



**WATTA HOLDING BERHAD (324384-A)**  
**Quarter 3 Year 2012 (April 2012 – June 2012)**  
**Financial Year 2012 (October 2011 – September 2012)**

Announcement Date: 14 Aug 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 30 June 2012.

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

	3rd Quarter		Year to Date	
	Current Year	Previous Year	Current Year	Previous Year
for the financial period ended	30.06.2012	30.06.2011	30.06.2012	30.06.2011
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	6,065	7,384	17,889	22,367
Interest income from fixed deposits	201	164	542	450
Other operating income	132	103	482	265
Depreciation and amortisation	(49)	(54)	(146)	(204)
Allowance for doubtful receivables	(45)	(135)	(45)	(135)
(Loss)/Gain on unrealised foreign exchange	253	(27)	25	(49)
Administration expenses	(5,981)	(7,077)	(17,869)	(21,533)
<b>Profit from operation</b>	<b>576</b>	<b>358</b>	<b>878</b>	<b>1,161</b>
Finance cost	(44)	(51)	(134)	(163)
<b>Profit before taxation</b>	<b>532</b>	<b>307</b>	<b>744</b>	<b>998</b>
Taxation	(156)	(91)	(345)	(317)
<b>Net profit/(loss), representing total comprehensive income</b>	<b>376</b>	<b>216</b>	<b>399</b>	<b>681</b>
<b>Profit/(Loss) attributable to:</b>				
Equity holders of the parent	262	245	461	809
Non-controlling interests	114	(29)	(62)	(128)
	<b>376</b>	<b>216</b>	<b>399</b>	<b>681</b>
<b>Earnings/(Loss) per share attributable to equity holders of the parent (sen):</b>				
Basic	0.31	0.29	0.55	0.96
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 30.06.2012 (RM'000)	AUDITED 30.09.2011 (RM'000)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	4,257	4,400
Investment properties	8,168	8,168
Other investments	924	924
<b>Total non-current assets</b>	<b>13,349</b>	<b>13,492</b>
<b>Current Assets</b>		
Inventories	3,072	4,855
Trade receivables	10,960	10,585
Other receivables, deposits & prepayment	690	598
Fixed deposits with licensed banks	23,376	21,880
Cash and bank balances	4,576	4,419
<b>Total current assets</b>	<b>42,674</b>	<b>42,337</b>
<b>TOTAL ASSETS</b>	<b>56,023</b>	<b>55,829</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	42,240	42,240
Reserve	4,308	3,847
<b>Equity attributable to equity holders of the parent</b>	<b>46,548</b>	<b>46,087</b>
Non-controlling interests	158	220
<b>Total equity</b>	<b>46,706</b>	<b>46,307</b>
<b>Non-current liabilities</b>		
Deferred taxation	1,072	972
<b>Current Liabilities</b>		
Bank borrowings	4,575	3,993
Trade payables	775	1,328
Other payables and accruals	2,895	3,216
Tax payable	0	13
<b>Total current liabilities</b>	<b>8,245</b>	<b>8,550</b>
<b>Total equity and liabilities</b>	<b>56,023</b>	<b>55,829</b>
<b>Net assets</b>	<b>46,706</b>	<b>46,307</b>
<b>Net assets per shares attributable to ordinary equity holders of the parent (RM)</b>	<b>0.55</b>	<b>0.55</b>

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	3rd Quarter	
	Current Year 30.06.2012 (RM'000)	Previous Year 30.06.2011 (RM'000)
<b>Profit before taxation</b>	744	998
Adjustments for:-		
Bad debt written off	0	0
Depreciation of property, plant and equipment	147	204
Impairment on trade receivables	135	135
Interest expenses	134	163
Interest income	(542)	(450)
Reversal of impairment on trade receivables	(59)	(84)
Unrealised loss/(gain) on foreign exchange	(25)	49
Operating profit before working capital changes	534	1,015
Changes in working capital		
Inventories	1,783	(1,407)
Receivables	(518)	(924)
Payables	(835)	(282)
Cash generated from/( used in) operations	964	(1,598)
Interest received	542	450
Interest paid	(134)	(163)
Income tax paid	(291)	(153)
<b>Net cash generated from/ (used in) operating activities</b>	<b>1,081</b>	<b>(1,464)</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(4)	(25)
<b>Net cash used in investing activities</b>	<b>(4)</b>	<b>(25)</b>
<b>Financing activities</b>		
Proceed/(Repayment) of bank borrowings	582	449
Repayment of hire purchase payables	0	(32)
Increased in fixed deposit pledged	(1)	(1)
<b>Net cash (used in)/ generated from financing activities</b>	<b>581</b>	<b>416</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,658</b>	<b>(1,073)</b>
<b>Foreign exchange differences</b>	<b>(6)</b>	<b>(106)</b>
<b>Cash and cash equivalents at beginning of financial period</b>	<b>26,263</b>	<b>24,682</b>
<b>Cash and cash equivalents at end of financial period</b>	<b>27,915</b>	<b>23,503</b>
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	4,576	2,373
Fixed deposit with licensed banks	23,376	21,166
Total	27,952	23,539
Less : Fixed deposit pledged with a licensed bank	(37)	(36)
	<b>27,915</b>	<b>23,503</b>

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)
<b>9 months ended 30 June 2011</b>						
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			809	809	(128)	681
<b>Balance as of 30 June 2011</b>	<b>42,240</b>	<b>1,340</b>	<b>2,218</b>	<b>45,798</b>	<b>538</b>	<b>46,336</b>
<b>9 months ended 30 June 2012</b>						
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			461	461	(62)	399
<b>Balance as of 30 June 2012</b>	<b>42,240</b>	<b>1,340</b>	<b>2,968</b>	<b>46,548</b>	<b>158</b>	<b>46,706</b>

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.

	<b>Trading</b>	<b>Services</b>	<b>Investment Holding</b>	<b>Elimination</b>	<b>Consolidated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
External sales	17,889	-	-	-	17,889
Inter-segment sales	-	-	162	(162)	-
Total revenue	17,889	-	162	(162)	17,889
Results					
Segment results	774	(127)	(149)	(162)	336
Profit from operations					336
Interest income					542
Interest expenses					(134)
Profit before tax					744
Income tax expenses					(345)
<b>Profit for the financial period</b>					<b>399</b>

**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 RM5.63 million.

**13. Capital commitments**

There were no capital commitments incurred by the Group to any parties as at 30 June 2012.

**14. Related party transactions**

During the financial period, significant related party transactions for the current quarter under review are as follows:-

	<b>Current quarter as at 30 June 2012 RM'000</b>	<b>Cumulative year to date as at 30 June 2012 RM'000</b>
Zitron Enterprise (M) Sdn Bhd: Rental of premises	72	144
Z'tronic Holidays (M) Sdn Bhd: Purchase of airline tickets, tour arrangement and accommodation booking	10	36

**15. Review of performance**

For the quarter under review, the Group recorded a revenue of RM6.06 million, 17.9% lower than revenue of RM7.38 million in the corresponding quarter of the preceding year. The decrease in revenues was due to market competitiveness.

The Group recorded a profit before tax ("PBT") of RM532 thousand as compared to PBT of RM307 thousand in the corresponding quarter of the preceding year, an increase of 73.3%. 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 RM6.06 million, a decrease of 7.3% from the preceding quarter of RM6.54 million. The decrease of the revenue was mainly contributed by decrease in the volume of units of automotive batteries sold.

The Group recorded a PBT of RM532 thousand as compared to PBT of RM117 thousand in the preceding quarter, an increase of 354.7%. The increase in PBT was mainly contributed from the gain on unrealised foreign exchange.

**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 30 June 2012 RM'000	Cumulative current year to date as at 30 June 2012 RM'000
Current tax expense	146	245
Deferred taxation	10	100
Total income tax expense	156	345

The Group's taxation charge for the current quarter under review mainly represents tax under provision in previous financial year and taxation for interest income and rental income, which were treated as separate source of income. 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 RM4.6 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)**

	<b>As at 30 June 2012</b> <b>RM'000</b>	<b>As at 30 June 2011</b> <b>RM'000</b>
Retained profits		
Realised	4,931	4,028
Unrealised	(1,963)	(1,810)
	<b>2,968</b>	<b>2,218</b>

**25. Earnings per ordinary shares**

	<b>Current quarter</b>	<b>Cumulative financial</b> <b>Year to date</b>
Net profit attributable to equity holders of the parent (RM'000)	262	461
Number of share in issue of RM0.50 each	84,480,000	84,480,000
<b>Basic earnings per share (sen)</b>	<b>0.31</b>	<b>0.55</b>

**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 14 August 2012.

By order of the Board

Haji Ariffin Bin Abdul Aziz  
Group Executive Director

14 August 2012