



WATTA HOLDING BERHAD (199401038699)(324384-A))
Financial Period for Quarter (January 2022 – March 2022)
Financial Year 2022 (January 2022 – December 2022)

Announcement Date: 26 MAY 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 first quarter ended 31 March 2022.

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

	Individual Quarter (3 mths)		Year to Date (3 mths)	
	Current Year	Previous Year	Current Year	Previous Year
for the financial period ended	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	2,918	3,114	2,918	3,114
Interest income	64	77	64	77
Other operating income	0	2	0	2
Gain on revaluation of investment properties	0	0	0	0
Depreciation and amortisation	(101)	(149)	(101)	(149)
Gain on disposal of property, plant and equipment	4	0	4	0
Gain on unrealised/realised forex	17	10	17	10
Cost of sales and Administration expenses	(3,165)	(3,467)	(3,165)	(3,467)
Profit/(Loss) from operation	(263)	(413)	(263)	(413)
Finance cost	(4)	(7)	(4)	(7)
Profit/(Loss) before taxation	(267)	(420)	(267)	(420)
Taxation	(55)	(60)	(55)	(60)
Profit/(Loss) net of taxation	(322)	(480)	(322)	(480)
Profit/(Loss) attributable to:				
Equity holders of the parent	(322)	(480)	(322)	(480)
Non-controlling interests	0	0	0	0
	(322)	(480)	(322)	(480)
Total comprehensive income/(loss) attributable to:				
Equity holders of the parent	(322)	(480)	(322)	(480)
Non-controlling interests	0	0	0	0
	(322)	(480)	(322)	(480)
Earnings/(Loss) per share attributable to equity holders of the parent (sen):				
Basic	(0.38)	(0.57)	(0.38)	(0.57)
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 2021 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 31.03.2022 (RM'000)	(AUDITED) 31.12.2021 (RM'000)
ASSETS		
Non-current assets		
Property, plant and equipment	37	38
Right of use assets	1,593	1,691
Investment properties	46,115	46,115
	47,745	47,844
Current Assets		
Inventories	490	570
Trade receivables	631	792
Other receivables, deposits & prepayment	407	508
Tax recoverable	238	234
Fixed deposits with licensed banks	13,839	13,775
Cash and bank balances	2,875	2,976
	18,480	18,855
TOTAL ASSETS	66,225	66,699
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	42,240	42,240
Reserves	12,689	13,011
Total equity	54,929	55,251
Non-current liabilities		
Deferred taxation	9,543	9,543
Lease liabilities	224	179
	9,767	9,722
Current Liabilities		
Trade payables	478	537
Other payables and accruals	895	897
Lease liabilities	123	259
Tax payable	33	33
	1,529	1,726
Total equity and liabilities	66,225	66,699
Net assets	54,929	55,251
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.65	0.65

The unaudited condensed statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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
	31.03.2022	31.03.2021
	(RM'000)	(RM'000)
	(Unaudited)	(Unaudited)
Profit / (Loss) before taxation	(267)	(420)
Adjustments for:		
Interest expenses	4	7
Interest income	(64)	(77)
Gain on disposal of property, plant and equipment	(4)	0
(Gain)/ Loss on revaluation of investment properties	0	0
Depreciation and amortisation of property, plant and equipment and right-of-use assets	101	149
Inventories written down	0	0
Unrealised loss/(gain) on foreign exchange	0	0
Operating (loss)/profit before working capital changes	(230)	(341)
Changes in working capital		
Inventories	80	(147)
Receivables	259	(73)
Payables	(60)	41
Cash generated from/(used in) operations	49	(520)
Interest received	64	77
Interest paid	(4)	(7)
Income tax paid	(56)	(75)
Income tax refunded	0	0
Net cash generated from/(used in) operating activities	53	(525)
Investing activities		
Proceed from disposal of property, plant and equipment	4	0
Purchase of property, plant and equipment	(3)	0
Net cash from/ (used in) investing activities	1	0
Financing activities		
Repayment of finance lease payable	(91)	(135)
(Placement)/ withdrawal of deposits not for short term funding	(42)	(41)
Net cash (used in)/generated from financing activities	(133)	(176)
Net decrease in cash and cash equivalents	(79)	(701)
Cash and cash equivalents at beginning of financial period	8,511	10,609
Cash and cash equivalents at end of financial period	8,432	9,908
Cash and cash equivalents comprise:		
Cash and bank balances	2,875	2,558
Fixed deposit with licensed banks	13,839	15,464
	16,714	18,022
Less: Deposit not for short term funding requirement	(8,261)	(8,094)
Fixed deposits pledged with a licensed bank	(21)	(20)
	8,432	9,908

The unaudited condensed statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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>				
	<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)
3 months ended 31 March 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 loss	-	(480)	(480)	0	(480)
Balance as at 31 March 2021 (unaudited)	42,240	13,694	55,934	0	55,934
3 months ended 31 March 2022					
Balance as at 1 January 2022	42,240	13,011	55,251	0	55,251
Net loss for the financial period, representing total comprehensive loss	-	(322)	(322)	0	(322)
Balance as at 31 March 2022 (unaudited)	42,240	12,689	54,929	0	54,929

The unaudited condensed statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 2021.

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 2021 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 2022.

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 2021.

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 2022				Consolidated RM'000
	Trading/ Property Investment RM'000	Services RM'000	Investment Holding RM'000	Elimination RM'000	
External sales	302	2,616	-	-	2,918
Inter-segment sales	-	-	18	(18)	-
Total revenue	302	2,616	18	(18)	2,918

Results					
Segment results	(178)	35	(184)	0	(327)
Loss from operations					(327)
Interest income					64
Interest expenses					(4)
Loss before tax					(267)
Income tax (expenses)/credit					(55)
Loss for the financial period					(322)

	Cumulative year ended 31 March 2021				Consolidated RM'000
	Trading/ Property Investment RM'000	Services RM'000	Investment Holding RM'000	Elimination RM'000	
External sales	290	2,824	-	-	3,114
Inter-segment sales	-	-	18	(18)	-
Total revenue	290	2,824	18	(18)	3,114
Results					
Segment results	(184)	(119)	(187)	0	(490)
Loss from operations					(490)
Interest income					77
Interest expenses					(7)
Loss before tax					(420)
Income tax (expenses)/ credit					(60)
Loss for the financial period					(480)

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 RM0.54 million.

13. Capital commitments

There were no capital commitments contracted by the Group to any parties as at 31 March 2022.

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 2022 RM'000	Cumulative year to date as at 31 March 2022 RM'000
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Zitron Enterprise (M) Sdn Bhd:
Rental and maintenance charge of premises

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15. Review of performance

For the quarter under review, the Group recorded revenue of RM2.92 million, 6.1% lower than revenue of RM3.11 million in the corresponding quarter of the preceding year. Sales from the servicing and repairs of mobile telecommunication equipment products division were lower during the quarter under review; as the industry was going through recovery mode.

The Group recorded a loss before tax ("LBT") of RM0.27 million as compared to LBT of RM0.42 million in the corresponding quarter of the preceding year. Despite a lower in sales from servicing and repairs of mobile telecommunication equipment products division, this division has contributed a marginal profit before tax ("PBT") of RM0.03 million; as a result of good cost control measurements.

16. Comparison with immediate preceding quarter's results

The Group recorded revenue of RM2.92 million, 13.6% lower than revenue of RM3.38 million as compared to preceding quarter. The higher revenue in preceding quarter was mainly contributed by the servicing and repairs of mobile telecommunication equipment products division, where the service and repair outlets were allowed to operate; moving into the National Recovery Phase; from a tighter Movement Control Orders previously (2021).

For the current quarter under review, the Group recorded a LBT of RM0.27 million as compared to PBT of RM0.55 million in the preceding quarter. In the immediate preceding quarter, the Group recognized a revaluation surplus on investment properties amounted to RM0.47 million and the servicing and repairs of mobile telecommunication equipment products division also contributed RM0.06 million.

The Board will continue to review and look into ways of cost control measures.

17. Prospects

The global health crisis involving COVID-19 has moved into endemic stage concurrent with National Recovery Plans ("NRP") embarked by the government.

With the opening up of domestic economy, the business activities are anticipated to pick up, including 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. The Group expects its performance to improve in second half of FYE 2022 with anticipation of the recovery of the economy under NRP, 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 March 2022 RM'000	Cumulative current year to date as at 31 March 2022 RM'000
Current tax credit/ (expense)	(55)	(55)
Deferred taxation	0	0
Total income tax credit /(expense)	<u>(55)</u>	<u>(55)</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 March 2022.

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)	322	322
Number of shares in issue	84,480,000	84,480,000
Basic loss per share (sen)	<u>0.38</u>	<u>0.38</u>

25. 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	64	64
Gain on disposal of property, plant and equipment	4	4
Depreciation of property, plant and equipment	(3)	(3)
Amortisation of right-of-use-assets	(98)	(98)

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 26 May 2022.

By order of the Board

Haji Ariffin Bin Abdul Aziz
Group Executive Director
26 May 2022