

WIDETECH (MALAYSIA) BERHAD
(Company No. 113939-U)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2020
(The figures have not been audited)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30-Sep-20 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30-Sep-19 RM'000	CURRENT YEAR TODATE 30-Sep-20 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-19 RM'000
1 a Revenue	2,703	1,985	4,878	4,228
b Cost of Sales	(1,618)	(1,037)	(2,982)	(2,255)
c Other Operating Expenses	(3,250)	(923)	(3,892)	(1,846)
d Other Operating Income	121	187	279	382
e (Loss)/Profit from Operations	(2,044)	212	(1,717)	509
f Finance Costs	(25)	(38)	(54)	(78)
g Share of (loss)/profit on Associate	(351)	210	(716)	380
h (Loss)/Profit before Taxation	(2,420)	384	(2,487)	811
i Taxation	(21)	(19)	(38)	(38)
j (Loss)/Profit after Taxation	(2,441)	365	(2,525)	773
	Attributable to:			
k Equity Holders of the Company	(2,423)	388	(2,486)	802
l Non-Controlling Interest	(18)	(23)	(39)	(29)
m (Loss)/Profit after Taxation	(2,441)	365	(2,525)	773
2 Earnings per share (EPS) attributable to Equity Holders of the Company (sen):				
a Basic EPS	(5.42)	0.87	(5.56)	1.79
b Diluted EPS	N/A	N/A	N/A	N/A

The above Consolidated Income Statement should be read in conjunction with the accompanying explanatory notes attached with the interim financial reports

WIDETECH (MALAYSIA) BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2020
 (The figures have not been audited)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30-Sep-20 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30-Sep-19 RM'000	CURRENT YEAR TODATE 30-Sep-20 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-19 RM'000
3 a (Loss)/Profit after Taxation	(2,441)	365	(2,525)	773
b Other Comprehensive (Loss)/Income : Currency translation differences of foreign subsidiaries	(72)	158	(115)	289
Total Comprehensive (Loss)/ Income	(2,513)	523	(2,640)	1,062
Attributable to :				
c Equity Holders of the Company	(2,524)	562	(2,649)	1,121
d Non-controlling Interest	11	(40)	9	(59)
Total Comprehensive (Loss)/ Income	(2,513)	523	(2,640)	1,062

The above Consolidated Statement of Comprehensive Income should be read in conjunction
 with the accompanying explanatory notes attached with the interim financial reports

WIDETECH (MALAYSIA) BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2020
(The figures have not been audited)

	<----- Attributable to Equity Holders of the Company ----->					Total Equity RM'000
	Share Capital RM'000	Exchange Fluctuation Reserve RM'000	Accumulated Losses RM'000	Sub-Total RM'000	Non - Controlling Interest RM'000	
At 1 April 2020	44,885	5,115	(11,752)	38,248	(700)	37,548
Total Comprehensive Loss for the period	-	(163)	(2,486)	(2,649)	9	(2,640)
At 30 September 2020	44,885	4,952	(14,238)	35,599	(691)	34,908
At 1 April 2019	44,885	4,538	(12,422)	37,001	(586)	36,415
Total Comprehensive Income for the period	-	319	802	1,121	(59)	1,062
At 30 September 2019	44,885	4,857	(11,620)	38,122	(645)	37,477

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction
with the accompanying explanatory notes attached with the interim financial reports

WIDETECH (MALAYSIA) BERHAD
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CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2020
(The figures have not been audited)

	CURRENT YEAR TODATE 30-Sep-20 RM'000	PRECEDING YEAR 30-Sep-19 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/Profit before Taxation	(2,487)	811
Adjustments for:		
Depreciation and amortisation	456	407
Interest income	(277)	(380)
Interest expenses	54	78
Gain on disposal of PPE	-	(1)
Share of result of associate	716	(380)
Operating (loss)/profit before working capital changes	(1,538)	535
Changes in Inventories	(798)	265
Changes in receivables, deposits and prepayments	(436)	139
Changes in amount due from associate	2,112	(122)
Changes in payables and accruals	354	55
Cash (used in)/ generated from operating activities	(306)	872
Tax refund/(paid)	(38)	30
Net cash (used in)/ generated from operating activities	(344)	902
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant & Equipment	(463)	(942)
Proceeds from Disposal of PPE	-	1
Interest income	277	380
Net cash generated used in investing activities	(186)	(561)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank borrowings	(169)	(164)
Interest paid	(54)	(78)
Net cash used in financing activities	(223)	(242)
Net (decrease)/ increase in cash and cash equivalents	(753)	99
Cash and cash equivalents at beginning of year	24,221	23,679
Cash and cash equivalents at end of financial period	23,468	23,778

NOTES

Cash and cash equivalents

Cash and cash equivalents included in the condensed consolidated cash flow statement comprise the following consolidated balance sheet amounts :

	30-Sep-20 RM'000	30-Sep-19 RM'000
Deposit with licensed banks and financial institutions	22,298	21,736
Cash and bank balances	1,170	2,042
	23,468	23,778

WIDETECH (MALAYSIA) BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2020

	(Unaudited) As at 30-Sep-20 RM'000	Audited As at 31-Mar-20 RM'000
Fixed assets	9,308	9,272
Rights-of-use-assets	1,512	1,584
Deferred Tax Assets	145	145
Current assets		
Inventories	2,011	1,213
Receivables ,deposits and prepayments	2,593	2,229
Amount due from Associate	-	2,828
Current Tax Assets	34	34
Cash and cash equivalents	23,468	24,221
	28,106	30,525
Current liabilities		
Payables and accruals	1,700	1,346
Bank borrowings	347	347
	2,047	1,693
Net current assets	26,059	28,832
	37,024	39,833
Equity		
Share capital	44,885	44,885
Reserves	-9,286	-6,637
Equity attributable to Equity Holders of the Company	35,599	38,248
Non-controlling interest	-691	-700
	34,908	37,548
Long Term and Deferred Liabilities		
Bank borrowings	2,116	2,285
	37,024	39,833
Net assets per share attributable to Equity Holders of the Company (RM)	0.79	0.85

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached with the interim financial reports

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NOTES TO THE QUARTERLY REPORT FOR THE FINANCIAL QUARTER ENDED
30 SEPTEMBER 2020

A EXPLANATORY NOTES PURSUANT TO FRS 134

1 Basis of Preparation

These interim financial reports of the Group have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs"), requirements of Companies Act 2016 and applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

These interim financial reports should be read in conjunction with the audited financial statements of the Group for the year ended 31 March 2020.

The accounting policies, method of computation and basis of consolidation adopted by the Group in these interim financial reports are consistent with those adopted in the audited financial statements for the year ended 31 March 2020

As at the date of this report, certain new standards, amendments and interpretations to existing standards have been published by the Malaysian Accounting Standards Board but are not yet effective, and have not been adopted early by the Group. The initial adoption of these standards, amendments and interpretations are not expected to have any material impact to the Group.

2 Status of Audit Qualification

The annual financial statements for the year ended 31 March 2020 were not subject to any qualification.

3 Comments about Seasonal or Cyclical Factors

The Group performance is normally not affected by seasonal and cyclical factors for the financial period under review.

4 Items of unusual in nature, size or incidence

There were no material unusual items that affect assets, liabilities, equity, net income or cash flows of the Group for the financial period under review, except for the financial impact arising from the Covid-19 pandemic as disclosed in Notes B1 and B2.

5 Changes in Estimates

There were no material changes in estimates of amounts reported in this interim period of the current financial year or changes in estimates of amounts reported in prior financial years.

6 Issuance of equity or debts securities etc.

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, share held as treasury shares and resale of treasury shares for the financial period under review.

7 Dividend Paid

No dividend has been paid for the financial period under review.

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30 SEPTEMBER 2020

8 Segmental reporting

Segment information is presented in respect of the Group's business segments as follows:-

	Manufacturing RM'000	Hotel RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
As at 30 September 2020					
Revenue from external customers	4,528	180	170	-	4,878
Inter-segment revenue	-	-	150	(150)	-
Total Revenue	4,528	180	320	(150)	4,878
Segment Result	763	(270)	(5,672)	3,185	(1,994)
Interest income					277
Finance costs					(54)
Share of Loss on Associate					(716)
Profit before Tax					(2,487)
Segment Assets	6,923	1,478	8,193		16,594
Unallocated assets					22,477
					39,071
Segment Liabilities	751	359	590		1,700
Unallocated liabilities					2,463
					4,163

9 Subsequent Events

There were no material events subsequent to the end of the current quarter ended 30 September 2020 that have not been reflected in this quarterly report as at the date of this report.

10 Changes in the composition of the Group

There were no changes in the composition of the Group for the financial period under review.

11 Contingent liabilities

The Group did not have any material contingent liability as at 20 November 2020 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

12 Capital Commitments

The Group did not have any material capital commitment as at 20 November 2020 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

13 Related Party Transactions

Significant transactions are as follows :-

i) Transactions between the Company and its subsidiaries :-

	As at 30-Sep-20 RM'000
Management fees receivable	<u>150</u>

ii) Transactions with company in which a Director is deemed to have substantial financial interest :-

	As at 30-Sep-20 RM'000
Rental receivable	<u>148</u>

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B EXPLANATORY NOTES PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1 Review of the performance of the Company and its Principal Subsidiaries.

	3 months quarter		Changes		Cumulative Period		Changes	
	30/09/20 RM'000	30/09/19 RM'000	Amount RM'000	%	30/09/20 RM'000	30/09/19 RM'000	Amount RM'000	%
Revenue	2,703	1,985	718	36%	4,878	4,228	650	15%
Operating Profit	(2,044)	212	(2,256)	-1062%	(1,717)	509	(2,226)	-437%
(Loss)/Profit before Interest, Share of (Loss)/Profit on Associate and Tax	(2,044)	212	(2,256)	-1062%	(1,717)	509	(2,226)	-437%
(Loss)/Profit before Tax	(2,420)	384	(2,804)	-731%	(2,487)	811	(3,298)	-407%
(Loss)/Profit After Tax	(2,441)	365	(2,806)	-770%	(2,525)	773	(3,298)	-427%
(Loss)/Profit attributable to Equity Holders of the Parent	(2,423)	388	(2,811)	-725%	(2,486)	802	(3,288)	-410%

The Group recorded a turnover of RM4.878 million and a pre-tax loss of RM2.487 million for the financial period ended 30 September 2020 against the preceding year's corresponding period turnover of RM4.228 million and a pre-tax profit of RM0.811 million. The losses in the current financial period was mainly attributable to a full provision made for the amount due from associate of RM2.351 million during the quarter ended 30 September 2020.

Our associated company contributed to a share of loss of RM0.716 million, as opposed to a share of profit of RM0.380 million in the preceding year's corresponding period.

The uncertainty caused by the indefinite closure of our clubs' operations since 21 March 2020 in Nepal during the Covid-19 pandemic has resulted in our associate terminating the Joint Venture Agreement with their Nepal partner on 1 October 2020 to cut further losses, as the clubs had continued to incur fixed operating costs with zero income during the said closure. Pursuant to the said termination, the Management has taken a prudent step to make a full provision for the amount due from associate, as highlighted above.

In line with an improved revenue of RM4.529 million, the manufacturing division registered a higher pre-tax profit of RM0.959 million against a revenue of RM3.540 million and a pre-tax profit of RM0.548 million in the preceding year's corresponding period.

Our hotel operation in Laos remained loss-making, with a revenue of RM0.180 million (USD0.043 million) and a pre-tax loss of RM0.271 million (USD0.064 million), as compared to a revenue of RM0.454 million (USD0.110 million) and a pre-tax loss of RM0.166 million (USD0.040 million) in the preceding year's corresponding period. The hotel, which was temporary closed since 25 March 2020 during the Covid-19 pandemic, resumed operations on 18 May 2020 under extremely challenging environment as local tourists arrival remained low following continuous concerns surrounding the pandemic. Tourist visas remain suspended during the financial period under review.

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2 Material changes in the Quarterly Results compared to the results of the Preceding Quarter

	Current Quarter	Immediate Preceding Quarter	Changes	
	30/09/20 RM'000	30/06/20 RM'000	Amount RM'000	%
Revenue	2,703	2,175	528	24%
Operating Profit	(2,044)	327	(2,371)	-726%
(Loss)/Profit before Interest, Share of Loss on Associate and Tax	(2,044)	327	(2,371)	-726%
Loss before Tax	(2,420)	(67)	(2,353)	3523%
Loss After Tax	(2,441)	(84)	(2,357)	2813%
Loss attributable to Equity Holders of the Parent	(2,423)	(63)	(2,361)	3768%

For the 2nd quarter ended 30 September 2020, the Group achieved a turnover of RM2.703 million and generated a pre-tax loss of RM2.420 million as compared to a revenue of RM2.175 million and pre-tax loss of RM0.067 million in the preceding quarter ended 30 June 2020.

The losses in the current quarter were mainly attributable to our overseas operations impacted by the Covid-19 pandemic:

- i) Our associated company contributed to a higher share of loss of RM0.351 million as its clubs remain closed during the pandemic, as opposed to a share of loss of RM0.365 million in the preceding quarter ended 30 June 2020. As highlighted in Note B1 above, our associate has terminated the Joint Venture Agreement with their Nepal partner on 1 October 2020 to cut further losses due to uncertainty arising from the indefinite closure of the clubs during the pandemic.
- ii) Pursuant to the said termination by our associated company, the Management has taken a prudent step to make full provision for the amount due from associate of RM2.351 million in the current quarter under review.

3 Prospects

The Covid-19 pandemic has resulted in varying degree of preventive measures implemented across the world and these have impacted the Group's operations.

- i) The manufacturing division is expected to continue to contribute positively to the earnings of the Group.
- ii) Given the adverse impact of the pandemic on the travel and tourism industry, the Board is more cautious of the near term outlook of the hotel division for the year ended 31 March 2021 as its prospects remain unclear at this point in time. The Board will focus on improving its costs and operational efficiencies for business sustainability and at the same time considering disposal of the Hotel.
- iii) Taking into consideration the uncertainty and accumulating fixed operating costs arising from the indefinite suspension of the electronic gaming clubs in Nepal amid the pandemic, our associate has decided to terminate the JV Agreement with their Nepal partner on 1 October 2020 to prevent further losses. Our associate is presently working out their respective rights and obligations with their Nepal partner. The Board expects its contributions for the financial year ended 31 March 2021 to be adversely affected.
- iv) Moving forward, the Board will continuously assess the impact of Covid-19 on its operations. In the light of the global economic uncertainties arising from the pandemic, the Group will strive to remain resilient and continue to place strong emphasis on improving costs and operational efficiencies across its operations for business sustainability.
- v) The Board remain committed to cautiously pursue and explore any viable new investment opportunities to further enhance shareholders value.

4 Variance of Actual Profit from Forecast Profit

Not Applicable as no profit forecast was published.

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5 Taxation

	As at 30-Sep-20 RM'000	As at 30-Sep-19 RM'000
<u>Current tax</u>		
Current year	<u>38</u>	<u>38</u>

The tax charges is not reflective of the Group's performance. This is mainly due to the profit of subsidiaries incorporated overseas are not subject to taxation.

6 Status of corporate proposals

There were no corporate proposals announced for the financial year under review.

7 Group Borrowings and Debt Securities

The Group borrowings and debt securities as at 30 September 2020 are as follows

	As at 30-Sep-20 RM'000	As at 30-Sep-19 RM'000
A Short Term Borrowings		
Secured		
Term loan	274	238
Hire purchase obligation	73	84
	<u>347</u>	<u>322</u>
B Long Term Borrowings		
Secured		
Term loan	2,103	2,400
Hire purchase obligation	13	77
	<u>2,116</u>	<u>2,477</u>
Total Borrowings	<u>2,463</u>	<u>2,799</u>

8 Material pending litigation

The Group was not engaged in any material / material pending litigation as at 20 November 2020 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

9 Dividends

No dividend has been paid, declared or proposed since the end of previous financial year.

10 Earnings per ordinary share

a) Basic earnings per ordinary share

The basic earnings per ordinary share has been calculated based on the net loss attributable to shareholders and on the weighted average 44,753,400 ordinary shares issued.

b) Fully diluted earnings per ordinary share

Not applicable

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30 SEPTEMBER 2020

11 Authorisation

This Quarterly Results for the financial period ended 30 September 2020 have been seen and approved by the Board of Directors of Widetech (Malaysia) Berhad on 26 August 2020 for release to the Bursa Securities.

BY ORDER OF THE BOARD

Lim Seck Wah
Tang Chi Hoe (Kevin)
Company Secretaries

Dated this 24th day of November 2020