		
Property, plant and equipment	38	51
Right of use assets	1,691	2,065
Investment properties	46,115	45,645
Other investments	0	0
Total non-current assets	47,844	47,761
Current Assets		
Inventories	570	510
Trade receivables	792	567
Other receivables, deposits & prepayment	742	704
Fixed deposits with licensed banks	13,775	16,270
Cash and bank balances	2,976	2,413
Total current assets	18,855	20,464
TOTAL ASSETS	66,699	68,225
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	42,240	42,240
Reserves	13,011	14,174
Total equity	55,251	56,414
Non-current liabilities		
Deferred taxation	9,543	9,383
Lease liabilities	178	331
Total non-current liabilities	9,721	9,714
Current Liabilities		
Trade payables	538	696
Other payables and accruals	896	933
Lease liabilities	260	445
Tax payable	33	23
Total current liabilities	1,727	2,097
Total liabilities	11,448	11,811
Total equity and liabilities	66,699	68,225
Net assets	55,251	56,414
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.65	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 year ended	Current Year	Previous Year
	31.12.2021	31.12.2020
	(RM'000)	(RM'000)
	(Unaudited)	(audited)
Profit / (Loss) before taxation	(783)	(1,105)
Adjustments for:		
Interest expenses	21	28
Interest income	(294)	(446)
Gain on revaluation of investment property	(470)	(90)
Gain on disposal of property, plant and equipment	(79)	0
Depreciation of property, plant and equipment	22	28
Amortisation of right-of-use assets	538	541
Inventories written down	0	60
Unrealised (gain/ loss on foreign exchange)	0	8
Operating profit/(loss) before working capital changes	(1,045)	(976)
Changes in working capital		
Inventories	(60)	128
Receivables	(262)	136
Payables	(193)	(607)
Cash generated from/(used in) operations	(1,560)	(1,319)
Interest received	294	446
Interest paid	(21)	(28)
Income tax paid	(248)	(417)
Income tax refunded	36	133
Net cash generated from/(used in) operating activities	(1,499)	(1,185)
Investing activities		
Proceed from disposal of property, plant and equipment	79	0
Disposal of investment	0	531
Purchase of property, plant and equipment	(9)	(6)
Addition to right of use assets	0	0
Net cash from/ (used in) investing activities	70	525
Financing activities		
Repayment of lease liabilities	(503)	(489)
Increase in fixed deposits pledged with licensed bank	0	0
(Placement)/ Withdrawal of deposits not for short term funding	(166)	598
Net cash generated from/(used in) financing activities	(669)	109
Net increase/ (decrease) in cash and cash equivalents	(2,098)	(551)
Cash and cash equivalents at beginning of financial period	10,609	11,160
Cash and cash equivalents at end of financial year	8,511	10,609
Cash and cash equivalents comprise:		
Cash and bank balances	2,976	2,413
Fixed deposit with licensed banks	13,775	16,270
	16,751	18,683
Less: Deposit not for short term funding requirement	(8,219)	(8,053)
Fixed deposits pledged with licensed banks	(21)	(21)
	8,511	10,609

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**

	Attributable to Owners of the Company				
	Share Capital	Distributable Retained Profits	Total	Non-Controlling Interest	Total Equity
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
12 months ended 31 Dec 2020					
Balance as at 1 January 2020	42,240	15,611	57,851	0	57,851
Net loss for the financial year, representing total comprehensive income	-	(1,437)	(1,437)	0	(1,437)
Balance as at 31 Dec 2020 (audited)	42,240	14,174	56,414	0	56,414
12 months ended 31 Dec 2021					
Balance as at 1 January 2021	42,240	14,174	56,414	0	56,414
Net loss for the financial year, representing total comprehensive loss	-	(1,163)	(1,163)	0	(1,163)
Balance as at 31 Dec 2021 (unaudited)	42,240	13,011	55,251	0	55,251

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 31 Dec 2021				Consolidated RM'000
	Trading/ Property Investment RM'000	Services RM'000	Investment Holding RM'000	Elimination RM'000	
External sales	1,186	10,794	-	-	11,980
Inter-segment sales	-	-	72	(72)	-
Total revenue	1,186	10,794	72	(72)	11,980

Results					
Segment results	(49)	(252)	(755)	0	(1,056)
Profit/ (Loss) from operations					(1,056)
Interest income					294
Interest expenses					(21)
Profit/(Loss) before tax					(783)
Income tax (expenses)/credit					(380)
Profit/(Loss) for the financial year					(1,163)

	Cumulative year ended 31 Dec 2020				
	Trading/ Property Investment RM'000	Services RM'000	Investment Holding RM'000	Elimination RM'000	Consolidated RM'000
External sales	1,134	11,062	-	-	12,196
Inter-segment sales	-	-	72	(72)	-
Total revenue	1,134	11,062	72	(72)	12,196
Results					
Segment results	(166)	(395)	(962)	0	(1,523)
Profit/ (Loss) from operations					(1,523)
Interest income					446
Interest expenses					(28)
Profit/(Loss) before tax					(1,105)
Income tax (expenses)/credit					(332)
Profit/(Loss) for the financial year					(1,437)

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 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 31 December 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 31 Dec 2021 RM'000	Cumulative year to date as at 31 Dec 2021 RM'000
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 RM3.37 million, 8.7% higher than revenue of RM3.10 million in the corresponding quarter of the preceding year. The increase in revenue was due to the increase in sales from the servicing and repairs of mobile telecommunication equipment products division. The said division experienced higher revenue, being more business activities during the current quarter under review.

The Group recorded a profit before tax ("PBT") of RM0.55 million as compared to loss before tax ("LBT") of RM0.10 million in the corresponding quarter of the preceding year. The PBT was resulted from revaluation surplus on investment properties of RM0.47 million and gain on disposal of motor vehicle amounted to RM0.08 million.

16. Comparison with immediate preceding quarter's results

The Group recorded revenue of RM3.37 million, an increase of 13.4% from the preceding quarter of RM2.97 million. The increase in revenue was mainly contributed by the higher sales from the servicing and repairs of mobile telecommunication equipment products division as stated in Note 15.

In view of the above, the Group recorded a PBT of RM0.55 million as compared to LBT of RM0.39 million in the preceding quarter. The Board will continue to review and look into ways of cost control measures.

17. Prospects

The global health crisis involving COVID-19 have impacted to the performance of the Group in financial year 2021, with the imposition of various MCOs and NRP; especially in the first three quarters.

With the opening up of domestic economy in Q4'21, the business activities have picked up, especially in the Servicing and Repair of Tele-communication Products segment.

The financial impact of the COVID -19 endemic is expected to continue affecting the performance of the Group for the first half of FYE 2022 as the COVID-19 cases have surged during the reporting date. The Group expects its performance to improve in second half of FYE 2022 with anticipation of the recovery of the economy under National Recovery Plan, the general population being fully vaccinated / receiving booster shots leading to COVID-19 cases brought under control/ contained.

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 31 Dec 2021 RM'000	Cumulative current year to date as at 31 Dec 2021 RM'000
Current tax credit/ (expense)	(58)	(220)
Deferred taxation	(160)	(160)
Total income tax credit /(expense)	<u>(218)</u>	<u>(380)</u>

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 December 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 profit/(loss) attributable to equity holders of the parent (RM'000)	334	(1,163)
Number of shares in issue	84,480,000	84,480,000
Basic profit/(loss) per share (sen)	0.40	(1.40)

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	94	294
Gain on revaluation of investment properties	470	470
Depreciation of property, plant and equipment	(5)	(22)
Amortisation of right-of-use-assets	(110)	(538)

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 28 February 2022.

By order of the Board

Haji Ariffin Bin Abdul Aziz
Group Executive Director
28 February 2022