



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

Announcement Date: 21 FEB 2024

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 2023.

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
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	2,144	2,401	8,609	11,162
Interest income	73	91	383	295
Other operating income	8	4	10	134
Gain on revaluation of investment properties	730	730	730	730
Depreciation of property, plant and equipment	(4)	(4)	(14)	(14)
Amortisation of right-of-use-assets	(149)	(77)	(443)	(487)
(Loss)/ Gain on unrealised/realised forex	0	(1)	0	101
Cost of sales and administration expenses	(2,631)	(2,761)	(10,758)	(12,298)
Profit/(Loss) from operation	171	383	(1,483)	(377)
Finance cost	(4)	(5)	(13)	(20)
Profit/(Loss) before taxation	167	378	(1,496)	(397)
Taxation	(307)	(296)	(473)	(465)
Profit/(Loss) net of taxation	(140)	82	(1,969)	(862)
Profit/(Loss) attributable to:				
Equity holders of the parent	(140)	82	(1,969)	(862)
Non-controlling interests	0	0	0	0
	(140)	82	(1,969)	(862)
Total comprehensive income/(loss) attributable to:				
Equity holders of the parent	(140)	82	(1,969)	(862)
Non-controlling interests	0	0	0	0
	(140)	82	(1,969)	(862)
Earnings/(Loss) per share attributable to equity holders of the parent (sen):				
Basic	(0.17)	0.10	(2.33)	(1.02)
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) 31.12.2023 (RM'000)	(AUDITED) 31.12.2022 (RM'000)
ASSETS		
Non-current assets		
Property, plant and equipment	45	33
Right of use assets	1,398	1,801
Investment properties	47,575	46,845
Other investments	0	0
Total non-current assets	49,018	48,679
Current Assets		
Inventories	291	873
Trade receivables	413	246
Other receivables, deposits & prepayment	272	300
Tax recoverable	278	273
Fixed deposits with licensed banks	11,118	12,743
Cash and bank balances	2,648	3,532
Total current assets	15,020	17,967
TOTAL ASSETS	64,038	66,646
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	42,240	42,240
Reserves	10,180	12,149
Total equity	52,420	54,389
Non-current liabilities		
Deferred taxation	10,001	9,777
Lease liabilities	0	166
Total non-current liabilities	10,001	9,943
Current Liabilities		
Trade payables	519	938
Other payables and accruals	902	949
Lease liabilities	196	408
Tax payable	0	19
Total current liabilities	1,617	2,314
Total liabilities	11,618	12,257
Total equity and liabilities	64,038	66,646
Net assets	52,420	54,389
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 year ended	<u>Current Year</u> <u>31.12.2023</u> <u>(RM'000)</u> <u>(Unaudited)</u>	<u>Previous Year</u> <u>31.12.2022</u> <u>(RM'000)</u> <u>(audited)</u>
Profit / (Loss) before taxation	(1,496)	(397)
Adjustments for:		
Interest expenses	13	20
Interest income	(383)	(295)
Gain on revaluation of investment property	(730)	(730)
Gain on disposal of property, plant and equipment	0	(4)
Depreciation of property, plant and equipment	14	14
Amortisation of right-of-use assets	443	487
Gain on termination of lease contract	0	(5)
Unrealised (gain)/ loss on foreign exchange	0	1
Operating profit/(loss) before working capital changes	(2,139)	(909)
Changes in working capital		
Inventories	582	(303)
Receivables	(142)	753
Payables	(502)	452
Cash generated from/(used in) operations	(2,201)	(7)
Interest received	383	295
Interest paid	(13)	(20)
Income tax paid	(234)	(284)
Income tax refunded	0	0
Net cash generated from/(used in) operating activities	(2,065)	(16)
Investing activities		
Proceed from disposal of property, plant and equipment	0	5
Disposal of investment	0	0
Purchase of property, plant and equipment	(27)	(10)
Addition to right of use assets	0	0
Net cash from/ (used in) investing activities	(27)	(5)
Financing activities		
Repayment of lease liabilities	(417)	(455)
Increase in fixed deposits pledged with licensed bank	0	(1)
(Placement)/ Withdrawal of deposits not for short term funding	8,404	(185)
Net cash generated from/(used in) financing activities	7,987	(641)
Net increase/ (decrease) in cash and cash equivalents	5,895	(662)
Cash and cash equivalents at beginning of financial year	7,849	8,511
Cash and cash equivalents at end of financial year	13,744	7,849
Cash and cash equivalents comprise:		
Cash and bank balances	11,118	3,532
Fixed deposit with licensed banks	2,648	12,743
	13,766	16,275
Less: Deposit not for short term funding requirement	0	(8,404)
Fixed deposits pledged with licensed banks	(22)	(22)
	13,744	7,849

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>				
	Share Capital	<u>Distributable</u> Retained Profits	Total	Non- Controlling Interest	Total Equity
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
12 months ended 31 Dec 2022					
Balance as at 1 January 2022	42,240	13,011	55,251	0	55,251
Net loss for the financial year, representing total comprehensive income	-	(862)	(862)	0	(862)
Balance as at 31 Dec 2022 (audited)	42,240	12,149	54,389	0	54,389
12 months ended 31 Dec 2023					
Balance as at 1 January 2023	42,240	12,149	54,389	0	54,389
Net loss for the financial year, representing total comprehensive loss	-	(1,969)	(1,969)	0	(1,969)
Balance as at 31 Dec 2023 (unaudited)	42,240	10,180	52,420	0	52,420

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 31 Dec 2023				
	Trading/ Property Investment RM'000	Services RM'000	Investment Holding RM'000	Elimination RM'000	Consolidated RM'000
External sales	1,217	7,392	-	-	8,609
Inter-segment sales	-	-	72	(72)	-
Total revenue	1,217	7,392	72	(72)	8,609

Results					
Segment results	14	(1,160)	(720)	0	(1,866)
Profit/ (Loss) from operations					(1,866)
Interest income					383
Interest expenses					(13)
Profit/(Loss) before tax					(1,496)
Income tax (expenses)/credit					(473)
Profit/(Loss) for the financial year					(1,969)

	Cumulative year ended 31 Dec 2022				Consolidated RM'000
	Trading/ Property Investment RM'000	Services RM'000	Investment Holding RM'000	Elimination RM'000	
External sales	1,211	9,951	-	-	11,162
Inter-segment sales	-	-	72	(72)	-
Total revenue	1,211	9,951	72	(72)	11,162
Results					
Segment results	(24)	43	(691)	0	(672)
Profit/ (Loss) from operations					(672)
Interest income					295
Interest expenses					(20)
Profit/(Loss) before tax					(397)
Income tax (expenses)/credit					(465)
Profit/(Loss) for the financial year					(862)

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 RM0.54 million.

13. Capital commitments

There were no capital commitments contracted by the Group to any parties as at 31 December 2023.

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 2023 RM'000	Cumulative year to date as at 31 Dec 2023 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 RM2.14 million, 10.8% lower than revenue of RM2.40 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 said division experienced lower revenue, being less business activities during the current quarter under review.

The Group recorded a profit before tax ("PBT") of RM0.17 million as compared to PBT of RM0.38 million in the corresponding quarter of the preceding year. The PBT was resulted from revaluation surplus on investment properties of RM0.73 million.

16. Comparison with immediate preceding quarter's results

The Group recorded revenue of RM2.14 million, a decrease of 3.6% from the preceding quarter of RM2.22 million. The decrease in revenue was mainly due to decrease in sales from the servicing and repairs of mobile telecommunication equipment products division.

The Group recorded a PBT of RM0.17 million as compared to loss before taxation of RM0.59 million in the preceding quarter. As stated in Note 15, the PBT was resulted from revaluation surplus on investment properties amounted to RM0.73 million.

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

17. Prospects

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

Due to the economic climate and 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.

19. Taxation

	Current quarter as at 31 Dec 2023 RM'000	Cumulative current year to date as at 31 Dec 2023 RM'000
Current tax credit/ (expense)	(83)	(249)
Deferred taxation	(224)	(224)
Total income tax credit /(expense)	(307)	(473)

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 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 profit/(loss) attributable to equity holders of the parent (RM'000)	(140)	(1,969)
Number of shares in issue	84,480,000	84,480,000
Basic profit/(loss) per share (sen)	(0.17)	(2.33)

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	73	383
Gain on revaluation of investment properties	730	730
Depreciation of property, plant and equipment	(4)	(14)
Amortisation of right-of-use-assets	(149)	(443)

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 21 February 2024.

By order of the Board

Haji Ariffin Bin Abdul Aziz
Group Executive Director
21 February 2024