



WATTA HOLDING BERHAD (324384-A)
Quarter 1 Year 2014 (October 2013 – December 2013)
Financial Year 2014 (October 2013 – September 2014)

Announcement Date: 20 FEB 2014

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 2013.

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

for the financial period ended	1st Quarter		Year to Date	
	Current Year	Previous Year	Current Year	Previous Year
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	11,037	6,307	11,037	6,307
Interest income from fixed deposits	106	142	106	142
Other operating income	182	321	182	321
Depreciation and amortization	(237)	(89)	(237)	(89)
Impairment on trade receivables	(45)	(45)	(45)	(45)
Write off of receivables	0	0	0	0
(Loss)/Gain on unrealized/realized forex	6	(14)	6	(14)
Cost of sales and Administration expenses	(10,930)	(6,172)	(10,930)	(6,172)
Profit from operation	119	450	119	450
Finance cost	(93)	(61)	(93)	(61)
Profit before taxation	26	389	26	389
Taxation	(3)	(49)	(3)	(49)
Profit net of taxation	23	340	23	340
Profit attributable to:				
Equity holders of the parent	25	333	25	333
Non-controlling interests	(2)	7	(2)	7
	23	340	23	340
Total comprehensive income attributable to:				
Equity holders of the parent	25	333	25	333
Non-controlling interests	(2)	7	(2)	7
	23	340	23	340
Earnings per share attributable to equity holders of the parent (sen):				
Basic	0.03	0.39	0.03	0.39
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 2013 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 31.12.2013 (RM'000)	AUDITED 30.09.2013 (RM'000)
ASSETS		
Non-current assets		
Property, plant and equipment	9,047	9,137
Investment properties	20,575	20,670
Other investments	5	5
Goodwill on consolidation	4,803	4,803
Deferred tax assets	12	12
Total non-current assets	34,442	34,627
Current Assets		
Inventories	5,455	3,919
Trade receivables	7,693	6,653
Other receivables, deposits & prepayment	1,758	1,832
Fixed deposits with licensed banks	15,895	14,793
Cash and bank balances	6,837	9,200
Total current assets	37,638	36,397
TOTAL ASSETS	72,080	71,024
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	42,240	42,240
Reserves	14,274	14,249
Equity attributable to equity holders of the parent	56,514	56,489
Non-controlling interests	(9)	(7)
Total equity	56,505	56,482
Non-current liability		
Deferred taxation	5,564	5,576
Long term borrowings	1,003	1,021
	6,567	6,597
Current Liabilities		
Bank borrowings	2,977	2,344
Trade payables	2,653	2,824
Other payables and accruals	3,199	2,501
Hire purchase creditor	139	139
Tax payable	40	137
Total current liabilities	9,008	7,945
Total equity and liabilities	72,080	71,024
Net assets	56,514	56,489
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.67	0.67

The unaudited condensed statement of financial position should be read in conjunction with the audited financial statements for the year ended 30 September 2013 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 31.12.2013 (RM'000) (Unaudited)	Previous Year 31.12.2012 (RM'000) (Unaudited)
Profit before taxation	26	389
Adjustments for:-		
Depreciation of property, plant and equipment	237	89
Impairment of trade receivables	45	45
Gain on disposal of property, plant and equipment	0	(38)
Interest expenses	93	61
Interest income	(106)	(142)
Reversal of impairment on trade receivables	(6)	(177)
Unrealised loss/(gain) on foreign exchange	(6)	1
Operating profit before working capital changes	283	228
Changes in working capital		
Inventories	(1,536)	757
Receivables	(882)	4,749
Payables	430	(175)
Cash generated from/(used in) operations	(1,705)	5,559
Interest received	106	142
Interest paid	(93)	(61)
Income tax paid	(138)	(78)
Net cash (used in)/generated from operating activities	(1,830)	5,562
Investing activities		
Proceed from disposal of property, plant and equipment	0	38
Purchase of property, plant and equipment	(52)	(285)
Net cash used in investing activities	(52)	(247)
Financing activities		
(Repayment)/Proceed of bank borrowings	651	(1,633)
Repayment of hire purchase payables	(36)	(20)
Increased in fixed deposit pledged	0	0
Net cash generated from/(used in) financing activities	615	(1,653)
Net (decreased)/ increased in cash and cash equivalents	(1,267)	3,662
Foreign exchange differences	6	0
Cash and cash equivalents at beginning of financial period	23,955	28,593
Cash and cash equivalents at end of financial period	22,694	32,255
Cash and cash equivalents comprise:		
Cash and bank balances	6,837	16,082
Fixed deposit with licensed banks	15,895	16,211
Total	22,732	32,293
Less : Fixed deposit pledged with a licensed bank	(38)	(38)
	22,694	32,255

The unaudited condensed statement of cash flows should be read in conjunction with the audited financial statements for the year ended 30 September 2013 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>Attributable to Owners of the Company</u>				
	Share Capital	<u>Distributable</u> Retained Profits	Total	Non- Controlling Interest	Total Equity
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
3 months ended 31 Dec 2012					
Balance as of 1 October 2012	42,240	14,930	57,170	(440)	56,730
Net profit for the period, representing total comprehensive income	0	333	333	7	340
Balance as of 31 Dec 2012 (unaudited)	42,240	15,263	57,503	(433)	57,070
3 months ended 31 Dec 2013					
Balance as of 1 October 2013	42,240	14,249	56,489	(7)	56,482
Net profit for the period, representing total comprehensive income	0	25	25	(2)	23
Balance as of 31 Dec 2013 (unaudited)	42,240	14,274	56,514	(9)	57,505

The unaudited condensed statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 September 2013 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 2013.

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 2013 except for the changes in accounting policies and presentation resulting from the adoption of relevant MFRSs, Amendments to MFRSs and IC Interpretations that are effective for the financial periods beginning on or after 1 October 2013.

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 2013.

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	7,404	3,633	-	-	11,037
Inter-segment sales	-	-	54	(54)	-
Total revenue	7,404	3,633	54	(54)	11,037

Results					
Segment results	71	66	(70)	(54)	13
Profit from operations					13
Interest income					106
Interest expenses					(93)
Profit before tax					26
Income tax expenses					(3)
Profit for the financial quarter					23

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

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 RM4.79million.

13. Capital commitments

There were no capital commitments incurred by the Group to any parties as at 31 December 2013.

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 2013 RM'000	Cumulative year to date as at 31 December 2013 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	NIL	NIL

15. Review of performance

For the quarter under review, the Group recorded a revenue of RM11.04 million, 75.0% higher than revenue of RM6.31 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 and revenue contributed by the servicing and repair of telecommunication product division, which was acquired in the previous financial year.

The Group recorded a profit before tax ("PBT") of RM26 thousand as compared to PBT of RM389 thousand in the corresponding quarter of the preceding year. The decrease in profit of RM363 thousand was mainly due to weakening of Ringgit Malaysia against US Dollar, which resulted in the higher costs of importation of automotive batteries during the reporting quarter. In addition, the servicing and repair of telecommunication product division has contributed a marginal profit due to changes of certain operation programs and procedures

implemented by its principal. There were also additional expenses incurred for setting up of a new branch in servicing and repair of telecommunication product division. However, this division is expected to perform better in the forthcoming quarters.

16. Comparison with immediate preceding quarter's results

The Group recorded a revenue of RM11.04 million, an increase of 20.5% from the preceding quarter of RM9.16 million. The increase in revenue was contributed mainly by the higher sales in automotive batteries division. The revenue in servicing and repair of telecommunication product division has been consistent.

The Group recorded a PBT of RM26 thousand as compared to PBT of RM1.43 million in the preceding quarter. The reduction in PBT was mainly due to the reasons stated in Note 15 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 2014; given the highly competitive market for automotive battery, fluctuation of LME lead price and foreign exchange rates. The servicing and repair of telecommunication products division is expected to contribute positively to Watta Group's earnings in financial year 2014.

18. Variance from profit forecast

There was no profit forecast or profit guarantee issued.

19. Taxation

	Current quarter as at 31 Dec 2013 RM'000	Cumulative current year to date as at 31 Dec 2013 RM'000
Current tax expense	15	15
Deferred taxation	(12)	(12)
Total income tax expense	<u>3</u>	<u>3</u>

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

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

21. Group borrowings

There was secured bank borrowing amounted RM4.2 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 2013 RM'000	As at 31 Dec 2012 RM'000
Retained profits		
Realised	33,629	34,155
Unrealised	(5,570)	(5,173)
	<u>28,059</u>	<u>28,982</u>
Less: Consolidation adjustments	<u>(13,785)</u>	<u>(13,580)</u>
Total retained profits	<u>14,274</u>	<u>15,402</u>

25. Earnings per ordinary share

	Current quarter	Cumulative financial Year to date
Net profit attributable to equity holders of the parent (RM'000)	25	25
Number of shares in issue of RM0.50 each	84,480,000	84,480,000
Basic earnings per share (sen)	0.03	0.03

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 20 February 2014.

By order of the Board

Haji Ariffin Bin Abdul Aziz
Group Executive Director

20 February 2014