

EquitiesTracker

EQUITIESTRACKER HOLDINGS BERHAD

(Company No. 1280985-X)

(Incorporated in Malaysia)

FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”)

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET OR MAIN MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY EQUITIESTRACKER HOLDINGS BERHAD (“ETH” OR THE “COMPANY”). SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 December 2018⁽¹⁾

	As at 31/12/2018 Unaudited RM'000	As at 31/12/2017 Audited ⁽²⁾ RM'000
<u>ASSETS</u>		
Non-current assets		
Plant and equipment	227	N/A
Intangible assets	881	N/A
Total non-current assets	1,108	N/A
Current assets		
Trade and other receivables	1,925	N/A
Cash and cash equivalents	392	N/A
Total current assets	2,317	N/A
Total assets	3,425	N/A
<u>LIABILITIES</u>		
Current liabilities		
Other payables and accruals	603	N/A
Amount due to directors	454	N/A
Current tax liabilities	339	N/A
Total current liabilities	1,396	N/A
Total liabilities	1,396	N/A
Net assets	2,029	N/A
Equity		
Share capital	2,035	N/A
Accumulated losses	(29)	N/A
Non-controlling interest	23	N/A
Total equity	2,029	N/A
Net assets per share (sen)⁽³⁾	1.00	N/A

Notes:

- (1) The basis of preparation of the Unaudited Consolidated Statements of Financial Position are detailed in Note A1 and should be read in conjunction with the Audited Combined Financial Statements as disclosed in the Information Memorandum of the Company dated 28 December 2018 and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the first interim financial report for the half-year ended 31 December 2018 announced in compliance with the LEAP Market Listing Requirements ("**Listing Requirements**") of Bursa Securities. There are no comparative figures for the preceding year-to-date as no interim report was prepared for the comparative financial period concerned.
- (3) Net assets per share is calculated based on the Company's number of issued shares of 203,529,600 shares at the end of the reporting period.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 ⁽¹⁾

	Individual 6 months ended		Cumulative 12 months ended	
	31/12/2018	31/12/2017 ⁽²⁾	31/12/2018	31/12/2017 ⁽²⁾
	RM'000	RM'000	RM'000	RM'000
Revenue	-	N/A	-	N/A
Cost of sales	-	N/A	-	N/A
Gross profit	-	N/A	-	N/A
Other operating income	-	N/A	-	N/A
General and administrative expenses	29	N/A	29	N/A
Loss before tax	(29)	N/A	(29)	N/A
Tax expense	-	N/A	-	N/A
Net loss for the financial period/year	(29)	N/A	(29)	N/A
Other comprehensive income	-	N/A	-	N/A
Total comprehensive loss for the financial period/year	(29)	N/A	(29)	N/A
Loss for the financial period/year attributable to owners of the company	(29)	N/A	(29)	N/A
Total comprehensive loss attributable to owners of the company	(29)	N/A	(29)	N/A
Loss per ordinary share ("LPS") (sen):				
- Basic and diluted ⁽³⁾	(0.53)	N/A	(0.53)	N/A

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income are detailed in Note A1 and should be read in conjunction with the Audited Combined Financial Statements as disclosed in the Information Memorandum of the Company dated 28 December 2018 and the accompanying explanatory notes attached to this interim financial report.
- (2) There are no comparative figures for the preceding year and preceding half-year are presented as this is the first interim report on the consolidated results for the half-year ended 31 December 2018 announced in compliance with the Listing Requirements of Bursa Securities.
- (3) LPS is calculated based on the Company's weighted average number of issued shares of 5,451,695 shares for the financial period/year. Diluted LPS is the same as the basic LPS as there were no potential dilutive instruments.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018⁽¹⁾⁽²⁾

	Non-distributable	Distributable	
	Share capital	Accumulated losses	Total
	RM'000	RM'000	RM'000
At 22 May 2018	(3)	-	-
Total comprehensive loss for the year			
Loss for the year	-	(29)	(29)
Other comprehensive loss for the year	-	-	-
Total	-	(29)	(29)
Transaction with owners, recognised directly in equity			
Issuance of ordinary shares	2,035	-	2,035
Total	2,035	-	2,035
At 31 December 2018	2,035	-	2,006

Notes:

- (1) *The basis of preparation of the Unaudited Condensed Consolidated Statements of Changes in Equity are detailed in Note A1 and should be read in conjunction with the Audited Combined Financial Statements as disclosed in the Information Memorandum of the Company dated 28 December 2018 and the accompanying explanatory notes attached to this interim financial report.*
- (2) *This is the first interim financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding year as no interim report was prepared for the comparative financial period concerned.*
- (3) *ETH was incorporated on 22 May 2018 with RM2.00 issued share capital comprising of 2 shares.*

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018⁽¹⁾⁽²⁾

	12 months ended	
	31/12/2018	31/12/2017
	RM'000	RM'000
Cash flows from operating activities		
Loss before tax / Operating loss before working capital changes	(29)	N/A
Changes in:		
Payables	29	N/A
Net cash from operating activities	-	N/A
Cash flows from investing activities		
Cash inflow from acquisition of subsidiaries	392	N/A
Net cash from investing activities	392	N/A
Net increase in cash and cash equivalents	392	N/A
Cash and cash equivalents at beginning of the financial year	(3)	N/A
Cash and cash equivalents at end of the financial year	392	N/A

Notes:

- (1) *The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows are detailed in Note A1 and should be read in conjunction with the Audited Combined Financial Statements as disclosed in the Information Memorandum of the Company dated 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.*
- (2) *This is the first interim financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding year-to-date available as no interim financial report was prepared for the comparative financial period concerned.*
- (3) *Denotes RM2.00*

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

A1. BASIS OF PREPARATION

ETH was incorporated in Malaysia under the Companies Act, 2016 on 22 May 2018 as a public limited company.

During the 4th quarter of 2018, ETH completed the acquisition of 100% equity interests in 3 companies, namely EquitiesTracker International Sdn Bhd (“**ETI**”), ET Smart Wealth Sdn Bhd (“**ETSW**”), and ET Digital Insights Sdn Bhd (“**ETDI**”) for a total consideration of RM2,035,297. Along with the acquisition, ET Mandarin Academy Sdn Bhd (“**ETMA**”), a 51% owned subsidiary of ETI became part of the group.

The interim financial statements of ETH and its subsidiaries (the “**Group**”) are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards (“**MFRS**”) 134: Interim Financial Reporting.

This is the first interim financial report on the consolidated results for the financial year ended (“**FYE**”) 31 December 2018 announced by the Company in compliance with the Listing Requirements of Bursa Securities and as such, there are no comparative figures for the preceding period and year-to-date available as no interim financial report was prepared for the comparative financial period concerned.

The interim financial report should be read in conjunction with the Audited Combined Financial Statements as disclosed in the Information Memorandum of the Company dated 28 December 2018 and the accompanying explanatory notes attached to this interim financial report.

A2. CHANGES IN ACCOUNTING POLICIES

The Company has adopted the MFRS and Interpretations (collectively referred to as “**MFRSs**’), issued by the Malaysian Accounting Standards Board (“**MASB**”) and effective for the financial periods beginning on or after 1 January 2018.

The Company has not adopted the following standards that have been issued as at the reporting date but are not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3, Annual Improvements to MFRS Standards 2015 – 2017 Cycle	1 January 2019
Amendments to MFRS 9, Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 11, Annual Improvements to MFRS Standards 2015 – 2017 Cycle	1 January 2019
MFRS 16, <i>Leases</i>	1 January 2019
Amendments to MFRS 112, Annual Improvements to MFRS Standards 2015 – 2017 Cycle	1 January 2019
Amendments to MFRS 119, Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 123, Annual Improvements to MFRS Standards 2015 – 2017 Cycle	1 January 2019
Amendments to MFRS 128, Long-term Interests In Associate or Joint Venture	1 January 2019

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL FOR THE HALF-YEAR ENDED 31 DECEMBER 2018 (CONT'D)

Description	Effective for annual periods beginning on or after
IC Interpretation 22, Foreign Currency Transactions and Advance Consideration	1 January 2019
IC Interpretation 23, Uncertainty over Income Tax Treatments	1 January 2019
MFRS 17, Insurance Contracts	1 January 2021
Sales or Contribution of Asset between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	Deferred until further notice

A3. SEASONAL AND CYCLICAL FACTORS

The Group does not experience any material seasonality or cyclical effects in sales for the current financial period and financial year-to-date under review.

A4. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

There were no material unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial period and financial year-to-date under review.

A5. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates in the current financial period and financial year-to-date under review.

A6. DEBT AND EQUITY SECURITIES

Save as disclosed below, there are no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial period and financial year-to-date:

- (i) Share sale agreement dated 26 December 2018 entered into by ETH to purchase the entire share capital of ETI comprising 5,088,235 ordinary shares, which was settled by the issuance and allotment of an aggregate 203,529,600 new ordinary shares in ETH to the shareholders of ETI. The share sale agreement has been completed in accordance with its terms on 28 December 2018.
- (ii) Deed of assignment of copyright dated 13 November 2018 entered into between Ng Bak Lee and ETI for Ng Bak Lee to assign, sell and transfer the copyright in relation to translations made from English to Mandarin in relation to ETI's course materials to ETI for a purchase consideration of RM600,000 which was wholly satisfied by the issuance and allotment of 88,235 new ordinary shares in ETI to Ng Bak Lee. The deed of assignment has been completed on 3 December 2018.

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

A7. SEGMENTAL INFORMATION

The Group's interim financial statements prepared based on a consolidated basis do not capture the performance of the newly acquired subsidiaries and therefore show nullified figures in the Interim Statements of Profit or Loss and Other Comprehensive Income.

For information purposes, the Group's segmental information based on the combined financial statements basis is as follows.

	Individual 6 months ended				Cumulative 12 months ended			
	Unaudited		Audited		Unaudited		Audited	
	31/12/2018		30/6/2018		31/12/2018		31/12/2017	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Equity investment research platform								
- Corporate	216	9.8	228	10.2	444	10.0	485	15.5
- Retail	282	12.7	235	10.5	517	11.6	394	12.6
	498	22.5	463	20.7	961	21.6	879	28.1
Investment training services								
- Corporate	738	33.3	841	37.6	1,579	35.5	92	3.0
- Retail	972	43.9	930	41.6	1,902	42.7	2,150	68.7
	1,710	77.2	1,771	79.2	3,481	78.2	2,242	71.7
Others	8	0.3	2	0.1	10	0.2	7	0.2
Total	2,216	100.0	2,236	100.0	4,452	100.0	3,128	100.0

A8. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE CURRENT FINANCIAL PERIOD

Save as disclosed below, there were no material events subsequent to the end of the current financial period:

- 1) On 1 March 2019, 42,000,000 new ordinary shares of the Company were issued pursuant to the excluded issue at an issue price of RM0.17 per ordinary share to sophisticated investors within the meaning of Section 230 of the Capital Markets and Services Act 2007.
- 2) On 7 March 2019, the Company will be admitted to the Official List of Bursa Securities with the listing of and quotation for its entire enlarged issued share capital of RM9,175,296 comprising of 245,529,600 ordinary shares on the LEAP Market of Bursa Securities.

A9. CHANGES IN THE COMPOSITION OF THE GROUP

Save as disclosed below, there were no changes in the composition of the Group for the current financial period and financial year-to-date under review:

During the current financial period under review, the Company completed the acquisition of 4 companies, namely ETI, ETDI, ETSW and ETMA as explained in Note A1.

**A EXPLANATORY NOTES TO THE INTERIM FINANCIAL FOR THE FINANCIAL YEAR ENDED 31
DECEMBER 2018 (CONT'D)**

A10. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no contingent assets and contingent liabilities as at the date of this interim financial report.

A11. CAPITAL COMMITMENTS

There were no material capital commitments in respect of property and equipment as at the end of the current financial period.

B ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

The Group interim financial statements prepared based on consolidated basis do not capture the performance of the newly acquired subsidiaries and therefore show nullified figure in the Interim Statements of Profit or Loss and Other Comprehensive Income as explained in Note A7 above.

For information purposes, the Group's financial performance based on the combined financial statements basis is as follows.

	Individual 6 months ended		Cumulative 12 months ended	
	Unaudited	Audited	Unaudited	Audited
	31/12/2018	30/6/2018	31/12/2018	31/12/2017
	RM'000	RM'000	RM'000	RM'000
Revenue	2,216	2,236	4,452	3,128
Gross profit	1,432	1,622	3,054	2,192
Profit before tax	345	709	1,054	848

Comparison between financial period ended ("FPE") 30 June 2018 and FPE 31 December 2018

The Group's revenue from equity investment research platforms recorded an increase of RM0.04 million or approximately 7.6% to RM0.50 million in the FPE 31 December 2018 as compared to the previous financial period mainly attributable to higher subscription by retail clients.

The Group's revenue derived from investment training services decreased by RM0.06 million or approximately 3.4% to RM1.71 million in the FPE 30 December 2018 as compared to the previous financial period mainly attributable to lower contribution from corporate clients.

The Group's gross profit decreased by RM0.19 million or approximately 11.7% to RM1.43 million in the FPE 31 December 2018 as compared to the previous financial period mainly as a result of an increase in digital marketing initiatives that will improve the Group's digital footprint and online presence and thereby increase the Group's branding for its investment training services.

The Group's profit before tax decreased by RM0.36 million or approximately 51.3% to RM0.35 million in the FPE 31 December 2018 as compared to the previous financial period mainly due to listing related expenses amounting to approximately RM0.30 million during the current financial period as compared to RM0.15 million in FPE 30 Jun 2018.

Comparison between FYE 31 December 2017 and FYE 31 December 2018

In the FYE 31 December 2018, revenue derived from equity investment research platforms increased to RM0.96 million, representing an increase of RM0.08 million or approximately 9.3% as compared to the previous financial year. This was mainly attributable to a higher subscription by retail clients.

The Group's revenue attributable to investment training services increased to RM3.48 million in the FYE 31 December 2018, representing an increase of RM1.24 million or approximately 55.2% as compared to the previous financial year. The increase in revenue was mainly attributable to the Group securing 2 new training service agreements with corporate clients.

B ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS (CONT'D)

B1. REVIEW OF PERFORMANCE (CONT'D)

The Group's gross profit increased by RM0.86 million or approximately 39.3% to RM3.05 million in the FYE 31 December 2018 was mainly attributable to the Group securing 2 new training service agreements with corporate clients as explained above.

The Group's profit before tax increased by RM0.21 million or approximately 24.3% to RM1.49 million in the FYE 31 December 2018 as compared to the previous financial year largely due to the growth in revenue as explained above.

Excluding the one-off listing expenses, the profit before tax for the FYE 31 December 2018 on an operational basis was RM1.49 million as compared to a profit before tax of RM0.84 million in the previous financial year.

B2. COMMENTARY ON PROSPECTS

As disclosed in the Company's Information Memorandum dated 28 December 2018, the Group has in place a series of future plans and strategies to further expand its business which are focused in the following areas:

(i) Enhancement of its existing equity investment research platforms

The Group will embark on its first phase of enhancements to its platforms with the intent of reducing the time for its clients to gain insights from analytical tools in its Proprietary Equity Research Platform

(ii) Upgrading of its back-end systems to accommodate future business expansion

a) The Group intends to convert its existing back-end systems to Cloud-native applications. The back-end system is currently operating on both on-premise and cloud-based systems.

b) The Group believes that operating on Cloud-native applications will ease its business expansion as it will facilitate sharing of information and workflow efficiencies, while ensuring proper data backup for business continuity.

(iii) Expand its presence in the investment training services industry in Malaysia

a) The Group plans to intensify its marketing initiatives to grow its client base. At present, most of its clients are a result of referrals or "word of mouth". As such, the Group intends to invest in a 2-year digital advertising and marketing campaign to generate publicity of its investment training courses and strengthen its brand.

b) The Group believes digital advertising and marketing is the most effective method in reaching out to its target audience as well as allowing the Group to effectively measure the effectiveness of its advertisements.

Barring any unforeseen circumstances, the Board of Directors of the Company ("**Board**") is of the opinion that the prospects of the Group's financial performance for the financial year ending 31 December 2019 will remain favorable.

B ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS (CONT'D)

B3. VARIANCE OF ACTUAL PROFIT FROM PROFIT FORECAST AND PROFIT GUARANTEE

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.

C OTHER INFORMATION

C1. STATUS OF CORPORATE PROPOSALS

Save for the excluded issue and the listing of the Group as disclosed in Note A7, there were no other corporate proposals announced as at the date of this report.

C2. MATERIAL LITIGATION

There were no material litigations pending as at the date of this report.

C3. DIVIDENDS

The Board does not recommend any dividend for the FYE 31 December 2018.