



WATTA HOLDING BERHAD (324384-A)
Quarter 4 Year 2012 (July 2012 – September 2012)
Financial Year 2012 (October 2011 – September 2012)

Announcement Date: 30 NOV 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 fourth quarter ended 30 September 2012.

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

	4th Quarter		Year to Date	
	Current Year	Previous Year	Current Year	Previous Year
for the financial period ended	30.09.2012	30.09.2011	30.09.2012	30.09.2011
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	6,474	6,405	24,363	28,772
Interest income from fixed deposits	255	178	800	630
Other operating income	95	1,079	520	1,343
Gain on fair value change of investment properties	3,266	0	3,266	0
Depreciation and amortisation	(73)	(53)	(219)	(257)
Allowance for doubtful receivables	0	(895)	(24)	(993)
Write off of receivables	(906)	0	(906)	0
(Loss)/Gain on unrealised forex	(265)	310	(243)	262
Cost of sales and Administration expenses	(6,250)	(6,850)	(24,083)	(28,421)
Profit from operation	2,596	174	3,474	1,336
Finance cost	(59)	(50)	(193)	(213)
Profit before taxation	2,537	124	3,281	1,123
Taxation	57	(153)	(288)	(470)
Profit/(loss) net of taxation	2,594	(29)	2,993	653
Other comprehensive income, net of tax				
Revaluation of land and buildings	7,569	0	7,569	0
Total comprehensive income for the period	10,163	(29)	10,562	653
Profit/(Loss) attributable to:				
Equity holders of the parent	3,192	288	3,653	1,098
Non-controlling interests	(598)	(317)	(660)	(445)
	2,594	(29)	2,993	653
Total comprehensive income attributable to:				
Equity holders of the parent	10,761	288	11,222	1,098
Non-controlling interests	(598)	(317)	(660)	(445)
	10,163	(29)	10,562	653
Earnings per share attributable to equity holders of the parent (sen):				
Basic	3.78	0.34	4.32	1.30
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.

A. PRESENTATION OF RESULTS (cont.)**II) CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

as at	UNAUDITED 30.09.2012 (RM'000)	AUDITED 30.09.2011 (RM'000)
ASSETS		
Non-current assets		
Property, plant and equipment	6,937	4,400
Investment properties	20,528	8,168
Other investments	924	924
Total non-current assets	28,389	13,492
Current Assets		
Inventories	3,825	4,855
Trade receivables	9,423	10,585
Other receivables, deposits & prepayment	1,761	598
Fixed deposits with licensed banks	23,104	21,880
Cash and bank balances	5,527	4,419
Total current assets	43,640	42,337
TOTAL ASSETS	72,029	55,829
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	42,240	42,240
Reserves	15,069	3,847
Equity attributable to equity holders of the parent	57,309	46,087
Non-controlling interests	(440)	220
Total equity	56,869	46,307
Non-current liability		
Deferred taxation	5,144	972
Current Liabilities		
Bank borrowings	6,157	3,993
Trade payables	729	1,328
Other payables and accruals	3,113	3,216
Tax payable	17	13
Total current liabilities	10,016	8,550
Total equity and liabilities	72,029	55,829
Net assets	56,869	46,307
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.68	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	4th Quarter	
	Current Year	Previous Year
	30.09.2012	30.09.2011
	(RM'000)	(RM'000)
	(Unaudited)	(Audited)
Profit before taxation	3,281	1,123
Adjustments for:-		
Bad debt written off	906	403
Depreciation of property, plant and equipment	219	257
Impairment on trade receivables	24	993
Impairment on inventories written down	0	250
Gain on fair value adjustment on investment properties	(3,266)	0
Interest expenses	193	215
Interest income	(800)	(630)
Reversal of impairment on trade receivables	(95)	(498)
Unrealised loss/(gain) on foreign exchange	243	(262)
Operating profit before working capital changes	705	1,851
Changes in working capital		
Inventories	1,030	(540)
Receivables	(1,078)	(108)
Payables	(722)	(302)
Cash (used in)/generated from operations	(65)	901
Interest received	800	630
Interest paid	(193)	(215)
Income tax paid	(358)	(247)
Net cash generated from operating activities	184	1,069
Investing activities		
Purchase of property, plant and equipment	(9)	(30)
Net cash used in investing activities	(9)	(30)
Financing activities		
Proceed of bank borrowings	2,164	498
Repayment of hire purchase payables	0	(32)
Increased in fixed deposit pledged	(2)	(1)
Net cash generated from financing activities	2,162	465
Net increase in cash and cash equivalents	2,337	1,504
Foreign exchange differences	(6)	76
Cash and cash equivalents at beginning of financial year	26,262	24,682
Cash and cash equivalents at end of financial year	28,593	26,262
Cash and cash equivalents comprise:		
Cash and bank balances	5,527	4,419
Fixed deposit with licensed banks	23,104	21,880
Total	28,631	26,229
Less : Fixed deposit pledged with a licensed bank	(38)	(37)
	28,593	26,262

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)
12 months ended 30 Sept 2011						
Balance as of 1 October 2010	42,240	1,340	1,409	44,989	665	45,654
Net profit/(loss) for the period, representing total comprehensive income	0	0	1,098	1,098	(445)	653
Balance as of 30 Sept 2011 (audited)	42,240	1,340	2,507	46,087	220	46,307
12 months ended 30 Sept 2012						
Balance as of 1 October 2011	42,240	1,340	2,507	46,087	220	46,307
Net profit/(loss) for the period, representing total comprehensive income	0	7,569	3,653	11,222	(660)	10,562
Balance as of 30 Sept 2012 (unaudited)	42,240	8,909	6,160	57,309	(440)	56,869

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 adoption of FRSs relevant to the Group as explained below:

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	24,363	-	-	-	24,363
Inter-segment sales	-	-	216	(216)	-
Total revenue	24,363	-	216	(216)	24,363
Results					
Segment results	4,281	(1,192)	(199)	(216)	2,674
Profit from operations					2,674
Interest income					800
Interest expenses					(193)
Profit before tax					3,281
Income tax expenses					(288)
Profit for the financial year					2,993

9. Valuation of property, plant and equipment and investment properties

The Group has revalued the carrying amount of its land and buildings during the quarter under review. The land and buildings of the Group were revalued by an independent professional qualified valuer. The surplus on the valuation of certain land and buildings amounting to RM15.04 million, net of tax of RM10.83 million, has been credited to other income in statement of comprehensive income and revaluation reserve for RM3.26 million and RM7.57 million respectively.

10. Material events subsequent to the end of the interim period

Refer to Note 20.

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 RM5.85 million.

13. Capital commitments

There were no capital commitments incurred by the Group to any parties as at 30 September 2012; except for RM8.3 million in next quarter, should the Proposed Acquisition be approved in the EGM; as stated in Note 20.

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 September 2012 RM'000	Cumulative year to date as at 30 September 2012 RM'000
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 RM6.48 million, 1.2% higher than revenue of RM6.40 million in the corresponding quarter of the preceding year. The revenue were consistent as the fluctuation of lead price was minimal.

The Group recorded a profit before tax ("PBT") of RM2.54 million as compared to profit before tax ("PBT") of RM124 thousand in the corresponding quarter of the preceding year. This was mainly contributed by net of tax, increase in revaluation of investment properties by RM3.27 million. Write off of receivable amounted to RM906 thousand was made and unrealised loss in foreign exchange of RM265 thousand was incurred during the quarter under review.

16. Comparison with immediate preceding quarter's results

The Group recorded a revenue of RM6.48 million, an increase of 6.9% from the preceding quarter of RM6.06 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 RM2.54 million as compared to PBT of RM532 thousand in the preceding quarter. The increase in PBT was mainly contributed by 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 2013; given the highly competitive market for automotive battery, fluctuation of LME lead price and foreign exchange rates. Should the Proposed Acquisition stated in Note 20 be approved in the coming EGM, the servicing and repair of telecommunication products division should contribute positively to Watta Group's earnings in financial year 2013.

18. Variance from profit forecast

There was no profit forecast or profit guarantee issued.

19. Taxation

	Current quarter as at 30 Sept 2012 RM'000	Cumulative current year to date as at 30 Sept 2012 RM'000
Current tax expense	76	321
Deferred taxation	(133)	(33)
Total income tax expense	(57)	288

The Group's taxation charge for the current quarter under review mainly represents taxation for interest income and rental income, which were treated as separate source of income.

20. Corporate proposal

On 20 September 2012, we announced that Watta had entered into a sale and purchase agreement (“SPA”) with Loo Kwong Yong and Chan Soh Hwa for the proposed acquisition of the entire equity interest in Mobile Technic Sdn Bhd and SEMS Services Sdn Bhd for the purchase consideration of RM8.3 million to be satisfied in cash under the terms and conditions of the SPA (“Proposed Acquisition”).

Upon the completion of the Proposed Acquisition, the principal activities of the Watta Group would be diversified to include the servicing of mobile telecommunication products (“Proposed Diversification”).

The Circular to Shareholders and Notice of Extraordinary General Meeting (“EGM”) has been despatched on 21 November 2012. The EGM will be held at The Royale Bintang Kuala Lumpur, Delima Hall, Level 1, 17-21 Jalan Bukit Bintang, 55100 Kuala Lumpur on Thursday, 6 December 2012 at 9.00am or at any adjournment thereof for the purpose of considering and if thought fit to pass the resolutions pertaining to the Proposed Acquisition and the Proposed Diversification.

21. Group borrowings

There was short term secured bank borrowing amounted RM6.1 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 year.

24. Disclosure of realised/unrealised retained profits

	As at 30 Sept 2012 RM'000	As at 30 Sept 2011 RM'000
Retained profits		
Realised	7,940	4,370
Unrealised	(1,780)	(1,863)
	6,160	2,507

25. Earnings per ordinary share

	Current quarter	Cumulative financial Year to date
Net profit attributable to equity holders of the parent (RM'000)	3,192	3,653
Number of shares in issue of RM0.50 each	84,480,000	84,480,000
Basic earnings per share (sen)	3.78	4.32

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 30 November 2012.

By order of the Board

Haji Ariffin Bin Abdul Aziz
Group Executive Director

30 November 2012