

EquitiesTracker

EQUITISTRACKER HOLDINGS BERHAD

(Registration No. 201801018969 (1280985-X))

(Incorporated in Malaysia)

FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

**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 EQUITISTRACKER 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 STATEMENT OF FINANCIAL POSITION AS AT 31
DECEMBER 2019⁽¹⁾

	As at 31/12/2019 Unaudited RM'000	As at 31/12/2018 Audited RM'000
ASSETS		
Non-current assets		
Plant and equipment	946	234
Right-of-use assets	654	-
Intangible assets	540	600
Goodwill	-	273
Total non-current assets	2,140	1,107
Current assets		
Trade receivables	1,585	1,510
Other receivables, deposits and prepayments	677	414
Short term investment	4,054	-
Cash and bank balances	480	392
Total current assets	6,796	2,316
Total assets	8,936	3,423
EQUITY		
Share capital	9,175	2,035
Accumulated losses	(1,749)	(30)
Shareholders' funds	7,426	2,005
Non-controlling interest	(15)	21
Total equity	7,411	2,026
LIABILITIES		
Non-current liabilities		
Lease liabilities	659	-
	659	-
Current liabilities		
Other payables and accruals	830	607
Amount due to directors	36	454
Current tax liabilities	-	336
Total current liabilities	866	1,397
Total liabilities	1,525	1,397
Total equity and liabilities	8,936	3,423
Net assets per share (sen)⁽²⁾	3.024	0.985

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are detailed in Note A1 and should be read in conjunction with the Audited Consolidated Financial Statements for the financial period from 22 May 2018 (date of incorporation) to 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.*
- (2) Net assets per share is calculated based on the Company's number of issued shares of 245,529,600 ordinary shares as at 31 December 2019 and 203,529,600 ordinary shares as at 31 December 2018 respectively.*

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED (“FYE”) 31 DECEMBER 2019⁽¹⁾

	Individual 6 months ended		Cumulative 12 months ended	Cumulative 7 months ended
	31/12/2019	31/12/2018	31/12/2019	22/5/2018-31/12/2018
	RM'000	RM'000	RM'000	RM'000
Revenue	1,609	-	4,110	-
Cost of sales	(960)	-	(1,741)	-
Gross profit	649	-	2,369	-
Other income	59	-	59	-
General and administrative expenses	(1,791)	(30)	(3,145)	(30)
Depreciation	(91)	-	(126)	-
Amortisation	(30)	-	(60)	-
Impairment	(273)	-	(273)	-
Listing expenses	-	-	(596)	-
Loss before tax	(1,477)	(30)	(1,772)	(30)
Tax expense	136	-	17	-
Net loss for the financial period/year, representing total comprehensive loss for the financial period/year	(1,341)	(30)	(1,755)	(30)
Loss/total comprehensive loss attributable to equity holders of the parent	(1,339)	(30)	(1,719)	(30)
Non-controlling interest	(2)	-	(36)	-
Total	(1,341)	(30)	(1,755)	(30)
Loss per ordinary share (“LPS”) (sen):				
- Basic and diluted ⁽²⁾	(0.56)	(0.55)	(0.72)	(0.55)

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 Consolidated Financial Statements for the financial period from 22 May 2018 (date of incorporation) to 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.
- (2) LPS is calculated based on the Company's weighted average number of shares of 238,529,600 (2018: 5,451,695) ordinary shares for the financial period / year.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FYE
31 DECEMBER 2019⁽¹⁾**

	Share capital RM'000	Accumulated losses RM'000	Non-controlling interest RM'000	Total RM'000
At 1 January 2019	2,035	(30)	21	2,026
Total comprehensive loss for the financial year				
Loss for the financial year	-	(1,719)	(36)	(1,755)
Total	2,035	(1,749)	(15)	271
Transaction with owners, recognised directly in equity				
Issuance of shares	7,140	-	-	7,140
Total	9,175	-	-	9,175
At 31 December 2019	9,175	(1,749)	(15)	7,411
At 22 May 2018	(2)	-	-	-
Total comprehensive loss for the financial period				
Loss for the financial period	-	(30)	-	(30)
Other comprehensive loss	-	-	-	-
Total	-	(30)	-	(30)
Transaction with owners, recognized directly in equity				
Issuance of shares	2,035	-	-	2,035
Total	2,035	-	-	2,035
At 31 December 2018	2,035	(30)	-	2,005

Notes:

- (1) *The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity are detailed in Note A1 and should be read in conjunction with the Audited Consolidated Financial Statements for the financial period from 22 May 2018 (date of incorporation) to 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.*
- (2) *The Company was incorporated on 22 May 2018 with RM2.00 issued share capital comprising of 2 ordinary shares.*

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FYE 31 DECEMBER 2019 ⁽¹⁾

	12 months ended 31/12/2019 RM'000	7 months ended 22/5/2018- 31/12/2018 RM'000
Cash flows from operating activities		
Loss before tax	(1,772)	(30)
Adjustments for:		
Depreciation of plant and equipment	87	-
Depreciation of right-of-use assets	39	-
Amortisation of intangible assets	60	-
Impairment of goodwill	273	-
Operating loss before working capital changes	(1,313)	-
Changes in:		
Receivables	(338)	-
Payables	223	30
Cash used in operations	(1,428)	-
Tax paid	(318)	-
Net cash used in operating activities	(1,746)	-
Cash flows from investing activities		
Acquisition of subsidiaries	-	(1,643)
Purchase of plant and equipment	(799)	-
Investment in short term investment	(4,054)	-
Net cash used in investing activities	(4,853)	(1,643)
Cash flows from financing activities		
Repayment to director	(418)	(2)
Issuance of shares	7,140	2,035
Operating lease expenses	(35)	-
Net cash from financing activities	6,687	2,035
Net increase in cash and cash equivalents	88	392
Cash and cash equivalents at beginning of the financial year/period	392	(2)
Cash and cash equivalents at end of the financial year/period	480	392
Cash and cash equivalents at end of the financial year/period comprise:		
Cash and bank balances	480	392

Notes:

(1) *The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows are detailed in Note A1 and should be read in conjunction with the Audited Consolidated Financial Statement for the financial period from 22 May 2018 (date of incorporation) to 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.*

(2) *Less than RM1,000.00.*

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

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 fourth quarter of 2018, ETH completed the acquisition of 100% equity interests in 3 companies, namely Equitistracker International Sdn Bhd (“**ETI**”), ET Smart Wealth Sdn Bhd, and ET Digital Insights Sdn Bhd for a total consideration of RM2,035,297.

Along with these acquisitions, 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 (“**Group**”) are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards (“**MFRS**”) 134: Interim Financial Reporting.

The interim financial report should be read in conjunction with the Audited Financial Statements for the financial period from 22 May 2018 (date of incorporation) to 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.

A2. CHANGES IN ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the Audited Financial Statements for the financial period from 22 May 2018 (date of incorporation) to 31 December 2018 except the adoption of the following standards and amendments to standards and interpretations that are mandatory for the Group for the financial year beginning 1 January 2019:

MFRS 16	Leases
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Employee Benefits
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
Amendments to MFRS 3	Business Combination (Annual Improvements 2015-2017 Cycle)
Amendments to MFRS 11	Joint Arrangement (Annual Improvements 2015-2017 Cycle)
Amendments to MFRS 112	Income Taxes (Annual Improvements 2015-2017 Cycle)
Amendments to MFRS 123	Borrowing Costs Eligible for Capitalisation (Annual Improvements 2015-2017 Cycle)
IC Interpretation 23	Uncertainty over Income Tax Treatments

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019 (CONT'D)

A2. CHANGES IN ACCOUNTING POLICIES (CONT'D)

The adoption of these new MFRSs, amendments, annual improvements and Issue Committees (“IC”) interpretations did not have any material impact on the interim financial report of the Group.

MFRSs, Amendments to MFRSs and IC Interpretations that have been issued but are not yet effective

The Group has not adopted the following MFRSs, amendments and IC Interpretations that have been issued but are not yet effective:

<u>MFRSs/Amendments to MFRSs/IC Interpretations</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 2: Share Based Payments	1 January 2020
Amendments to MFRS 3: Business Combinations	1 January 2020
Amendments to MFRS 6: Exploration for and Evaluation of Mineral Resources	1 January 2020
Amendments to MFRS 14: Regulatory Deferral Accounts	1 January 2020
Amendments to MFRS 101: Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 134: Interim Financial Reporting	1 January 2020
Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
Amendments to MFRS 138: Intangible Assets	1 January 2020
Amendments to IC Interpretation 12: Service Concession Agreements	1 January 2020
Amendments to IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
Amendments to IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine	1 January 2020
Amendments to IC Interpretation 22: Foreign Currency Transactions and Advance Considerations	1 January 2020
Amendments to IC Interpretation 132: Intangible Assets – Web Site Costs	1 January 2020
Amendments to MFRS 17: Insurance Contracts	1 January 2021

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019 (CONT'D)

A2. CHANGES IN ACCOUNTING POLICIES (CONT'D)

MFRSs, Amendments to MFRSs and IC Interpretations that have been issued but are not yet effective (cont'd)

<u>MFRSs/Amendments to MFRSs/IC Interpretations</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to MFRS 10: Consolidated Financial Statements – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced
Amendments to MFRS 128: Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The Group will adopt the above new MFRSs, amendments and IC interpretations when they become effective in the respective financial periods. The adoption of these standards and amendments that have been issued but are not yet effective are not expected to have a material impact to the financial statements of the Group.

A3. SEASONAL AND CYCLICAL FACTORS

The Group did not experience any material seasonality or cyclical effects in its business operations 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

There were no material issuance, cancellation, repurchase, resale or repayments of debts or equity securities for the current financial period and financial year-to-date under review.

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019 (CONT'D)

A7. SEGMENTAL INFORMATION

The Group's interim financial report prepared based on the consolidated basis for the financial period ended ("FPE") 31 December 2018 did not capture the performance of the newly acquired subsidiaries and therefore, showed nullified figures in the Interim Statements of Profit or Loss and Other Comprehensive Income.

For ease of reference, the Group is disclosing the segmental revenue information based on the Combined Financial Statements basis for the FYE 31 December 2018 and Consolidated Financial Statements basis for the FYE 31 December 2019 as follows:

	Individual 6 months ended				Cumulative 12 months ended			
	Unaudited		Unaudited		Unaudited		Audited	
	31/12/2019		31/12/2018		31/12/2019		31/12/2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Equity investment research platforms								
- Corporate	139	8.6	216	9.8	401	9.8	444	10.0
- Retail	250	15.5	282	12.7	560	13.6	517	11.6
	389	24.1	498	22.5	961	23.4	961	21.6
Investment training services								
- Corporate	429	26.7	738	33.3	1,175	28.5	1,579	35.5
- Retail	791	49.2	972	43.9	1,972	48.0	1,902	42.7
	1,220	75.9	1,710	77.2	3,147	76.5	3,481	78.2
Others	-	-	8	0.3	2	0.1	10	0.2
Total	1,609	100.0	2,216	100.0	4,110	100.0	4,452	100.0

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

There were no material events subsequent to the end of the current financial period.

A9. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the current financial period and financial year-to-date.

A10. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There are 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, plant 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's interim financial report for the FPE 31 December 2018 prepared based on the consolidated basis did not capture the performance of the newly acquired subsidiaries and therefore showing a nullified figure on the Interim Statements of Profit or Loss and Other Comprehensive Income.

For ease of reference, the Group is disclosing its performance based on the Combined Financial Statements basis for the FYE 31 December 2018 and Consolidated Financial Statements basis for the FYE 31 December 2019 as follows:

	Individual 6 months ended		Cumulative 12 months ended	
	Unaudited	Unaudited	Unaudited	Audited
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	RM'000	RM'000	RM'000	RM'000
Revenue	1,609	2,216	4,110	4,452
Gross profit	649	1,432	2,369	3,054
(Loss)/Profit before tax	(1,477)	345	(1,772)	1,012

Comparison between FPE 31 December 2018 and FPE 31 December 2019

The Group's revenue from equity investment research platforms recorded a decrease of RM0.11 million or approximately 21.9% to RM0.39 million in the 6-month FPE 31 December 2019 as compared to the previous corresponding financial period mainly attributable to lower subscription by corporate clients due to weaker market condition. (KLCI was at 1,690.58 points on 31 December 2018 while on 31 December 2019, it was at 1,588.76 points.)

The Group's revenue derived from investment training services reduced by RM0.49 million or approximately 28.7% to RM1.22 million in the 6-month FPE 31 December 2019 as compared to the previous corresponding financial period mainly attributable to lower engagement by corporate clients for education services due to a less promising market outlook.

The Group's gross profit decreased by RM0.78 million or approximately 54.7% to RM0.65 million in the 6-month FPE 31 December 2019 as compared to the previous corresponding financial period due to the decrease in corporate sales as mentioned above. The Group has also begun investing in digital marketing and advertising in the FYE 31 December 2019 and increased its frequency of sales events at external venues which resulted in an increase in the cost of sales.

The Group's profit before tax decreased by RM1.82 million to a loss of RM1.48 million in the 6-month FPE 31 December 2019 mainly due to commencement of business operations of ETMA and an increase in staff costs to cater for future business expansion as well as an impairment of goodwill of RM0.27 million. In the FYE 31 December 2019, the Group increased its full time and part time headcount by 58%, including ETMA.

Comparison between FYE 31 December 2018 and FYE 31 December 2019

The Group's revenue from equity investment research platforms recorded a slight decrease of RM0.001 million or approximately 0.1% to RM0.96 million in the FYE 31 December 2019 as compared to the previous financial year mainly attributable to the consolidation of its corporate clients.

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

B1. REVIEW OF PERFORMANCE (CONT'D)

The Group's revenue derived from investment training services reduced by RM0.33 million or approximately 9.6% to RM3.15 million in the FYE 31 December 2019 as compared to the previous financial year mainly attributable to lower engagement by corporate clients for education service due to a less promising market outlook.

The Group's gross profit decreased by RM0.69 million or approximately 22.4% to RM2.37 million in the FYE 31 December 2019 as compared to the previous financial year mainly due to the decrease in corporate sales as mentioned above and an increase in digital marketing for future sustainability of the Group's brand name which the management believes will positively impact the Group's retail segment in the future.

The Group's profit before tax decreased by RM2.78 million to a loss of RM1.77 million in the FYE 31 December 2019 mainly due to listing related expenses amounting to approximately RM0.60 million, increase in staff costs as well as investment in the marketing and advertising activities to cater for the Group's future business expansion. The decrease in profit before tax was also due to an impairment of goodwill of RM0.27 million.

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

B2. COMMENTARY ON PROSPECTS

In line with the Group's future plans and strategies, the Group continues to further expand its business which are focused in the following areas:

(i) Enhancement of its existing equity investment research platforms

The Group continues to embark on its 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 and is making good progress with backend updates.

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

a) The Group continues to convert its existing back-end systems to Cloud-native applications. The back-end systems continue to operate on both on-premise & cloud-based systems as the migration takes place.

b) The Group believes that operating on Cloud-native applications will ease its business expansion as it will facilitate the sharing of information and workflow efficiencies, while ensuring built-in business continuity planning (BCP).

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

a) Since January 2019 the Group has embarked on its online digital marketing initiatives by creating a new department currently staffed by 4 full time employees focusing on marketing its products digitally.

b) On 15 January 2020, the Group moved into its education premise in Symphony Square, Petaling Jaya which is expected to enhance its delivery of customer experience. Whereas for Penang, as the Group has arrangements with venue providers (i.e. hotels) that are charging economically feasible rates, the Board of Directors of the Company ("**Board**") is of the opinion that there is no urgency to relocate to new education premises.

Barring any unforeseen circumstances, the Board is of the opinion that the prospects of the Group's financial performance for the financial year ending 31 December 2020 will remain favourable.

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

There were no corporate proposals announced but pending completion as at the date of this report.

C2. UTILISATION OF PROCEEDS

The status of the utilisation of the gross proceeds arising from the excluded issue amounting to RM7.14 million are as follows:

Purpose	Proposed Utilisation RM'000	Actual Utilisation ⁽¹⁾ RM'000	Deviation RM'000	Balance RM'000	Estimated timeframe for utilisation upon listing
Information technology	4,000	317	-	3,683	Within 48 months
Education premises	1,000	617	-	383	Within 24 months
Marketing	500	320	-	180	Within 24 months
Working capital	640	601	(39)	-	Within 24 months
Estimated listing expenses	1,000	1,039	39 ⁽²⁾	-	Immediate
Total	7,140	2,894	-	4,246	

Notes:

(1) Utilisation of proceeds as at 31 December 2019.

(2) The shortfall of the amount allocated for listing expenses was reallocated from the amount earmarked for working capital.

C3. MATERIAL LITIGATION

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

C4. DIVIDENDS

The Board does not recommend any dividend for the current FYE 31 December 2019.