



WATTA HOLDING BERHAD (324384-A)
Quarter 1 Year 2012 (October 2011 – December 2011)
Financial Year 2012 (October 2011 – September 2012)

Announcement Date: 28 February 2012

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 December 2011.

A. PRESENTATION OF RESULTS**I) CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	1st Quarter		Year to Date	
	Current Year	Previous Year	Current Year	Previous Year
for the financial period ended	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	5,286	8,312	5,286	8,312
Interest income from fixed deposits	157	139	157	139
Other operating income	179	165	179	165
Depreciation and amortisation	(49)	(81)	(49)	(81)
Allowance for doubtful receivables	(45)	(45)	(45)	(45)
(Loss)/Gain on unrealised foreign exchange	(25)	76	(25)	76
Administration expenses	(5,361)	(7,896)	(5,361)	(7,896)
Profit from operation	142	670	142	670
Finance cost	(47)	(55)	(47)	(55)
Profit before taxation	95	615	95	615
Taxation	(92)	(123)	(92)	(123)
Net profit/(loss), representing total comprehensive income	3	492	3	492
Profit/(Loss) attributable to:				
Equity holders of the parent	38	496	38	496
Non-controlling interests	(35)	(4)	(35)	(4)
	3	492	3	492
Earnings/(Loss) per share attributable to equity holders of the parent (sen):				
Basic	0.04	0.59	0.04	0.59
Diluted	N/A	N/A	N/A	N/A

The unaudited condensed statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 30 September 2011 and the accompanying explanatory notes that form an integral part of the Interim Financial Statements.

Note:-

There is no income/expense in relation to other income including investment income, write off of receivables, allowance for/ write off of inventories, gain/loss on disposal of quoted or unquoted investments or properties, impairment of assets, gain/loss on derivatives, or exceptional items.

A. PRESENTATION OF RESULTS (cont.)

II) CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at	UNAUDITED 31.12.2011 (RM'000)	AUDITED 30.09.2011 (RM'000)
ASSETS		
Non-current assets		
Property, plant and equipment	4,353	4,400
Investment properties	8,168	8,168
Other investments	924	924
Total non-current assets	13,445	13,492
Current Assets		
Inventories	3,909	4,855
Trade receivables	10,791	10,585
Other receivables, deposits & prepayment	444	598
Fixed deposits with licensed banks	22,997	21,880
Cash and bank balances	2,474	4,419
Total current assets	40,615	42,337
TOTAL ASSETS	54,060	55,829
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	42,240	42,240
Reverses	3,885	3,847
Equity attributable to equity holders of the parent	46,125	46,087
Non-controlling interests	185	220
Total equity	46,310	46,307
Non-current liabilities		
Deferred taxation	1,016	972
Current Liabilities		
Bank borrowings	3,145	3,993
Trade payables	527	1,328
Other payables and accruals	3,062	3,216
Tax payable	0	13
Total current liabilities	6,734	8,550
Total equity and liabilities	54,060	55,829
Net assets	46,240	46,307
Net assets per shares attributable to ordinary equity holders of the parent (RM)	0.55	0.55

The unaudited condensed statement of financial position should be read in conjunction with the audited financial statements for the year ended 30 September 2011 and the accompanying explanatory notes that form an integral part of the Interim Financial Statements.

A. PRESENTATION OF RESULTS (cont.)

III) CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial period ended	1 st Quarter	
	Current Year 31.12.2011 (RM'000)	Previous Year 31.12.2010 (RM'000)
Profit before taxation	95	615
Adjustments for:-		
Bad debt written off	11	39
Depreciation of property, plant and equipment	49	81
Impairment on trade receivables	45	45
Interest expenses	47	55
Interest income	(157)	(139)
Reversal of impairment on trade receivables	(11)	(39)
Unrealised loss/(gain) on foreign exchange	25	(76)
Operating profit before working capital changes	104	581
Changes in working capital		
Inventories	946	(756)
Receivables	(158)	(1,892)
Payables	(919)	(189)
Cash used in operations	(131)	(2,256)
Interest received	157	139
Interest paid	(47)	(55)
Income tax paid	(61)	(36)
Net cash generated from/ (used in) operating activities	22	(2,208)
Investing activities		
Purchase of property, plant and equipment	(2)	(15)
Net cash used in investing activities	(2)	(15)
Financing activities		
(Repayment)/Proceed of bank borrowings	(848)	1,898
Repayment of hire purchase payables	0	(19)
Increased in fixed deposit pledged	0	0
Net cash (used in)/ from financing activities	(848)	1,879
Net (decrease) in cash and cash equivalents	(828)	(344)
Foreign exchange differences	0	76
Cash and cash equivalents at beginning of financial period	26,263	24,682
Cash and cash equivalents at end of financial period	25,435	24,414
Cash and cash equivalents comprise:		
Cash and bank balances	2,474	4,547
Fixed deposit with licensed banks	22,997	19,902
Total	25,471	24,449
Less : Fixed deposit pledged with a licensed bank	(36)	(35)
	25,435	24,414

The unaudited condensed statement of cash flows should be read in conjunction with the audited financial statements for the year ended 30 September 2011 and the accompanying explanatory notes that form an integral part of the Interim Financial Statements.

A. PRESENTATION OF RESULTS (cont.)

IV) CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<u>Non-distributable</u> Share Capital	<u>Revaluation</u> Reserve	<u>Distributable</u> Retained Profits	Total	Non- Controlling Interest	Total Equity
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
3 months ended 31 December 2010						
Balance as of 1 October 2010	42,240	1,340	1,409	44,989	666	45,655
Net profit for the period, representing total comprehensive income			496	496	(4)	492
Balance as of 31 December 2010	42,240	1,340	1,905	45,485	662	46,147
3 months ended 31 December 2011						
Balance as of 1 October 2011	42,240	1,340	2,507	46,087	220	46,307
Net loss for the period, representing total comprehensive income			38	38	(35)	3
Balance as of 31 December 2011	42,240	1,340	2,545	46,125	185	46,310

The unaudited condensed statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 September 2011 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 Financial Reporting Standard (“FRS”) 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 30 September 2011.

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 30 September 2011 except for the changes in accounting policies and presentation resulting from the adoption of relevant FRSs, Amendments to FRSs and IC Interpretations that are effective for the financial periods beginning on or after 1 January 2011 and 1 July 2011 respectively.

The adoption of the relevant FRSs, Amendments to FRSs and IC Interpretations are not expected to have any significant financial impact on the financial statements of the Group.

2. Qualification of annual financial statements

There was no audit qualification on the financial statements of the Company and its subsidiary companies for the financial year ended 30 September 2011.

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.

	Trading	Services	Investment Holding	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
External sales	5,286	-	-	-	5,286
Inter-segment sales	-	-	54	(54)	-
Total revenue	5,286	-	54	(54)	5,286
Results					
Segment results	97	(34)	13	(91)	(15)
Loss from operations					(15)
Interest income					157
Interest expenses					(47)
Profit before tax					95
Income tax expenses					(92)
Profit for the financial period					3

9. Valuation of property, plant and equipment

The Group did not carry out any valuation on its property, plant and equipment during the financial quarter under review.

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 guarantees were given to various institutions for facilities granted to subsidiary companies amounted to RM3.48 million.

13. Capital commitments

There were no capital commitments incurred by the Group to any parties as at 31 December 2011.

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 December 2011 RM'000	Cumulative year to date as at 31 December 2011 RM'000
Zitron Enterprise (M) Sdn Bhd: Rental of premises	36	36
Z'tronic Holidays (M) Sdn Bhd: Purchase of airline tickets, tour arrangement and accommodation booking	19	19

15. Review of performance

For the quarter under review, the Group recorded a revenue of RM5.29 million, 36.3% lower than revenue of RM8.31 million in the corresponding quarter of the preceding year. The reduction in revenue was mainly due to:

- I. Decrease in selling price of automotive batteries as can be witnessed in the decline trend of the price of lead in the current quarter as compared to the corresponding quarter of the preceding year; and
- II. Decrease in the volume of units of automotive batteries sold as the competition was keen.

The Group recorded a profit before tax ("PBT") of RM95 thousand as compared to PBT of RM615 thousand in the corresponding quarter of the preceding year, a decline of 84.5%. The reduction in PBT was mainly due to the reasons stated above.

16. Comparison with immediate preceding quarter's results

The Group recorded a revenue of RM5.29 million, a reduction of 17.7% from the preceding quarter of RM6.43 million. The reduction of the revenue was mainly due to:

- I. Decrease in selling price of automotive batteries as can be witnessed in the decline trend of the price of lead in the current quarter as compared to the preceding quarter ; and
- II. Decrease in the volume of units of automotive batteries sold as the competition was keen.

The Group recorded a PBT of RM95 thousand as compared to PBT of RM124 thousand in the preceding quarter, a decline of 23.4%. The reduction in PBT was mainly due to the reasons stated above.

17. Business prospect

The board anticipates that the business prospects will remain challenging for the distribution of automotive batteries for the financial year ending 30 September 2012; given the uncertain macro-economic outlook, fluctuation of LME lead price and foreign exchange rates.

18. Variance from profit forecast

There was no profit forecast or profit guarantee issued.

19. Taxation

	Current quarter as at 31 December 2011 RM'000	Cumulative current year to date as at 31 December 2011 RM'000
Current tax expense	48	48
Deferred taxation	44	44
Total income tax expense	92	92

The Group's taxation charge for the current quarter under review mainly represents deferred tax provided for by a subsidiary. The effective rate of taxation of the Group is higher than the statutory rate of taxation principally due to losses of certain subsidiaries which cannot be set off against profits made by other subsidiaries in the Group as no group relief are available.

20. Corporate proposal

There were no new corporate proposals announced or pending as at the date of report.

21. Group borrowings

There was short term secured bank borrowing amounted RM3.145 million as disclosed in the Condensed Consolidated Statement of Financial Position above.

22. Material litigation

There were no material litigation 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. Disclosure of realised/unrealised retained profit/(accumulated losses)

	As at 31 December 2011 RM'000	As at 31 December 2010 RM'000
Retained profits		
Realised	4,452	3,615
Unrealised	(1,907)	(1,710)
	<u>2,545</u>	<u>1,905</u>

25. Earnings/ (Loss) per ordinary shares

	Current quarter	Cumulative financial Year to date
Net profit attributable to equity holders of the parent (RM'000)	38	38
Number of share in issue of RM0.50 each	84,480,000	84,480,000
Basic earnings per share (sen)	<u>0.04</u>	<u>0.04</u>

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 2012.

By order of the Board

Haji Ariffin Bin Abdul Aziz
Group Executive Director

28 February 2012