

WINTONI GROUP BERHAD
[Registration No 200701008533 (766535-P)]
(Incorporated in Malaysia)

FINANCIAL REPORT
UNAUDITED FOR THE 1ST QUARTER
ENDED 31 MARCH 2020

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2020**

	Individual Quarter		Cumulative Quarter	
	Current Quarter 31.03.2020 RM'000	Corresponding Quarter 31.03.2019 RM'000	Current Year To Date 31.03.2020 RM'000	Corresponding Period 31.03.2019 RM'000
Revenue	4,917	-	4,917	-
Cost of sales	(3,679)	-	(3,679)	-
Gross profit/ (loss)	1,238	-	1,238	-
Other income	2,351	-	2,351	-
Administrative expenses	(218)	(30)	(218)	(30)
Other expenses	-	-	-	-
Operating profit / (loss)	3,371	(30)	3,371	(30)
Finance costs	-	-	-	-
Profit/(loss) before taxation	3,371	(30)	3,371	(30)
Taxation	(291)	-	(291)	-
Profit/(loss) after tax for the period	3,080	(30)	3,080	(30)
Other comprehensive income/(loss)				
<i>Items that will be reclassified subsequently to profit or loss, net of tax</i>				
Exchange difference on translation of foreign operations	(5)	-	(5)	-
Total other comprehensive income/ (loss) for the period	(5)	-	(5)	-
Total comprehensive income/(loss) for the period	3,075	(30)	3,075	(30)
Profit/(loss) for the period attributable to:				
Owners of the Company	3,075	(30)	3,075	(30)
Non-controlling interest	-	-	-	-
	3,075	(30)	3,075	(30)
Total comprehensive income/(loss) attributable to:				
Owners of the Company	3,075	(30)	3,075	(30)
Non-controlling interest	-	-	-	-
	3,075	(30)	3,075	(30)
Earnings/ (loss) per share :-				
- Basic (sen)	0.599	(0.006)	0.599	(0.006)
- Diluted (sen)	-	-	-	-

This unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

The annexed notes are an integral part of this statement.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Unaudited As at 31.03.2020 <u>RM'000</u>	Audited As at 31.12.2019 <u>RM'000</u>
ASSETS		
Non-Current Assets		
Property, plant and equipment	47	25
Right-of-use assets	76	-
	<u>123</u>	<u>25</u>
Current Assets		
Trade receivables	4,662	1,120
Other receivables, deposits and prepayments	27	27
Cash and bank balances	125	120
	<u>4,814</u>	<u>1,267</u>
TOTAL ASSETS	<u><u>4,937</u></u>	<u><u>1,292</u></u>
EQUITY		
Share capital	35,849	35,849
Reserves	17,457	19,380
Accumulated losses	(59,820)	(62,900)
Equity attributable to the shareholders of the Company	<u>(6,514)</u>	<u>(7,671)</u>
Preference Shares	4,200	4,200
Non-controlling interest	-	(119)
TOTAL EQUITY	<u><u>(2,314)</u></u>	<u><u>(3,590)</u></u>
LIABILITIES		
Non-Current Liabilities		
Lease Liability	33	-
	<u>33</u>	<u>-</u>
Current Liabilities		
Trade payables	3,560	980
Other payables and accruals	3,261	3,830
Lease Liability	44	-
Tax payable	353	72
	<u>7,218</u>	<u>4,882</u>
TOTAL EQUITY AND LIABILITIES	<u><u>4,937</u></u>	<u><u>1,292</u></u>
Net Assets per share (RM)	(0.005)	(0.007)

This unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2020

	Current Year 31.03.2020 RM'000	Audited As at 31.12.2019 RM'000
Cash flow from operating activities		
Profit before taxation	3,371	(354)
Adjustment for:-		
Non-cash items	(1,802)	-
Operating loss before working capital changes	<u>1,569</u>	<u>(354)</u>
Decrease /(Increase) in trade and other receivables	(3,542)	(1,136)
Increase/ (Decrease) in trade and other payables	<u>2,011</u>	<u>1,633</u>
Cash generated from operation	38	143
Tax paid	-	-
Interest paid	-	-
Net cash generated from operating activities	<u>38</u>	<u>143</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(22)	(25)
Net cash used in investing activities	<u>(22)</u>	<u>(25)</u>
Cash flows from financing activities		
Repayment of lease liability	(11)	-
Net cash used in financing activities	<u>(11)</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents	5	118
Exchange differences on cash and cash equivalents	-	-
Cash and cash equivalents at beginning of the year	120	2
Cash and cash equivalents at the end of the period	<u>125</u>	<u>120</u>
Cash and cash equivalents comprise:		
Cash and bank balances	125	120
	<u>125</u>	<u>120</u>

This unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2020**

For the period ended 31 March 2020

	Ordinary Shares RM'000	Warrant Reserve RM'000	Discount on Shares RM'000	Capital Reserve RM'000	Exchange Fluctuation Reserve RM'000	Other Reserve RM'000	Retained Earning / (Accumulated Loss) RM'000	Total RM'000	RCPS RM'000	Non-controlling Interest RM'000	Total Equity RM'000
Balance as at 1 January 2020	35,849	-	-	17,457	7,424	(5,500)	(62,900)	(7,670)	4,200	(120)	(3,590)
Total comprehensive income/ (loss) for the quarters	-	-	-	-	(7,424)	5,500	3,080	1,156	-	120	1,276
Balance as at 31 March 2020	35,849	-	-	17,457	-	-	(59,820)	(6,514)	4,200	-	(2,314)

For the year ended 31 December 2019

	Ordinary Shares RM'000	Warrant Reserve RM'000	Discount on Shares RM'000	Capital Reserve RM'000	Exchange Fluctuation Reserve RM'000	Other Reserve RM'000	(Accumulated Loss) RM'000	Total RM'000	RCPS RM'000	Non-controlling Interest RM'000	Total Equity RM'000
Balance as at 1 January 2019	35,849	1,080	(1,080)	17,457	7,422	(5,500)	(62,487)	(7,259)	-	(118)	(7,377)
Total comprehensive income/ (loss) for the quarters	-	(1,080)	1,080	-	2	-	(413)	(411)	-	(2)	(413)
Issuance of redeemable convertible preference share ("RCPS")	-	-	-	-	-	-	-	-	4,200	-	4,200
Balance as at 31 December 2019	35,849	-	-	17,457	7,424	(5,500)	(62,900)	(7,670)	4,200	(120)	(3,590)

This unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

Quarterly report on unaudited consolidated results for the first quarter ended 31 March 2020

NOTES TO INTERIM FINANCIAL REPORT

PART A – Explanatory Notes Pursuant to Malaysian Financial Reporting Standard ("MFRS") 134

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the MFRS 134 - Interim Financial Reporting and Chapter 9 Appendix 9B, Part K Rule 9.22 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**"), and should be read in conjunction with Wintoni and its subsidiaries ("**Group**")'s annual audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

2. Significant Accounting Policy

The accounting policies and methods of computation adopted by the Group in the interim unaudited financial statements are consistent with those adopted for the financial year ended 31 December 2019.

At the beginning of the current financial year, the Group and the Company adopted MFRSs which are mandatory for the financial periods beginning on or after 1 January 2020.

As of 1 January 2020, the Group have adopted the following revised MFRSs and Amendments to MFRSs that have been issued by the Malaysian Accounting Standards Board ("**MASB**"):

MFRSs and amendments effective for annual period beginning on or after 1 January 2020:

Amendment to Reference to the Conceptual Framework in MFRS Standards
Amendments to MFRS 2: Share-Based Payments
Amendments to MFRS 3: Business Combinations (Definition of a Business)
Amendments to MFRS 7: Financial Instruments-Disclosure (Interest Rate Benchmark Reform)
Amendments to MFRS 9: Financial Instruments (Interest Rate Benchmark Reform)
Amendment to MFRS 14: Regulatory Deferral Accounts
Amendments to MFRS 101: Presentation of Financial Statement (Definition of Material)
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)
Amendments to MFRS 134: Interim Financial Reporting
Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets
Amendments to MFRS 138: Intangible Assets
Amendments to MFRS 139: Financial Instruments-Recognition and Measurement (Interest Rate Benchmark Reform)

The adoption of the above pronouncement has no material financial impact to the Group.

Standards issued but not yet effective:

The following are accounting standards, amendment and interpretation that have been issued by the MASB where the effective has been deferred to a date to be determined by MASB and have not been applied by the Group:

Amendment to MFRS 10: Consolidated Financial Statements (Sale or Contribution of Assets between Investor and its Associate or Joint Venture)

Amendment to MFRS 128: Investment in Associate and Joint Ventures (Sale or Contribution of Assets between Investor and its Associate or Joint Venture)

3. Auditors' Report on Preceding Annual Financial Statement

The auditors' report on the financial statements for the financial year ended 31 December 2019 contained qualification opinion.

The Independent Auditor have expressed a basis of qualified opinion section in respect of assertion concerning on opening balance, insufficient documents and/or evidence pertaining to transactions in the financial year ended 31 December 2019, and material uncertainly relating to going concern.

4. Seasonal or Cyclical Factors

The operations of the Group were not affected by any seasonal/cyclical factors during the current quarter under review.

5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

Save for the disposals of the subsidiaries as disclosed in Note 10 below, there were no items of unusual nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows of the Group during the current quarter ended 31 March 2020.

6. Material Changes in Estimates

There were no material changes in the nature and amount of estimates reported in prior interim periods or in prior financial years that will have a material effect in the current quarter under review.

7. Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter under review.

8. Dividends Paid

There were no dividends paid during the current quarter under review.

9. Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The Group did not carry out any revaluation on the property, plant and equipment during the current quarter under review.

10. Changes in the Composition of the Group

The changes in the composition of the Group in the current quarter under review are as follows:

- (a) On 19 February 2020, the Company disposed of its entire shareholdings held in Wintoni Engineering Sdn. Bhd. and Syscomp Technology Sdn. Bhd. (“**Syscomp**”) for a cash consideration of RM1.00 respectively.
- (b) On 27 February 2020, the Company disposed of its entire shareholdings held in Planet Wireless Holding Limited for a cash consideration of USD1.00.

11. Segmental Information

The segmental analysis of revenue of the Group for the financial period ended 31 March 2020 and 31 March 2019 is tabulated below:

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Corresponding Quarter	Current Year To Date	Corresponding Period
	31.03.2020	31.3.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
E-commerce business	4,367	-	4,367	-
Consultancy services	550	-	550	-
TOTAL	4,917	-	4,917	-

12. Material Events Subsequent to the End of the Interim Period

The novel coronavirus (Covid-19) outbreak has brought significant economic uncertainties in Malaysia and markets in which the Group and the Company operate. The Group expects the current situation to have an adverse impact to its results for the financial year ending 31 December 2020 and will continue to monitor and take appropriate and timely measures to minimise the financial impact to the Group.

On 12 June 2020, on behalf of the Board of Directors of Wintoni, TA Securities Holdings Berhad had submitted a letter to Bursa Securities to seek its approval for an extension of time until 1 January 2021 for the Group to submit its proposed regularisation plan to Bursa Securities.

13. Contingent Assets or Liabilities

There were no contingent liabilities that have material effect during the current quarter under review.

14. Capital Commitments

There were no capital commitments that have material effect during the current quarter under review.

15. Related Party Transaction

The Group has not entered into any related party transaction during the current quarter under review.

PART B - Explanatory Notes Pursuant to Rule 9.22 and Appendix 9B of the Listing Requirements**16. Review of performance for the quarter ended 31 March 2020 and year-to-date**

For the quarter ended 31 March 2020, the Group generated RM4.917 million in revenue. The revenue in the current quarter mainly contributed by a newly acquired subsidiary company, Teampixel Sdn Bhd, which was involved in provision of wholesale products on business-to-business (B2B) platform and provision of consultancy services.

The Group recorded a profit before taxation (“PBT”) of RM3.371 million as at year-to-date ended 31 March 2020 mainly due to higher revenue generated as result of the growth in the e-commerce business carried out by Teampixel Sdn Bhd, gain on disposal of subsidiaries and lower administrative expenses incurred.

17. Comparison between the Current Quarter and the Immediate Preceding Quarter

	3 Months Current Quarter 31.3.2020 RM'000	3 Months Preceding Quarter 31.12.2019 RM'000	Changes	
			Amount RM'000	Percentage %
Revenue	4,917	1,920	2,997	156.09
Gross profit / (loss)	1,238	270	968	358.52
Profit / (loss) before tax	3,371	(140)	3,511	2,507.86
Profit / (loss) after tax	3,080	(140)	3,220	2,300.00

The Group generated revenue of RM4.917 million in current quarter ended 31 March 2020, an increase of RM2.997 million or 156.09% from the preceding quarter ended 31 December 2019 of RM1.920 million. The increase was mainly due to the increase in the sales of industrial chemical materials via e-commerce platform.

The profit before tax increased by RM3.511 million or 2507.86% to RM3.371 million in current quarter ended 31 March 2020 as compared to immediate preceding quarter of loss after tax of RM0.14 million mainly due to higher revenue explained above, gain on disposal of subsidiaries and lower administrative expenses incurred.

18. Prospects for the Current Financial Year

The Board is working towards expanding its e-commerce business by procuring contracts from more suppliers and buyers to increase the number of users and varieties of products on its e-commerce platform.

Barring any unforeseen circumstances, the Board of Directors of the Company is of the opinion that the prospects for the financial year ending 31 December 2020 will remain challenging amid the impact of COVID-19 pandemic. The management will continue to explore more potential business opportunities both domestic and international markets and to focus on improving operational efficiencies to achieve sustainable business growth in the long term.

19. Profit Forecast and Profit Guarantee

The Group has not provided any profit estimate, forecast and projection in any public documents.

In 23 June 2015, the Company completed the acquisition of Syscomp. As part of the acquisition, the vendor of Syscomp have provided the Company a profit guarantee that Syscomp shall attain profit after tax not less than RM750,000 for the financial year ended 30 June 2016.

The Board is in the process of seeking legal opinion on the profit guarantee arrangement.

20. Taxation

Taxation comprises:

	Quarter ended	Year-to-date
	31.3.2020	ended
	RM'000	31.3.2020
		RM'000
Income Tax		
Local	291	291
Overseas	-	-
Deferred Tax	-	-
	<u>291</u>	<u>291</u>
Effective tax rate	24% ⁽¹⁾	24% ⁽¹⁾

Note:

(1) *Income tax expense is estimated at 24% by management based on profit contributed by the Company's subsidiary (i.e. Teampixel Sdn Bhd) only.*

21. Profits/(Losses) on Sale of Unquoted Investments and/or Properties

There was no purchase or disposals of unquoted investment and /or properties during the current quarter under review.

22. Purchase or Disposal of Quoted Securities

There was no purchase or disposal of quoted securities by the Group during the current quarter under review.

23. Status of Corporate Proposals and Utilisation of Proceeds

There are no corporate proposals during the current quarter under review.

24. Borrowings

There is no bank borrowing by the Group for the current quarter.

25. Off Balance Sheet Financial Instruments

The Group has not entered into any off balance sheet financial instruments as at the date of this quarterly report.

26. Material Litigation

There is no material litigation for the current quarter under review.

27. Dividend

No interim dividend has been declared or paid during the current quarter under review.

28. Earnings Per Share (“EPS”)/ Loss Per Share (“LPS”)

The basic EPS/LPS for the current quarter and cumulative period to date are computed as follows:

a) Basic

Basic EPS/LPS is calculated by dividing the net earnings / (loss) attributable to the ordinary equity holders of the Company by weighted average number of shares during the financial period as follows:

	Individual Quarter		Cumulative Quarter	
	Current	Preceding	Current	Preceding
	Quarter	Year	Year	Year
	31.3.2020	Corresponding	To Date	Corresponding
		Quarter	To Date	To Date
		31.3.2019	31.3.2020	31.3.2019
Profit/(loss) attributable to the ordinary equity holders of the Company (RM'000)	3,075	(30)	3,075	(30)
Weighted average number of shares ('000)	513,000	513,000	513,000	513,000
Basic EPS/(LPS) (sen)	0.599	(0.006)	0.599	(0.006)

b) Diluted

The diluted earnings per ordinary share of the Company is similar to the basic earnings per ordinary share as the Company has no potential dilutive ordinary shares for the current financial year. The Company does not have outstanding warrant and option which may dilute its basis earnings per ordinary share.

29. Disclosure on selected expense/income items as required by the Listing Requirements

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding To Date
	31.3.2020	31.3.2019	31.3.2020	31.3.2019
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting) :				
Gain on disposal of subsidiaries	(2,351)	-	(2,351)	-
Amortisation on right-of-use assets	11	-	11	-
Foreign exchange loss	5	-	5	-

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirement of Bursa Securities are not applicable.

BY ORDER OF THE BOARD

Company Secretary

Date: 30th June 2020