

EquitiesTracker

EQUITISTRACKER HOLDINGS BERHAD

(Registration No. 201801018969 (1280985-X))

(Incorporated in Malaysia)

FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2020

**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 30 JUNE 2020⁽¹⁾

	As at 30/06/2020 Unaudited RM'000	As at 31/12/2019 Audited RM'000
ASSETS		
Non-current assets		
Plant and equipment	1,201	946
Right-of-use assets	540	654
Intangible assets	510	540
Total non-current assets	2,251	2,140
Current assets		
Trade receivables	1,443	1,585
Other receivables, deposits and prepayments	662	677
Short term investment	3,085	4,054
Cash and bank balances	593	480
Total current assets	5,783	6,796
Total assets	8,034	8,936
EQUITY		
Share capital	9,175	9,175
Accumulated losses	(3,053)	(1,749)
Shareholders' fund	6,122	7,426
Non-controlling interest	(38)	(15)
Total equity	6,084	7,411
LIABILITIES		
Non-current liabilities		
Lease liabilities	551	659
	551	659
Current liabilities		
Other payables and accruals	1,388	830
Amount due to directors	11	36
Total current liabilities	1,399	866
Total liabilities	1,950	1,525
Total equity and liabilities	8,034	8,936
Net assets per share (sen)⁽²⁾	2.493	3.024

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 year ended 31 December 2019 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 ordinary shares of 245,529,600 ordinary shares as at 31 December 2019.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED (“FPE”) 30 JUNE 2020⁽¹⁾

	Individual 6 months ended		Cumulative 6 months ended	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
	RM'000	RM'000	RM'000	RM'000
Revenue	975	2,501	975	2,501
Cost of sales	(474)	(781)	(474)	(781)
Gross profit	501	1,720	501	1,720
Other income	85	-	85	-
General and administrative expenses	(1,603)	(1,354)	(1,603)	(1,354)
Depreciation	(260)	(35)	(260)	(35)
Amortisation	(30)	(30)	(30)	(30)
Listing expenses	-	(596)	-	(596)
Operating Loss	(1,307)	(295)	(1,307)	(295)
Finance expense	(20)	-	(20)	-
Loss before tax	(1,327)	(295)	(1,327)	(295)
Tax expense	-	(119)	-	(119)
Net loss for the financial period, representing total comprehensive loss for the financial period	(1,327)	(414)	(1,327)	(414)
Loss/total comprehensive loss attributable to equity holders of the parent	(1,304)	(380)	(1,304)	(380)
Non-controlling interest	(23)	(34)	(23)	(34)
Total	(1,327)	(414)	(1,327)	(414)
Loss per ordinary share (“LPS”) (sen):				
- Basic and diluted ⁽²⁾	(0.55)	(0.16)	(0.55)	(0.16)

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 year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.
- (2) LPS is calculated based on the Company's weighted average number of ordinary shares of 238,529,600 (2019: 231,529,600) ordinary shares for the financial period.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FPE
30 JUNE 2020⁽¹⁾**

	Share capital RM'000	Accumulated losses RM'000	Non-controlling interest RM'000	Total RM'000
At 1 January 2020	9,175	(1,749)	(15)	7,411
Total comprehensive loss for the financial period				
Loss for the financial period	-	(1,304)	(23)	(1,327)
At 30 June 2020	9,175	(3,053)	(38)	(6,084)
At 1 January 2019	2,035	(30)	21	2,026
Total comprehensive loss for the financial period				
Loss for the financial period	-	(380)	(34)	(414)
Total	2,035	(410)	(13)	1,612
Transaction with owners, recognised directly in equity				
Issuance of shares	7,140	-	-	7,140
Total	9,175	-	-	9,175
At 30 June 2019	9,175	(410)	(13)	8,752

Note:

- (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 year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.*

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FPE 30 JUNE 2020⁽¹⁾

	6 months ended	
	30/06/2020	30/06/2019
	RM'000	RM'000
Cash flows from operating activities		
Loss before tax	(1,327)	(295)
Adjustments for:		
Depreciation of plant and equipment	144	35
Depreciation of right-of-use assets	116	-
Amortisation of intangible assets	30	30
Interest on lease liability	20	-
Operating loss before working capital changes	(1,017)	(230)
Changes in:		
Receivables	157	(931)
Payables	558	105
Net cash used in operating activities	(302)	(1,056)
Cash flows from investing activities		
Purchase of plant and equipment	(399)	(102)
Investment in short term investment	-	(2,000)
Proceeds received from short term investments	969	-
Net cash from/(used in) investing activities	570	(2,102)
Cash flows from financing activities		
Repayment to director	(25)	(418)
Issuance of shares	-	7,140
Operating lease expenses	(130)	-
Net cash (used in)/from financing activities	(155)	6,722
Net increase in cash and cash equivalents	113	3,564
Cash and cash equivalents at beginning of the financial period	480	392
Cash and cash equivalents at end of the financial period	593	3,956
Cash and cash equivalents at end of the financial period comprise:		
Cash and bank balances	593	3,956

Note:

- (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 year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.*

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FPE 30 JUNE 2020

A1. BASIS OF PREPARATION

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

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 year ended 31 December 2019 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 year ended 31 December 2019 except the adoption of the following standards and amendments to standards that are mandatory for the Group for the financial year beginning 1 January 2020:

Amendments to MFRS 3	Definition of a Business
Amendments to Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101, MFRS 108	Definition of Material
Amendments to References to the Conceptual Framework in MFRS Standards	

The adoption of these new MFRSs and amendments did not have any material impact on the interim financial report of the Group.

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FPE 30 JUNE 2020 (CONT'D)

A2. CHANGES IN ACCOUNTING POLICIES (CONT'D)

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

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

<u>MFRSs/Amendments to MFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to MFRS 17: Insurance Contracts	1 January 2021
Amendments to MFRS 3: Business Combinations	1 January 2022
Amendments to MFRS 101: Presentation of Financial Statements	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
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 and amendments 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 FPE 30 JUNE 2020 (CONT'D)

A7. SEGMENTAL INFORMATION

The Group's revenue based on its activities is presented as follows:

	Individual 6 months ended				Cumulative 6 months ended			
	30/06/2020		30/06/2019		30/06/2020		30/06/2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Equity investment research platforms								
• Corporate	115	11.8	262	10.5	115	11.8	262	10.5
• Retail	318	32.6	310	12.4	318	32.6	310	12.4
	433	44.4	572	22.9	433	44.4	572	22.9
Investment training services								
• Corporate	232	23.8	746	29.8	232	23.8	746	29.8
• Retail	310	31.8	1,181	47.2	310	31.8	1,181	47.2
	542	55.6	1,927	77.0	542	55.6	1,927	77.0
Others	-	-	2	0.1	-	-	2	0.1
Total	975	100.0	2,501	100.0	975	100.0	2,501	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 performance is presented as follows:

	Individual 6 months ended		Cumulative 6 months ended	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
	RM'000	RM'000	RM'000	RM'000
Revenue	975	2,501	975	2,501
Gross profit	501	1,720	501	1,720
Loss before tax	(1,327)	(295)	(1,327)	(295)

Comparison between FPE 30 June 2019 and FPE 30 June 2020

The Group's revenue from equity investment research platforms recorded a decrease of RM0.14 million or approximately 24.3% to RM0.43 million in the FPE 30 June 2020 as compared to the previous financial period mainly attributable to lower subscription by corporate clients due to weaker market condition coupled with merger and acquisitions across the industry.

The Group's revenue derived from investment training services reduced by RM1.39 million or approximately 71.9% to RM0.54 million in the FPE 30 June 2020 as compared to the previous financial period mainly attributable to lower engagement by corporate and retail clients for education services due to the restrictions imposed on physical events by the Malaysian Government during the movement control orders ("MCO") period.

The Group's gross profit decreased by RM1.22 million or approximately 70.9% to RM0.50 million in the FPE 30 June 2020 as compared to the previous financial period mainly due to lower engagement by corporate and retail clients for investment training.

The Group's loss before tax increased by RM1.03 million to RM1.33 million in the FPE 30 June 2020 was mainly due to the decrease in overall revenue as mentioned above as well as an increase in depreciation following the relocation and expansion of the Group's education premise in Klang Valley. In addition, the general and administrative expenses also increased due to an increase in staff cost arising from establishment of research department as part of the efforts to enhance the education service segment and as well as for future business expansion.

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 strengthen the core business which are focused in the following areas:

- (i) Enhancement of its existing equity investment research platforms
 - To provide its customers with greater performance, reliability and stability. Some of the infrastructure was successfully migrated onto the Cloud infrastructure.
 - "Bite-size" applications (i.e. condensed versions of full applications) are available for easier consumption of information by customers.
 - Research on LEAP-listed companies are now available with enhancements to the data-capture system.

- (ii) Upgrading of the back-end system to accommodate future business expansion
 - The Group continues to convert more of its existing back-end system to Cloud-native applications.
 - The Group added instant messaging capabilities to its back-end to deliver its services faster and provide better user experience.
 - Integration of an automated back-end payment gateway system with the Group's accounting system to increase throughput. This has allowed the Group to process higher volume of online payments without increasing headcount.
 - Enhanced delivery of real-time analytics to Management for data-driven decision making

- (iii) Building Next Generation Infrastructure
 - Continual enhancement of security & processes of Cloud-native system.
 - Program of work in place to build Next Generation Infrastructure to enable the Group's staff to work in an environment that is volatile, uncertain, complex and ambiguous.
 - Program of work will also allow for the Group to quickly scale up once Next Generation Infrastructure is successfully put in place.

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

B2. COMMENTARY ON PROSPECTS (CONT'D)

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

a) Digital Marketing Initiatives

- During the MCO which began on 18 March 2020, the Group continued its marketing efforts digitally with the launch of live streaming sessions via online platforms such as Facebook and Youtube. *"Investor Kopitime"* went live on 19 March 2020.
- On 6 April 2020, the Group initiated ET Online Campus. To remain relevant in the training services industry, the Group continued to provide financial literacy programmes while making a social impact. The objective of the fundraising campaign was to raise awareness of daily wage workers who were unable to derive income from being unable to work during MCO. The campaign allowed those who were able to donate to receive free online education. This has so far generated 2,970 students (English at 2,395 and Mandarin at 575). This campaign has also generated awareness of ET Platform.
- Being unable to ascertain the change of lifestyle and behaviour post MCO, the Group embarked on formulating a strategy to deliver most of its services digitally, in the 'new normal'.
- In addition to *"Investor Kopitime"* and *"ET Online Campus"* as an avenue to provide continuous engagement and touchpoints with the investing public, the Group enhanced access to its existing platforms. *"ET Genius"* with new features were offered to the investing public as part of its enhancements to ET Platform. Capitalising on this enhancement, *"Investors Studio"*, a service to assist public listed companies with their investor relations activities, was launched in the first half of 2020.

b) New office and training centre relocation

- The new office and training relocation was completed in mid-January 2020. The Group restarted its face-to-face training seminars in the month of July 2020, upon clarification from the authorities on the required standard operating procedures. The Management does not foresee that the Group will be able to fully utilise the new training facilities until end of 2021 or until such time that the participants are fully comfortable with attending physical events. Due to the reduction in face-to-face training seminars, the Group foresees a combination of online and offline offerings going forward. The Group foresees that the demand for physical events/training from corporates will decline significantly for 2020 as corporates reduce and cut back on budgets and to also minimise on the risk of conducting physical classes.
- Two major conferences which required physical attendance planned for the first half of 2020 were postponed due to COVID-19 pandemic. With MCO and CMCO, the Group had to defer the classes to the second half of 2020.

To-date, the implementation of these plans and strategies are in progress and are within the Management's expectations.

Nevertheless, the Board remains cautious of the prospects of the Group. Barring unforeseen circumstances, the Board is confident that the Group's strategy to enhance market attractiveness through the Group's initiatives which includes digital adoption, efforts to broaden the product and service offerings will be able to mitigate the effects of COVID-19.

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	Reallocation of Proceeds (1) RM'000	Actual Utilisation (2) RM'000	Deviation RM'000	Balance RM'000	Estimated timeframe for utilisation upon listing
Information technology	4,000	(1,630)	462	-	1,908	Within 48 months
Education premises	1,000	-	913	-	87	Within 24 months
Marketing	500	-	500	-	-	Within 24 months
Working capital	640	1,630	1,247	(39)	984	Within 24 months
Estimated listing expenses	1,000	-	1,039	39 ⁽³⁾	-	Immediate
Total	7,140	-	4,161	-	2,976	

Notes:

- (1) Part of the proceeds previously earmarked for information technology was reallocated to the Group's working capital to reimburse the working capital spent in the use of Cloud infrastructure as part of the Group's effort to go Cloud-native.
- (2) Utilisation of proceeds as at 30 June 2020.
- (3) 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 FPE 30 June 2020.