

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

FINANCIAL REPORT
UNAUDITED FOR THE 2ND QUARTER
ENDED 30 JUNE 2020

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2020**

	Individual Quarter		Cumulative Quarter	
	Current Quarter 30.06.2020 RM'000	Corresponding Quarter 30.06.2019 RM'000	Current Year To Date 30.06.2020 RM'000	Corresponding Period 30.06.2019 RM'000
Revenue	6,361	-	11,278	-
Cost of sales	(4,865)	-	(8,544)	-
Gross profit/ (loss)	1,496	-	2,734	-
Other income	-	-	2,351	-
Administrative expenses	(343)	(30)	(561)	(60)
Other expenses	-	-	-	-
Operating profit / (loss)	1,153	(30)	4,524	(60)
Finance costs	-	-	-	-
Profit/(loss) before taxation	1,153	(30)	4,524	(60)
Taxation	(352)	-	(643)	-
Profit/(loss) after tax for the period	801	(30)	3,881	(60)
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)	-
Total other comprehensive income/ (loss) for the period	-	-	(5)	-
Total comprehensive income/(loss) for the period	801	(30)	3,876	(60)
Profit/(loss) for the period attributable to:				
Owners of the Company	801	(30)	3,876	(60)
Non-controlling interest	-	-	-	-
	801	(30)	3,876	(60)
Total comprehensive income/(loss) attributable to:				
Owners of the Company	801	(30)	3,876	(60)
Non-controlling interest	-	-	-	-
	801	(30)	3,876	(60)
Earnings/ (loss) per share :-				
- Basic (sen)	0.156	(0.006)	0.756	(0.012)
- 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 30 JUNE 2020**

	Unaudited As at 30.06.2020 <u>RM'000</u>	Audited As at 31.12.2019 <u>RM'000</u>
ASSETS	Note	
Non-Current Assets		
Property, plant and equipment	98	25
Right-of-use assets	65	-
	<u>163</u>	<u>25</u>
Current Assets		
Trade receivables	7,146	1,120
Other receivables, deposits and prepayments	27	27
Cash and bank balances	705	120
	<u>7,878</u>	<u>1,267</u>
TOTAL ASSETS	<u>8,041</u>	<u>1,292</u>
EQUITY		
Share capital	35,849	35,849
Reserves	17,457	19,380
Accumulated losses	(59,019)	(62,900)
Equity attributable to the shareholders of the Company	(5,713)	(7,671)
Preference Shares	4,200	4,200
Non-controlling interest	-	(119)
TOTAL EQUITY	<u>(1,513)</u>	<u>(3,590)</u>
LIABILITIES		
Non-Current Liabilities		
Lease Liability	44	-
	<u>44</u>	<u>-</u>
Current Liabilities		
Trade payables	5,551	980
Other payables and accruals	3,232	3,830
Lease Liability	22	-
Tax payable	705	72
	<u>9,510</u>	<u>4,882</u>
TOTAL EQUITY AND LIABILITIES	<u>8,041</u>	<u>1,292</u>
Net Assets per share (RM)	(0.003)	(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 30 JUNE 2020

	Current Year 30.06.2020 RM'000	Audited As at 31.12.2019 RM'000
Cash flow from operating activities		
Profit before taxation	4,524	(354)
Adjustment for:-		
Non-cash items	(1,802)	-
Operating profit/(loss) before working capital changes	<u>2,722</u>	<u>(354)</u>
Decrease/(Increase) in trade and other receivables	(6,026)	(1,136)
Increase/(Decrease) in trade and other payables	<u>3,973</u>	<u>1,633</u>
Cash generated from operations	669	143
Tax paid	-	-
Interest paid	-	-
Net cash generated from operating activities	<u>669</u>	<u>143</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	<u>(73)</u>	<u>(25)</u>
Net cash used in investing activities	<u>(73)</u>	<u>(25)</u>
Cash flows from financing activities		
Repayment of lease liability	<u>(11)</u>	<u>-</u>
Net Cash used in financing activities	<u>(11)</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents	585	118
Exchange differences on cash and cash equivalents	-	-
Cash and cash equivalents at beginning of the year	<u>120</u>	<u>2</u>
Cash and cash equivalents at the end of the period	<u><u>705</u></u>	<u><u>120</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	<u>705</u>	<u>120</u>
	<u><u>705</u></u>	<u><u>120</u></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 30 JUNE 2020**

For the period ended 30 June 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 earnings/ (Accumulated Losses) 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	3,881	1,957	-	120	2,077
Balance as at 30 June 2020	35,849	-	-	17,457	-	-	(59,019)	(5,713)	4,200	-	(1,513)

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	Retained earnings/ (Accumulated Losses) 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)	(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 2nd quarter ended 30 June 2020

NOTES TO INTERIM FINANCIAL REPORT

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

1. Basis of Preparation

The quarterly report on unaudited consolidated results for the quarter under reviewed 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 (collectively, the “**Group**”)’s audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the audited condensed consolidated financial statements.

2. Significant Accounting Policy

The significant accounting policies and methods of computation applied in preparing the unaudited interim financial statements are consistent with those adopted in the audited financial statements for the year ended 31 December 2019 except for the newly-issued MFRS, interpretations and amendments to standards to be applied for the financial periods beginning on or after 1 January 2020:

a) New MFRSs and amendments adopted during the financial year

The Group has adopted the following revised MFRSs and Amendments to MFRSs that have been issued by the Malaysian Accounting Standards Board (“**MASB**”) that are mandatory for annual period beginning on or after 1 January 2020:

<u>Title</u>	<u>Effective date</u>
Amendment to <i>Reference to the Conceptual Framework in MFRS Standards</i>	1 January 2020
Amendments to MFRS 2: <i>Share-Based Payments</i>	1 January 2020
Amendments to MFRS 3: <i>Business Combinations (Definition of a Business)</i>	1 January 2020
Amendments to MFRS 7: <i>Financial Instruments-Disclosure (Interest Rate Benchmark Reform)</i>	1 January 2020
Amendments to MFRS 9: <i>Financial Instruments (Interest Rate Benchmark Reform)</i>	1 January 2020
Amendment to MFRS 14: <i>Regulatory Deferral Accounts</i>	1 January 2020
Amendments to MFRS 101: <i>Presentation of Financial Statement (Definition of Material)</i>	1 January 2020
Amendments to MFRS 108: <i>Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)</i>	1 January 2020
Amendments to MFRS 134: <i>Interim Financial Reporting</i>	1 January 2020

2. Significant Accounting Policy (continued)

a) New MFRSs and amendments adopted during the financial year (continued)

Amendments to MFRS 137: <i>Provisions, Contingent Liabilities and Contingent Assets</i>	1 January 2020
Amendments to MFRS 138: <i>Intangible Assets</i>	1 January 2020
Amendments to MFRS 139: <i>Financial Instruments-Recognition and Measurement (Interest Rate Benchmark Reform)</i>	1 January 2020
Amendments to MFRS 16: <i>Covid-19 Related Rent Concessions</i>	1 June 2020

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

b) New MFRSs that have been issued but only effective for annual periods beginning on or after 1 January 2021

The following are the Standards of the MFRSs Framework that have been issued by Malaysian Accounting Standard Board (“MASB”) but have not been adopted by the Group.

Amendment to MFRS 10: <i>Consolidated Financial Statements (Sale or Contribution of Assets between Investor and its Associate or Joint Venture)</i>	1 January 2022
Amendment to MFRS 128: <i>Investment in Associate and Joint Ventures (Sale or Contribution of Assets between Investor and its Associate or Joint Venture)</i>	Deferred

The Group and the Company are still in the process of assessing the impact of the above standard and amendments since the effects would be observable in the future financial years.

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 Group’s performances were not materially affected by any significant seasonal or cyclical factors for the current quarter.

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

Save for the novel Corona virus (Covid-19) pandemic and the implementation of the movement control order by the Malaysian government, there were no items of unusual nature, size or incidence affecting assets, liabilities, equity, net income or cash flows of the Group during the current quarter ended 30 June 2020.

6. Material Changes in Estimates

There were no material changes in estimates of amount reported in prior interim periods that have a material effect in the current quarter results.

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 by the Company for the current quarter under review.

9. Valuation of Property, plant and equipment

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

There was no valuation of the property, plant and equipment in the current quarter under review.

10. Changes in the Composition of the Group

There are no changes in the composition of the Group in the current quarter under review.

11. Segmental Information

The segmental analysis of revenue of the Group for the financial period ended 30 June 2020 and 30 June 2019 is tabulated below:

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Corresponding Quarter	Current Year To Date	Corresponding Period
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
E-commerce business	6,361	-	10,728	-
Consultancy services	-	-	550	-
TOTAL	6,361	-	11,278	-

12. Material Events Subsequent to the End of the Current Quarter

On 20 July 2020, Bursa Securities had granted Wintoni a further extension of time until 1 January 2021 to submit the proposed regularisation plan to the relevant authorities for approval.

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 30 June 2020

For the quarter ended 30 June 2020, the Group generated RM6.361 million in revenue. The revenue in the current quarter under review was contributed by its wholly owned subsidiary, Teampixel Sdn Bhd, which was involved in provision of wholesale products on business-to-business (B2B) platform.

The Group recorded a profit before taxation (“PBT”) of RM4.524 million as at year-to-date ended 30 June 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

	Current Quarter Ended 30.6.2020 RM'000	Immediate Preceding Quarter Ended 31.03.2020 RM'000	Changes	
			Amount RM'000	Percentage %
Revenue	6,361	4,917	1,444	29.37
Gross profit / (loss)	1,496	1,238	258	20.84
Profit/ (loss) before tax	1,153	3,371	(2,218)	(65.80)
Profit/ (loss) after tax	801	3,080	(2,279)	(73.99)

The Group generated revenue of RM6.361 million in current quarter ended 30 June 2020, an increase of RM1.444 million or 29.37% from the preceding quarter ended 31 March 2020 of RM4.917 million. The increase was mainly due to the increase in the sales of industrial chemical materials via e-commerce platform.

The profit before tax decreased by RM2.218 million or 65.80% to RM1.153 million in current quarter ended 30 June 2020 as compared to immediate preceding quarter of profit after tax of RM0.801 million mainly due to the absence of the gain on disposal of subsidiaries of RM2.35 million which was recorded in the preceding quarter ended 31 March 2020.

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.

In view of the Covid-19 pandemic, 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. 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.

19. Profit Forecast and Profit Guarantee

The Group has not provided any profit estimate, forecast and projection in any public documents during the quarter under review, except the profit guarantee from vendor derived from acquisition of Syscomp in June 2015 that has yet to be discharged and the Management is following up on this matter.

20. Taxation

Taxation comprises:

	Quarter ended	Year-to-date ended
	30.06.2020	30.06.2020
	RM'000	RM'000
Income Tax		
Local	352	643
Overseas	-	-
Deferred Tax	-	-
	352	643
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 announced by the Group 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 was no material litigation pending during 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 Year	Preceding Year
	Quarter	Year	To Date	Corresponding
	30.6.2020	Corresponding	30.6.2020	To Date
		Quarter		30.6.2019
		30.6.2019		
Profit/(loss) attributable to the ordinary equity holders of the Company (RM'000)	801	(30)	3,876	(60)
Weighted average number of shares ('000)	513,000	513,000	513,000	513,000
Basic EPS/(LPS) (sen)	0.156	(0.006)	0.756	(0.012)

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	Preceding Year	Current	Preceding Year
	Quarter	Corresponding	Year To	Corresponding
	30.6.2020	Quarter	Date	To Date
	RM'000	30.6.2019	30.6.2020	30.6.2019
		RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting) :				
Gain on disposal of subsidiaries	-	-	(2,351)	-
Amortisation on right-of-use assets	11	-	22	-
Foreign exchange loss	-	-	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: 28th August 2020