



WATTA HOLDING BERHAD (199401038699)(324384-A)
Financial Period for Quarter (July 2023 –Sept 2023)
Financial Year 2023 (January 2023 – December 2023)

Announcement Date: 28 Nov 2023

The Board of Directors of Watta Holding Berhad (hereinafter referred to as “WATTA” or “the Company”) hereby announce the following unaudited results for the third quarter ended 30 September 2023.

A. PRESENTATION OF RESULTS

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

	Individual Quarter (3 mths)		Year to Date (9 mths)	
	Current Year	Previous Year	Current Year	Previous Year
for the financial period ended	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	2,221	2,553	6,466	8,761
Interest income	101	73	310	204
Other operating income	0	4	0	8
Gain on revaluation of investment properties	0	0	0	0
Depreciation and amortisation	(101)	(140)	(304)	(420)
Gain on disposal of property, plant and equipment	0	0	0	4
Gain/(Loss) on unrealised/realised forex	(1)	56	2	118
Cost of sales and administration expenses	(2,810)	(2,794)	(8,127)	(9,438)
Profit/(Loss) from operation	(590)	(248)	(1,653)	(763)
Finance cost	(2)	(6)	(10)	(16)
Profit/(Loss) before taxation	(592)	(254)	(1,663)	(779)
Taxation	(55)	(55)	(166)	(168)
Profit/(Loss) net of taxation	(647)	(309)	(1,829)	(947)
Profit/(Loss) attributable to:				
Equity holders of the parent	(647)	(309)	(1,829)	(947)
Non-controlling interests	0	0	0	0
	(647)	(309)	(1,829)	(947)
Total comprehensive income/(loss) attributable to:				
Equity holders of the parent	(647)	(309)	(1,829)	(947)
Non-controlling interests	0	0	0	0
	(647)	(309)	(1,829)	(947)
Earnings/(Loss) per share attributable to equity holders of the parent (sen):				
Basic	(0.77)	(0.37)	(2.17)	(1.12)
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 2022 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 30.09.2023 (RM'000)	(AUDITED) 31.12.2022 (RM'000)
ASSETS		
Non-current assets		
Property, plant and equipment	31	33
Right of use assets	1,508	1,801
Investment properties	46,845	46,845
Total non-current assets	48,384	48,679
Current Assets		
Inventories	361	873
Trade receivables	550	246
Other receivables, deposits & prepayment	356	300
Tax recoverable	281	273
Fixed deposits with licensed banks	12,413	12,743
Cash and bank balances	1,610	3,532
Total current assets	15,571	17,967
TOTAL ASSETS	63,955	66,646
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	42,240	42,240
Reserves	10,320	12,149
Total equity	52,560	54,389
Non-current liabilities		
Deferred taxation	9,777	9,777
Lease liabilities	36	166
Total non-current liabilities	9,813	9,943
Current Liabilities		
Trade payables	547	938
Other payables and accruals	758	949
Lease liabilities	265	408
Tax payable	12	19
Total current liabilities	1,582	2,314
Total liabilities	11,395	12,257
Total equity and liabilities	63,955	66,646
Net assets	52,560	54,390
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.62	0.64

The unaudited condensed statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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
	30.09.2023 (RM'000) (Unaudited)	30.09.2022 (RM'000) (Unaudited)
Profit / (Loss) before taxation	(1,663)	(779)
Adjustments for:		
Interest expenses	10	16
Interest income	(310)	(204)
Gain on disposal of property, plant and equipment	0	(4)
Gain on revaluation of investment property	0	0
Waiver of debts from payable	0	0
Depreciation and amortisation	304	420
Inventories written down	0	0
Unrealised (gain)/loss on foreign exchange	0	0
Operating profit/(loss) before working capital changes	(1,659)	(551)
Changes in working capital		
Inventories	512	(5)
Receivables	(358)	607
Payables	(582)	16
Cash generated from/(used in) operations	(2,087)	67
Interest received	310	204
Interest paid	(10)	(16)
Income tax paid	(183)	(174)
Income tax refunded	0	0
Net cash generated from/(used in) operating activities	(1,970)	81
Investing activities		
Proceed from disposal of property, plant and equipment	0	4
Purchase of property, plant and equipment	(9)	(8)
Net cash from/ (used in) investing activities	(9)	(4)
Financing activities		
Repayment of lease liabilities	(273)	(384)
Withdrawal/ (Placement) of deposits not for short term funding	417	(131)
Increased in fixed deposit pledged with licensed bank	0	1
Net cash generated from/(used in) financing activities	144	(514)
Net increase/ (decrease) in cash and cash equivalents	(1,835)	(437)
Cash and cash equivalents at beginning of financial period	7,849	8,511
Cash and cash equivalents at end of financial period	6,014	8,074
Cash and cash equivalents comprise:		
Cash and bank balances	1,610	2,467
Fixed deposit with licensed banks	12,413	13,979
	14,023	16,446
Less: Deposit not for short term funding requirement	(7,987)	(8,350)
Fixed deposits pledged with licensed bank	(22)	(22)
	6,014	8,074

The unaudited condensed statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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>				Total Equity (RM'000)
	Share Capital (RM'000)	<u>Distributable</u> Retained Profits (RM'000)	Total (RM'000)	Non- Controlling Interest (RM'000)	
9 months ended 30 Sept 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	-	(947)	(947)	0	(947)
Balance as at 30 Sept 2022 (unaudited)	42,240	12,064	54,304	0	54,304
9 months ended 30 Sept 2023					
Balance as at 1 January 2023	42,240	12,149	54,389	0	54,389
Net loss for the financial period, representing total comprehensive loss	-	(1,829)	(1,829)	0	(1,829)
Balance as at 30 Sept 2023 (unaudited)	42,240	10,320	52,560	0	52,560

The unaudited condensed statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 2022.

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 Holding 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 2022 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 2023.

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 2022.

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 Sept 2023				Consolidated RM'000
	Trading/ Property Investment RM'000	Services RM'000	Investment Holding RM'000	Elimination RM'000	
External sales	924	5,542	-	-	6,466
Inter-segment sales	-	-	54	(54)	-
Total revenue	924	5,542	54	(54)	6,466
Results					
Segment results	(434)	(910)	(619)	0	(1,963)

B. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT (cont'd)
(the figures have not been audited)**8. Segmental reporting (cont'd)**

Profit/ (Loss) from operations	(1,963)
Interest income	310
Interest expenses	(10)
Profit/(Loss) before tax	(1,663)
Income tax (expenses)/credit	(166)
Profit/(Loss) for the financial period	(1,829)

	Cumulative year ended 30 Sept 2022				Consolidated RM'000
	Trading/ Property Investment RM'000	Services RM'000	Investment Holding RM'000	Elimination RM'000	
External sales	907	7,854	-	-	8,761
Inter-segment sales	-	-	54	(54)	-
Total revenue	907	7,854	54	(54)	8,761
Results					
Segment results	(509)	132	(590)	0	(967)
Profit/ (Loss) from operations					(967)
Interest income					204
Interest expenses					(16)
Profit/(Loss) before tax					(779)
Income tax (expenses)/credit					(168)
Profit/(Loss) for the financial period					(947)

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 RM0.35 million.

13. Capital commitments

There were no capital commitments contracted by the Group to any parties as at 30 September 2023.

B. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT (cont'd)
(the figures have not been audited)**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 Sept 2023 RM'000	Cumulative year to date as at 30 Sept 2023 RM'000
Zitron Enterprise (M) Sdn Bhd: Rental and maintenance charge of premises	106	318

15. Review of performance

For the quarter under review, the Group recorded revenue of RM2.22 million, as compared to RM2.55 million in the corresponding quarter of the preceding year. The decrease in revenue was due to the decrease in sales from the servicing and repairs of mobile telecommunication equipment products division.

The Group recorded a loss before tax ("LBT") of RM0.59 million as compared to LBT of RM0.25 million in the corresponding quarter of the preceding year.

The increase in LBT in the current quarter was due to lower sales in servicing and repairs of mobile telecommunication equipment products division; as compared to the corresponding quarter of the preceding year. The revenue contributed by investment properties division has been consistent.

16. Comparison with immediate preceding quarter's results

The Group recorded revenue of RM2.22 million, an increase of 6.7% from the preceding quarter of RM2.08 million. The increase in revenue was due to the moderate increase in sales from the servicing and repairs of mobile telecommunication equipment products division in the current quarter as compared to the preceding quarter.

The Group recorded a LBT of RM0.59 million as compared to LBT of RM0.58 million in the preceding quarter. The LBT was consistent as no significant expenses incurred during both quarters.

The Board will continue to review and look into ways to improve the revenue and cost control measures.

17. Prospects

The sales on the new mobile telecommunication sets have declined since the beginning of 2023; as consumers have been cautious in their spending; and focus on food, essentials and necessities.

Due to the drop in sales of new mobile telecommunication sets, the business in servicing and repairs of mobile telecommunication equipment products division have been impacted accordingly.

We foresee the subsequent quarters will continue to be challenging until the inflationary factor is under control.

The Board will continue to cautiously explore new businesses/assets to acquire and/or to diversify into; to improve the financial performance of the Group. The Group will actively manage costs and seek to maintain its current level of activities in an environment of escalating inflation.

18. Variance from profit forecast

There were no profit forecasts or profit guarantee issued.

B. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT (cont'd)
(the figures have not been audited)**19. Taxation**

	Current quarter as at 30 Sept 2023 RM'000	Cumulative current year to date as at 30 Sept 2023 RM'000
Current tax credit/ (expense)	(55)	(166)
Deferred taxation	0	0
Total income tax credit /(expense)	(55)	(166)

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 Sept 2023.

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)	647	1,829
Number of shares in issue	84,480,000	84,480,000
Basic loss per share (sen)	0.77	2.16

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	101	310
Depreciation of property, plant and equipn	(8)	(32)
Amortisation of right-of-use-assets	(93)	(272)

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 November 2023.

By order of the Board

Haji Ariffin Bin Abdul Aziz
Group Executive Director
28 November 2023