

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2020

	(Unaudited) As at 31-Dec-20 RM'000	Audited As at 31-Mar-20 RM'000
Fixed assets	9,410	9,272
Rights-of-use-assets	1,467	1,584
Deferred Tax Assets	145	145
Current assets		
Inventories	2,005	1,213
Receivables ,deposits and prepayments	2,298	2,229
Amount due from Associate	-	2,828
Current Tax Assets	-	34
Cash and cash equivalents	23,507	24,221
	27,810	30,525
Current liabilities		
Payables and accruals	1,372	1,346
Bank borrowings	347	347
	1,719	1,693
Net current assets	26,091	28,832
	37,113	39,833
Equity		
Share capital	44,885	44,885
Reserves	-9,138	-6,637
Equity attributable to Equity Holders of the Company	35,747	38,248
Non-controlling interest	-658	-700
	35,089	37,548
Long Term and Deferred Liabilities		
Bank borrowings	2,024	2,285
	37,113	39,833
Net assets per share attributable to Equity Holders of the Company (RM)	0.80	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

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

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2020
(The figures have not been audited)

	QUARTERLY PERFORMANCE			YTD PERFORMANCE					HIGHLIGHTS OF THE GROUP'S YTD PERFORMANCE (2020 vs 2019)
	CURRENT YEAR	PRECEDING YEAR	QTRLY CHANGE	CURRENT YEAR	PRECEDING YEAR	YTD	BUDGET	VAR	
	3-MTH QTR 31-Dec-20 RM'000	3-MTH QTR 31-Dec-19 RM'000	CHANGE %	TODATE 31-Dec-20 RM'000	PERIOD 31-Dec-19 RM'000	CHANGE %	31-Dec-20 RM'000	%	
a Revenue	3,044	2,187	39%	7,922	6,415	23%	6,738	18%	Revenue
Manufacturing	2,781	1,775	57%	7,310	5,315	38%	6,120	19%	Revenue increased by 107%
Hotel Operation	158	307	-49%	337	761	-56%	349	-3%	2020 US\$81k vs 2019 US\$186k
Holding & Others	105	105	0%	275	339	-19%	269	2%	Rental income & insurance premium
b Cost of Sales	(1,916)	(1,148)		(4,898)	(3,404)				
c Other Operating Expenses	(555)	(837)		(4,447)	(2,683)				Included doubtful debts provision RM2.062 mil on amt due from associate
d Other Operating Income	106	181		385	564				
e Profit from Operations	679	383		(1,038)	892				
f Finance Costs	(22)	(35)		(76)	(114)				
g Share of profit on Associate	(234)	(76)		(950)	305				
h (Loss)/Profit before Taxation	423	272	56%	(2,064)	1,083	-291%	(2,268)	-9%	PBT
Manufacturing	481	297	62%	1,440	845	71%	1,076	34%	Higher profit in line with higher revenue
Nepal operations (40%)	(234)	(75)	-214%	(950)	305	-412%	(960)	1%	2020 loss US\$228k vs 2019 profit US\$75k
Hotel Operation	(67)	9	-891%	(339)	(157)	-116%	(344)	2%	2020 US\$(81k) vs 2019 US\$(38k)
Holding & Others	243	41	496%	(2,215)	90	-2569%	(2,040)	-9%	Included doubtful debts provision RM2.062 mil on amt due from associate
i Taxation	(95)	(35)		(133)	(73)				
j (Loss)/Profit after Taxation	328	237	39%	(2,197)	1,010	-318%			
Attributable to:									
k Equity Holders of the Company	333	228		(2,153)	1,030				
l Non-Controlling Interest	(5)	9		(44)	(20)				
m (Loss)/Profit after Taxation	328	237		(2,197)	1,010				
Earnings per share (EPS) attributable to Equity Holders of the Company (sen):									
Basic EPS	0.74	0.51		(4.81)	2.30				
Diluted EPS	N/A	N/A		N/A	N/A				

	Financial Quarter Ended							
	31.12.20	30.09.20	30.06.20	31.03.20	31.12.19	30.9.19	30.6.19	31.3.19
	3 mths RM'000	3 mths RM'000	3 mths RM'000	3 mths RM'000	3 mths RM'000	3 mths RM'000	3 mths RM'000	3 mths RM'000
Revenue	3,044	2,703	2,175	2,067	2,187	1,985	2,243	2,240
Manufacturing	2,781	2,461	2,067	1,764	1,775	1,705	1,835	1,559
Gaming Operations	-	-	-	-	-	-	0	215
Hotel Operation	158	137	43	198	307	175	279	341
Holding & Others	105	105	65	105	105	105	129	125
(Loss)/Profit before Taxation	422	(2,419)	(68)	(319)	272	384	427	353
Manufacturing	481	458	501	19	297	309	239	255
Gaming Operations	-	-	-	-	-	-	0	138
Nepal operations (40%)	(234)	(351)	(365)	(201)	(75)	210	170	(73)
Hotel Operation	(67)	(125)	(146)	(89)	9	(123)	(43)	39
Holding & Others	243	(2,402)	(57)	(47)	41	(12)	61	(6)
Profit/(Loss) after tax & MI	333	(2,423)	(63)	(360)	228	388	414	231

WIDETECH (MALAYSIA) BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2020
(The figures have not been audited)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD		
	CURRENT YEAR QUARTER 31-Dec-20 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-Dec-19 RM'000	CURRENT YEAR TODATE 31-Dec-20 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-19 RM'000	
3 a (Loss)/Profit after Taxation	328	237	(2,197)	1,010	
b Other Comprehensive (Loss)/Income :					
Currency translation differences of foreign subsidiaries	(147)	(190)	(262)	98	
Total Comprehensive (Loss)/ Income	181	47	(2,459)	1,108	Agree YTD to Eqty Stmt for both yrs
Attributable to :					
c Equity Holders of the Company	149	11	(2,501)	1,131	
d Non-controlling Interest	32	36	42	(23)	
Total Comprehensive (Loss)/ Income	181	47	(2,459)	1,108	must same as above

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 31 DECEMBER 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	-	(348)	(2,153)	(2,501)	42	(2,459)
At 31 December 2020	<u>44,885</u>	<u>4,767</u>	<u>(13,905)</u>	<u>35,747</u>	<u>(658)</u>	<u>35,089</u>
At 1 April 2019	44,885	4,538	(12,422)	37,001	(586)	36,415
Total Comprehensive Income for the period	-	101	1,030	1,131	(23)	1,108
At 31 December 2019	<u>44,885</u>	<u>4,639</u>	<u>(11,392)</u>	<u>38,132</u>	<u>(609)</u>	<u>37,523</u>

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 31 DECEMBER 2020
(The figures have not been audited)

	CURRENT YEAR TODATE 31-Dec-20 RM'000	PRECEDING YEAR 31-Dec-19 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/Profit before Taxation	(2,064)	1,083
Adjustments for:		
Depreciation and amortisation	705	630
Interest income	(381)	(560)
Interest expenses	76	114
Gain on disposal of PPE	-	(1)
Share of result of associate	950	(305)
Operating profit before working capital changes	<u>(714)</u>	<u>961</u>
Changes in Inventories	(793)	325
Changes in receivables, deposits and prepayments	(253)	422
Changes in amount due from associate	1,878	313
Changes in payables and accruals	26	(52)
Cash generated from operating activities	<u>144</u>	<u>1,969</u>
Tax refund/(paid)	(133)	(5)
Net cash generated from operating activities	<u>11</u>	<u>1,964</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant & Equipment	(803)	(978)
Proceeds from Disposal of PPE	-	1
Interest income	381	560
Net cash used in investing activities	<u>(422)</u>	<u>(417)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank borrowings	(261)	(247)
Interest paid	(76)	(114)
Net cash used in financing activities	<u>(337)</u>	<u>(361)</u>
Net (decrease)/ increase in cash and cash equivalents	(748)	1,186
Cash and cash equivalents at beginning of year	24,221	23,679
Cash and cash equivalents at end of financial period	<u>23,473</u>	<u>24,865</u>

NOTES

Cash and cash equivalents

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

	31-Dec-20 RM'000	31-Dec-19 RM'000
Deposit with licensed banks and financial institutions	22,002	22,085
Cash and bank balances	1,505	2,780
	<u>23,507</u>	<u>24,865</u>

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NOTES TO THE QUARTERLY REPORT FOR THE FINANCIAL QUARTER ENDED
31 DECEMBER 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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31 DECEMBER 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 31 December 2020					
Revenue from external customers	7,310	337	275	-	7,922
Inter-segment revenue	-	-	225	(225)	-
Total Revenue	7,310	337	500	(225)	7,922
Segment Result	1,146	(337)	(5,883)	3,655	(1,419)
Interest income					381
Finance costs					(76)
Share of Profit on Associate					(950)
Profit before Tax					(2,064)
Segment Assets	7,044	1,435	8,206		16,685
Unallocated assets					22,147
					38,832
Segment Liabilities	472	354	546		1,372
Unallocated liabilities					2,371
					3,743

9 Subsequent Events

There were no material events subsequent to the end of the current quarter ended 31 December 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 19 February 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 19 February 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 31-Dec-20 RM'000
Management fees receivable	<u>225</u>

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

	As at 31-Dec-20 RM'000
Rental receivable	<u>222</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	
	31/12/20 RM'000	31/12/19 RM'000	Amount RM'000	%	31/12/20 RM'000	31/12/19 RM'000	Amount RM'000	%
Revenue	3,044	2,187	857	39%	7,922	6,415	1,507	23%
Operating Profit	679	383	296	77%	(1,038)	892	(1,930)	-216%
Profit before Interest, Share of (Loss)/Profit on Associate and Tax	679	383	296	77%	(1,038)	892	(1,930)	-216%
Profit before Tax	423	272	151	56%	(2,064)	1,083	(3,147)	-291%
Profit After Tax	328	237	91	39%	(2,197)	1,010	(3,207)	-318%
Profit attributable to Equity Holders of the Parent	333	228	106	46%	(2,153)	1,030	(3,183)	-309%

The Group recorded a turnover of RM7.922 million and a pre-tax loss of RM2.064 million for the financial period ended 31 December 2020 against the preceding year's corresponding period turnover of RM6.415 million and a pre-tax profit of RM1.083 million. The losses in the current financial period was mainly attributable to a full provision made on the amount due from associate of RM2.062 million.

Our associated company contributed to a share of loss of RM0.950 million, as opposed to a share of profit of RM0.305 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 on the amount due from associate, as highlighted above.

In line with an improved revenue of RM7.310 million, the manufacturing division registered a higher pre-tax profit of RM1.440 million against a revenue of RM5.315 million and a pre-tax profit of RM0.845 million in the preceding year's corresponding period.

Our hotel operation in Laos remained loss-making, with a revenue of RM0.337 million (USD0.081 million) and a pre-tax loss of RM0.339 million (USD0.081 million), as compared to a revenue of RM0.761 million (USD0.186 million) and a pre-tax loss of RM0.157 million (USD0.038 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	
	31/12/20 RM'000	30/09/20 RM'000	Amount RM'000	%
Revenue	3,044	2,703	341	13%
Operating Profit	679	(2,044)	2,723	-133%
Profit/(Loss) before Interest, Share of Profit on Associate and Profit/(Loss) before Tax	679	(2,044)	2,723	-133%
Profit/(Loss) Loss After Tax	423	(2,420)	2,843	-117%
Profit/(Loss) attributable to Equity Holders of the Parent	328	(2,441)	2,769	-113%
	333	(2,423)	2,757	-114%

For the 3rd quarter ended 31 December 2020, the Group achieved a turnover of RM3.044 million and generated a pre-tax profit of RM0.423 million as compared to a revenue of RM2.703 million and pre-tax loss of RM2.420 million in the preceding quarter ended 30 September 2020.

The manufacturing division was the biggest profit contributor whereby it posted revenue of 2.781 million and a pre-tax profit of RM0.481 million for the current quarter under review.

Our associated company contributed to a share of loss of RM0.234 million, as compared to a share of loss of RM0.351 million in the preceding quarter ended 30 September 2020.

The losses in the preceding quarter ended 30 September 2020 was mainly due to the Management adopting a prudent step to make full provision on the amount due from associate, pursuant to the termination of the Joint Venture Agreement in Nepal as highlighted in Part B(1) above.

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 31-Dec-20 RM'000	As at 31-Dec-19 RM'000
Current tax		
Current year	<u>133</u>	<u>73</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 31 December 2020 are as follows

	As at 31-Dec-20 RM'000	As at 31-Dec-19 RM'000
A Short Term Borrowings		
Secured		
Term loan	273	238
Hire purchase obligation	73	84
	<u>346</u>	<u>322</u>
B Long Term Borrowings		
Secured		
Term loan	2,030	2,338
Hire purchase obligation	-6	57
	<u>2,024</u>	<u>2,395</u>
Total Borrowings	<u>2,370</u>	<u>2,717</u>

8 Material pending litigation

The Group was not engaged in any material / material pending litigation as at 19 February 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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31 DECEMBER 2020

11 Authorisation

This Quarterly Results for the financial period ended 31 December 2020 have been seen and approved by the Board of Directors of Widetech (Malaysia) Berhad on 24 February 2021 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 February 2021