



WATTA HOLDING BERHAD (324384-A)
Quarter 2 Year 2012 (January 2012 – March 2012)
Financial Year 2012 (October 2011 – September 2012)

Announcement Date: 15 May 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 second quarter ended 31 March 2012.

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

	2 nd Quarter		Year to Date	
	Current Year	Previous Year	Current Year	Previous Year
for the financial period ended	31.03.2012	31.03.2011	31.03.2012	31.03.2011
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	6,537	6,671	11,823	14,983
Interest income from fixed deposits	184	147	341	286
Other operating income	117	73	296	162
Depreciation and amortisation	(49)	(70)	(98)	(150)
Allowance for doubtful receivables	(45)	(90)	(45)	(90)
(Loss)/Gain on unrealised foreign exchange	(228)	(76)	(253)	0
Administration expenses	(6,356)	(6,520)	(11,762)	(14,388)
Profit from operation	160	135	302	803
Finance cost	(43)	(58)	(90)	(112)
Profit before taxation	117	77	212	691
Taxation	(97)	(104)	(190)	(226)
Net profit/(loss), representing total comprehensive income	20	(27)	22	465
Profit/(Loss) attributable to:				
Equity holders of the parent	161	68	199	564
Non-controlling interests	(141)	(95)	(177)	(99)
	20	(27)	22	465
Earnings/(Loss) per share attributable to equity holders of the parent (sen):				
Basic	0.19	0.08	0.24	0.67
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 31.03.2012 (RM'000)	AUDITED 30.09.2011 (RM'000)
ASSETS		
Non-current assets		
Property, plant and equipment	4,306	4,400
Investment properties	8,168	8,168
Other investments	924	924
Total non-current assets	13,398	13,492
Current Assets		
Inventories	3,108	4,855
Trade receivables	11,150	10,585
Other receivables, deposits & prepayment	585	598
Fixed deposits with licensed banks	23,216	21,880
Cash and bank balances	3,227	4,419
Total current assets	41,286	42,337
TOTAL ASSETS	54,684	55,829
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	42,240	42,240
Reserve	4,046	3,847
Equity attributable to equity holders of the parent	46,286	46,087
Non-controlling interests	43	220
Total equity	46,329	46,307
Non-current liabilities		
Deferred taxation	1,062	972
Current Liabilities		
Bank borrowings	3,406	3,993
Trade payables	585	1,328
Other payables and accruals	3,302	3,216
Tax payable	0	13
Total current liabilities	7,293	8,550
Total equity and liabilities	54,684	55,829
Net assets	46,329	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	2nd Quarter	
	Current Year 31.03.2012 (RM'000)	Previous Year 31.03.2011 (RM'000)
Profit before taxation	212	691
Adjustments for:-		
Bad debt written off	0	0
Depreciation of property, plant and equipment	98	150
Impairment on trade receivables	90	90
Interest expenses	90	112
Interest income	(341)	(286)
Reversal of impairment on trade receivables	(44)	(63)
Unrealised loss/(gain) on foreign exchange	253	0
Operating profit before working capital changes	358	694
Changes in working capital		
Inventories	1,747	(2,463)
Receivables	(851)	(127)
Payables	(650)	997
Cash generated from/(used in) operations	604	(899)
Interest received	341	286
Interest paid	(90)	(112)
Income tax paid	(126)	(77)
Net cash generated from/ (used in) operating activities	729	(802)
Investing activities		
Purchase of property, plant and equipment	(4)	(25)
Net cash used in investing activities	(4)	(25)
Financing activities		
(Repayment)/Proceed of bank borrowings	(587)	1,400
Repayment of hire purchase payables	0	(32)
Increased in fixed deposit pledged	(1)	(1)
Net cash (used in)/ generated from financing activities	(588)	1,367
Net increase in cash and cash equivalents	137	540
Foreign exchange differences	6	(45)
Cash and cash equivalents at beginning of financial period	26,263	24,682
Cash and cash equivalents at end of financial period	26,406	25,177
Cash and cash equivalents comprise:		
Cash and bank balances	3,227	4,705
Fixed deposit with licensed banks	23,216	20,508
Total	26,443	25,213
Less : Fixed deposit pledged with a licensed bank	(37)	(36)
	26,406	25,177

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)
6 months ended 31 March 2011						
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			564	564	(99)	465
Balance as of 31 March 2011	42,240	1,340	1,973	45,553	567	46,120
6 months ended 31 March 2012						
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			199	199	(177)	22
Balance as of 31 March 2012	42,240	1,340	2,706	46,286	43	46,329

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 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 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 adoption of MFRSs relevant to the Group as explained below:

Adoption of a new MASB accounting framework, the MFRS Framework

The Group has adopted the MFRS framework and MFRS 1, First-time adoption of Malaysian Financial Reporting Standards for the first time in these condensed consolidated interim financial statements. The transition to the MFRS framework does not have any material impact on the financial position, financial performance and cash flow of the Group and the Company.

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	11,823	-	-	-	11,823
Inter-segment sales	-	-	108	(108)	-
Total revenue	11,823	-	108	(108)	11,823
Results					
Segment results	358	(361)	72	(108)	(39)
Loss from operations					(39)
Interest income					341
Interest expenses					(90)
Profit before tax					212
Income tax expenses					(190)
Profit for the financial period					22

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 RM3.81 million.

13. Capital commitments

There were no capital commitments incurred by the Group to any parties as at 31 March 2012.

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 2012 RM'000	Cumulative year to date as at 31 March 2012 RM'000
Zitron Enterprise (M) Sdn Bhd: Rental of premises	36	72
Z'tronic Holidays (M) Sdn Bhd: Purchase of airline tickets, tour arrangement and accommodation booking	7	26

15. Review of performance

For the quarter under review, the Group recorded a revenue of RM6.54 million, 1.9% lower than revenue of RM6.67 million in the corresponding quarter of the preceding year.

The revenues were consistent as the fluctuation for the price of lead was minimal.

The Group recorded a profit before tax ("PBT") of RM117 thousand as compared to PBT of RM77 thousand in the corresponding quarter of the preceding year, an increase of 51.9%. The increase in PBT was mainly contributed by interest income from fixed deposits and other operating income.

16. Comparison with immediate preceding quarter's results

The Group recorded a revenue of RM6.54 million, an increase of 23.6% from the preceding quarter of RM5.29 million. The increase of the revenue was mainly contributed by increase in the volume of units of automotive batteries sold.

The Group recorded a PBT of RM117 thousand as compared to PBT of RM95 thousand in the preceding quarter, an increase of 23.16%. The increase 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 highly competitive market for automotive battery, 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 March 2012 RM'000	Cumulative current year to date as at 31 March 2012 RM'000
Current tax expense	51	100
Deferred taxation	46	90
Total income tax expense	97	190

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 RM3.4 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 March 2012 RM'000	As at 31 March 2011 RM'000
Retained profits		
Realised	4,659	3,733
Unrealised	(1,953)	(1,760)
	2,706	1,973

25. Earnings per ordinary shares

	Current quarter	Cumulative financial Year to date
Net profit attributable to equity holders of the parent (RM'000)	161	199
Number of share in issue of RM0.50 each	84,480,000	84,480,000
Basic earnings per share (sen)	0.19	0.24

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 15 May 2012.

By order of the Board

Haji Ariffin Bin Abdul Aziz
Group Executive Director

15 May 2012