



WATTA HOLDING BERHAD (324384-A)
Quarter 1 Year 2013 (October 2012 – December 2012)
Financial Year 2013 (October 2012 – September 2013)

Announcement Date: 22 FEB 2013

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 2012.

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

for the financial period ended	1st Quarter		Year to Date	
	Current Year	Previous Year	Current Year	Previous Year
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	6,307	5,286	6,307	5,286
Interest income from fixed deposits	142	157	142	157
Other operating income	321	179	321	179
Gain on fair value change of investment properties	0	0	0	0
Depreciation and amortization	(89)	(49)	(89)	(49)
Impairment on trade receivables	(45)	(45)	(45)	(45)
Write off of receivables	0	0	0	0
(Loss)/Gain on unrealized/realized forex	(14)	(25)	(14)	(25)
Cost of sales and Administration expenses	(6,172)	(5,361)	(6,172)	(5,361)
Profit from operation	450	142	450	142
Finance cost	(61)	(47)	(61)	(47)
Profit before taxation	389	95	389	95
Taxation	(49)	(92)	(49)	(92)
Profit/(loss) net of taxation	340	3	340	3
Profit/(Loss) attributable to:				
Equity holders of the parent	333	38	333	38
Non-controlling interests	7	(35)	7	(35)
	340	3	340	3
Total comprehensive income attributable to:				
Equity holders of the parent	333	38	333	38
Non-controlling interests	7	(35)	7	(35)
	340	3	340	3
Earnings per share attributable to equity holders of the parent (sen):				
Basic	0.39	0.04	0.39	0.04
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 2012 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 31.12.2012 (RM'000)	AUDITED 30.09.2012 (RM'000)	UNAUDITED 01.10.2011 (RM'000)
ASSETS			
Non-current assets			
Property, plant and equipment	7,533	6,937	4,400
Investment properties	20,528	20,528	8,168
Other investments	924	924	924
Total non-current assets	28,985	28,389	13,492
Current Assets			
Inventories	3,068	3,825	4,855
Trade receivables	5,095	9,475	10,585
Other receivables, deposits & prepayment	1,596	1,755	598
Fixed deposits with licensed banks	16,211	23,104	21,880
Cash and bank balances	16,082	5,527	4,419
Total current assets	42,052	43,686	42,337
TOTAL ASSETS	71,037	72,075	55,829
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	42,240	42,240	42,240
Reserves	15,402	15,069	3,847
Equity attributable to equity holders of the parent	57,642	57,309	46,087
Non-controlling interests	(433)	(440)	220
Total equity	57,209	56,869	46,307
Non-current liability			
Deferred taxation	5,174	5,144	972
Current Liabilities			
Bank borrowings	4,524	6,157	3,993
Trade payables	820	729	1,328
Other payables and accruals	2,930	3,165	3,216
Hire purchase creditor	380	0	0
Tax payable	0	11	13
Total current liabilities	8,654	10,062	8,550
Total equity and liabilities	71,037	72,075	55,829
Net assets	57,209	56,869	46,307
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.68	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 2012 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	1st Quarter	
	Current Year	Previous Year
	31.12.2012 (RM'000) (Unaudited)	31.12.2011 (RM'000) (Audited)
Profit before taxation	389	95
Adjustments for:-		
Bad debt written off	0	11
Depreciation of property, plant and equipment	89	49
Impairment on trade receivables	45	45
Gain on disposal of property, plant and equipment	(38)	0
Gain on fair value adjustment on investment properties	0	0
Interest expenses	61	47
Interest income	(142)	(157)
Reversal of impairment on trade receivables	(177)	(11)
Unrealised loss/(gain) on foreign exchange	1	25
Operating profit before working capital changes	228	104
Changes in working capital		
Inventories	757	946
Receivables	4,749	(158)
Payables	(175)	(919)
Cash generated from/(used in) operations	5,331	(131)
Interest received	142	157
Interest paid	(61)	(47)
Income tax paid	(78)	(61)
Net cash generated from operating activities	5,562	22
Investing activities		
Proceed from disposal of property, plant and equipment	38	0
Purchase of property, plant and equipment	(285)	(2)
Net cash used in investing activities	(247)	(2)
Financing activities		
(Repayment)/Proceed of bank borrowings	(1,633)	(848)
Repayment of hire purchase payables	(20)	0
Increased in fixed deposit pledged	0	0
Net cash used in financing activities	(1,653)	(848)
Net increase/ (decreased) in cash and cash equivalents	3,662	(828)
Foreign exchange differences	0	0
Cash and cash equivalents at beginning of financial period	28,593	26,263
Cash and cash equivalents at end of financial period	32,255	25,435
Cash and cash equivalents comprise:		
Cash and bank balances	16,082	2,474
Fixed deposit with licensed banks	16,211	22,997
Total	32,293	25,471
Less : Fixed deposit pledged with a licensed bank	(38)	(36)
	32,255	25,435

The unaudited condensed statement of cash flows should be read in conjunction with the audited financial statements for the year ended 30 September 2012 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 Dec 2011						
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	0	38	38	(35)	3
Balance as of 31 Dec 2011 (unaudited)	42,240	1,340	2,545	46,125	185	46,310
3 months ended 31 Dec 2012						
Balance as of 1 October 2012	42,240	8,908	6,161	57,309	(440)	56,869
Net profit/(loss) for the period, representing total comprehensive income	0	0	333	333	7	340
Balance as of 31 Dec 2012 (unaudited)	42,240	8,908	6,494	57,642	(433)	57,209

The unaudited condensed statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 September 2012 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 30 September 2012.

This condensed report is the Group’s first MFRS compliant condensed report for the three months ended 31 December 2012 and in which MFRS 1: *First Time Adoption of Malaysian Financial Standards* has been applied. The MFRS are effective for the Group from 1 October 2012 and the date of transition to the MFRS framework for the purpose of the first MFRS compliant condensed report is 1 October 2011. The Group reviewed its accounting policies and considered transitional opportunities under MFRS on this date.

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 audited financial statements of the Group for the financial year ended 30 September 2012 were prepared in accordance with Financial Reporting Standards (“FRS”). With the exception of certain differences, the requirements under FRS and MFRS are similar. The accounting policies adopted in preparing this interim report with MFRS is consistent with those used in the Audited Financial Statements of the Group for the financial year ended 30 September 2012.

The adoption of new MFRS has had no significant financial effect on this interim report.

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 2012.

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	6,307	-	-	-	6,307
Inter-segment sales	-	-	54	(54)	-
Total revenue	6,307	-	54	(54)	6,307
Results					
Segment results	514	14	(166)	(54)	308
Profit from operations					308
Interest income					142
Interest expenses					(61)
Profit before tax					389
Income tax expenses					(49)
Profit for the financial quarter					340

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

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

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 RM4.40 million.

13. Capital commitments

There is capital commitment of RM8.3 million in next quarter, should the Proposed Acquisition be completed; 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 31 December 2012 RM'000	Cumulative year to date as at 31 December 2012 RM'000
Zitron Enterprise (M) Sdn Bhd: Rental of premises	72	72
Z'tronic Holidays (M) Sdn Bhd: Purchase of airline tickets, tour arrangement and accommodation booking	123	123

15. Review of performance

For the quarter under review, the Group recorded a revenue of RM6.31 million, 19.3% higher than revenue of RM5.29 million in the corresponding quarter of the preceding year. The increase in revenue was contributed by increase in the volume of units of automotive batteries sold.

The Group recorded a profit before tax (“PBT”) of RM389 thousand as compared to profit before tax (“PBT”) of RM95 thousand in the corresponding quarter of the preceding year. The increase in PBT was mainly contributed by the reason stated above.

16. Comparison with immediate preceding quarter’s results

The Group recorded a revenue of RM6.31 million, an decrease of 2.6% from the preceding quarter of RM6.48 million. The revenue were consistent as the fluctuation of lead price was minimal.

The Group recorded a PBT of RM389 thousand as compared to PBT of RM2.54 million in the preceding quarter. The Group revalued its investment properties during the preceding quarter and resulted an increase in revaluation of investment properties by RM3.27 million.

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 completed, 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 31 Dec 2012 RM’000	Cumulative current year to date as at 31 Dec 2012 RM’000
Current tax expense	19	19
Deferred taxation	30	30
Total income tax expense	49	49

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”).

On 6 December 2012, the shareholders of WATTA have passed all resolutions pertaining to the Proposed Acquisition and Proposed Diversification at the Company’s Extraordinary General Meeting.

The proposed acquisition is expected to be finalised by next quarter.

21. Group borrowings

There was short term secured bank borrowing amounted RM4.5 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 profits

	As at 31 Dec 2012 RM'000	As at 31 Dec 2011 RM'000
Retained profits		
Realised	20,118	16,657
Unrealised	(44)	(69)
	20,074	16,588
Less: Consolidation adjustments	(13,580)	(14,043)
Total retained profits	6,494	2,545

25. Earnings per ordinary share

	Current quarter	Cumulative financial Year to date
Net profit attributable to equity holders of the parent (RM'000)	333	333
Number of shares in issue of RM0.50 each	84,480,000	84,480,000
Basic earnings per share (sen)	0.39	0.39

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 22 February 2013.

By order of the Board

Haji Ariffin Bin Abdul Aziz
Group Executive Director

22 February 2013