

The logo for iFAST, featuring the word "iFAST" in white, bold, sans-serif font centered within a dark teal square background.

iFAST

**iFAST Corporation Ltd.
and its Subsidiaries**

Company Registration No: 200007899C
(Incorporated in the Republic of Singapore)

**Unaudited First Quarter 2017
Financial Statements Announcement**

First Quarter 2017 Financial Statements and Dividend Announcement

- 1(a)(i) An income statement and a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated income statement for the first quarter ended 31 March 2017

	1Q17 \$'000	Group 1Q16 \$'000	Change %
Revenue	22,097	18,672	18.3
Commission and fee paid or payable to third party financial advisers	(10,926)	(9,319)	17.2
	11,171	9,353	19.4
Other income	438	805	(45.6)
Depreciation of plant and equipment	(311)	(387)	(19.6)
Amortisation of intangible assets	(579)	(228)	153.9
Staff costs	(4,842)	(4,556)	6.3
Other operating expenses	(3,704)	(3,804)	(2.6)
Results from operating activities	2,173	1,183	83.7
Finance income	204	249	(18.1)
Finance cost	(1)	-	NM
Net finance income	203	249	(18.5)
Share of results of associates, net of tax	(131)	(4)	3,175.0
Profit before tax	2,245	1,428	57.2
Tax expense	(285)	(177)	61.0
Profit for the period	1,960	1,251	56.7
Profit attributable to:			
Owners of the Company	2,010	1,251	60.7
Non-controlling interests	(50)	-	NM
Profit for the period	1,960	1,251	56.7

NM denotes not meaningful.

1(a)(i) An income statement and a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Cont'd)

Consolidated statement of comprehensive income for the first quarter ended 31 March 2017

	1Q17 \$'000	Group 1Q16 \$'000	Change %
Profit for the period	1,960	1,251	56.7
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Net change in fair value of available-for-sale financial assets	493	(349)	NM
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	(197)	(46)	328.3
Foreign currency translation differences for foreign operations	(528)	(506)	4.3
Share of other comprehensive income of associates	3	-	NM
Other comprehensive income for the period, net of tax	(229)	(901)	(74.6)
Total comprehensive income for the period	1,731	350	394.6
Attributable to:			
Owners of the Company	1,785	350	410.0
Non-controlling interests	(54)	-	NM
Total comprehensive income for the period	1,731	350	394.6

NM denotes not meaningful.

1(a)(ii) Breakdown and explanatory notes to income statement.

	1Q17	Group 1Q16	Change
	\$'000	\$'000	%
<u>Profit for the period is arrived at after charging / (crediting) the following:</u>			
Other income			
- Investment income	(354)	(233)	51.9
- Government grant	(79)	(182)	(56.6)
- Gain on acquisition of a subsidiary	-	(262)	NM
- Miscellaneous income	(5)	(128)	(96.1)
	(438)	(805)	(45.6)
Interest income			
- from cash and cash equivalents	(84)	(112)	(25.0)
- from investment in financial assets	(120)	(137)	(12.4)
	(204)	(249)	(18.1)
Operating lease expense	1,504	1,521	(1.1)
Unrealised exchange loss, net	84	264	(68.2)
Equity-settled share-based payment transactions, included in staff costs	390	379	2.9
Equity-settled share-based payment transactions, included in commission and fee paid or payable to third party financial advisers	83	83	-
Gain on redemption in investment in available-for-sale financial assets, included in investment income	(197)	(46)	328.3
Dividend income on investment in available-for-sale financial assets, included in investment income	(175)	(182)	(3.8)
Net loss on held-for-trading financial assets, included in investment income	27	-	NM

NM denotes not meaningful.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group As at		Company As at	
	31-Mar-17 \$'000	31-Dec-16 \$'000	31-Mar-17 \$'000	31-Dec-16 \$'000
Assets				
Plant and equipment	2,089	2,187	52	51
Intangible assets and goodwill	10,731	10,375	7,552	7,367
Subsidiaries	-	-	49,417	48,313
Associates	1,701	1,829	2,017	2,017
Prepayments	200	302	-	-
Deferred tax assets	-	-	-	-
Club membership	11	11	11	11
Total non-current assets	14,732	14,704	59,049	57,759
Current tax receivables	59	80	-	-
Other investments	28,834	32,127	28,469	32,127
Trade and other receivables	24,602	24,091	3,004	2,135
Prepayments	1,550	1,662	98	94
Cash at bank and in hand	24,748	20,974	6,317	3,595
Money market funds	1,732	1,490	-	-
Total current assets	81,525	80,424	37,888	37,951
Held under trust				
Client bank accounts	174,812	156,078	-	-
Client ledger balances	(174,812)	(156,078)	-	-
	-	-	-	-
Total assets	96,257	95,128	96,937	95,710
Equity				
Share capital	64,185	64,147	64,185	64,147
Reserves	16,178	14,299	26,045	16,041
Equity attributable to owners of the Company	80,363	78,446	90,230	80,188
Non-controlling interests	174	150	-	-
Total equity	80,537	78,596	90,230	80,188
Liabilities				
Deferred tax liabilities	457	481	187	196
Finance lease liabilities	17	19	-	-
Total non-current liabilities	474	500	187	196
Trade and other payables	14,438	15,524	6,520	15,326
Finance lease liabilities	5	4	-	-
Current tax payables	803	504	-	-
Total current liabilities	15,246	16,032	6,520	15,326
Total liabilities	15,720	16,532	6,707	15,522
Total equity and liabilities	96,257	95,128	96,937	95,710

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

	Group			
	As at 31-Mar-17 \$'000		As at 31-Dec-16 \$'000	
	Secured	Unsecured	Secured	Unsecured
Finance lease liabilities	5	-	4	-

Amount repayable after one year

	Group			
	As at 31-Mar-17 \$'000		As at 31-Dec-16 \$'000	
	Secured	Unsecured	Secured	Unsecured
Finance lease liabilities	17	-	19	-

Details of any collateral

The finance lease liabilities as at 31 March 2017 are secured by the leased assets.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	1Q17 \$'000	1Q16 \$'000
Cash flows from operating activities		
Profit for the period	1,960	1,251
Adjustments for:		
Depreciation of plant and equipment	311	387
Amortisation of intangible assets	579	228
Equity-settled share-based payment transactions	473	462
Dividend income on investment in available-for-sale financial assets	(175)	(182)
Gain on redemption of investment in available-for-sale financial assets	(197)	(46)
Net loss on held-for-trading financial assets	27	-
Share of results of associates, net of tax	131	4
Dividend income on investment in associates	(9)	(5)
Unrealised exchange loss, net	84	264
Gain on acquisition of a subsidiary	-	(262)
Net finance income	(203)	(249)
Tax expense	285	177
	<u>3,266</u>	<u>2,029</u>
Change in trade and other receivables	88	81
Change in trade and other payables	(747)	(2,501)
Cash generated from / (used in) operations	2,607	(391)
Tax refund received / (tax paid)	7	(93)
Interest received	193	251
Interest paid	(1)	-
Net cash from / (used in) operating activities	2,806	(233)
Cash flows from investing activities		
Purchase of plant and equipment	(245)	(382)
Purchase of intangible assets	(646)	(1,033)
Dividend from associates	17	10
Purchase of investment in financial assets	(12,890)	(4,365)
Proceeds from redemption of investment in financial assets	16,202	4,913
Dividends received from investment in available-for-sale financial assets	5	13
Acquisition of subsidiary, net of cash acquired	(702)	(1,013)
Net cash from / (used in) investing activities	1,741	(1,857)
Cash flows from financing activities		
Proceeds from exercise of share options	38	33
Purchase of treasury shares	(296)	-
Proceeds from shares issued to non-controlling interests of subsidiary	78	-
Repayment of finance lease liabilities	(1)	-
Net cash (used in) / from financing activities	(181)	33
Net increase / (decrease) in cash and cash equivalents	4,366	(2,057)
Cash and cash equivalents at beginning of the period	22,464	29,520
Effect of exchange rate fluctuations on cash held	(350)	(335)
Cash and cash equivalents at end of the period	26,480	27,128

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group										
	Attributable to owners of the Company										Total equity
	Share capital	Fair value reserve	Foreign currency translation reserve	Share option reserve	Performance share reserve	Equity reserve	Reserve for own shares	Accumulated profits	Total	Non-controlling interests	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
At 1 January 2017	64,147	12	(535)	1,496	2,250	(2,010)	(2,531)	15,617	78,446	150	78,596
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	2,010	2,010	(50)	1,960
Other comprehensive income											
Net change in fair value of available-for-sale financial assets	-	493	-	-	-	-	-	-	493	-	493
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	(197)	-	-	-	-	-	-	(197)	-	(197)
Foreign currency translation differences for foreign operations	-	-	(524)	-	-	-	-	-	(524)	(4)	(528)
Share of other comprehensive income of associates	-	(1)	3	-	-	-	-	-	3	-	3
Total other comprehensive income	-	296	(521)	-	-	-	-	-	(225)	(4)	(229)
Total comprehensive income for the period	-	296	(521)	-	-	-	-	2,010	1,785	(54)	1,731
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners											
Share options exercised	38	-	-	-	-	-	-	-	38	-	38
Purchase of treasury shares	-	-	-	-	-	-	(296)	-	(296)	-	(296)
Treasury shares re-issued	-	-	-	-	(753)	-	519	234	-	-	-
Equity-settled share-based payment transactions	-	-	-	46	344	-	-	-	390	-	390
Total contributions by and distribution to owners	38	-	-	46	(409)	-	223	234	132	-	132
Changes in ownership interests in subsidiaries											
Issue of shares to non-controlling interests of subsidiary	-	-	-	-	-	-	-	-	-	78	78
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	78	78
Total transactions with owners	38	-	-	46	(409)	-	223	234	132	78	210
At 31 March 2017	64,185	308	(1,056)	1,542	1,841	(2,010)	(2,308)	17,861	80,363	174	80,537

⁽¹⁾ amount less than \$1,000

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Cont'd)

	Group							
	<u>Attributable to owners of the Company</u>							Total equity \$'000
	Share capital	Fair value reserve	Foreign currency translation reserve	Share option reserve	Performance share reserve	Equity reserve	Accumulated profits	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
At 1 January 2016	62,546	(833)	(606)	1,306	826	(4,161)	17,481	76,559
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	-	1,251	1,251
Other comprehensive income								
Net change in fair value of available-for-sale financial assets	-	(349)	-	-	-	-	-	(349)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	(46)	-	-	-	-	-	(46)
Foreign currency translation differences for foreign operations	-	-	(506)	-	-	-	-	(506)
Total other comprehensive income	-	(395)	(506)	-	-	-	-	(901)
Total comprehensive income for the period	-	(395)	(506)	-	-	-	1,251	350
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Share options exercised	33	-	-	-	-	-	-	33
Equity-settled share-based payment transactions	-	-	-	90	289	-	-	379
Total contributions by and distribution to owners	33	-	-	90	289	-	-	412
Total transactions with owners	33	-	-	90	289	-	-	412
At 31 March 2016	62,579	(1,228)	(1,112)	1,396	1,115	(4,161)	18,732	77,321

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Cont'd)

	Company						
	Attributable to owners of the Company						Total equity
	Share capital	Fair value reserve	Share option reserve	Performance share reserve	Reserve for own shares	Accumulated profits	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
At 1 January 2017	64,147	12	1,496	2,250	(2,531)	14,814	80,188
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	9,634	9,634
Other comprehensive income							
Net change in fair value of available-for-sale financial assets	-	473	-	-	-	-	473
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	(197)	-	-	-	-	(197)
Total other comprehensive income	-	276	-	-	-	-	276
Total comprehensive income for the period	-	276	-	-	-	9,634	9,910
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Share options exercised	38	-	-	-	-	-	38
Purchase of treasury shares	-	-	-	-	(296)	-	(296)
Treasury shares re-issued	-	-	-	(753)	519	234	-
Equity-settled share-based payment transactions	-	-	46	344	-	-	390
Total contributions by and distribution to owners	38	-	46	(409)	223	234	132
Total transactions with owners	38	-	46	(409)	223	234	132
At 31 March 2017	64,185	288	1,542	1,841	(2,308)	24,682	90,230

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Cont'd)

	Company					
	<u>Attributable to owners of the Company</u>					
	Share capital	Fair value reserve	Share option reserve	Performance share reserve	Accumulated profits	Total equity
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
At 1 January 2016	62,546	(833)	1,306	826	15,723	79,568
Total comprehensive income for the period						
Profit for the period	-	-	-	-	515	515
Other comprehensive income						
Net change in fair value of available-for-sale financial assets	-	(349)	-	-	-	(349)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	(46)	-	-	-	(46)
Total other comprehensive income	-	(395)	-	-	-	(395)
Total comprehensive income for the period	-	(395)	-	-	515	120
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Share options exercised	33	-	-	-	-	33
Equity-settled share-based payment transactions	-	-	90	289	-	379
Total contributions by and distribution to owners	33	-	90	289	-	412
Total transactions with owners	33	-	90	289	-	412
At 31 March 2016	62,579	(1,228)	1,396	1,115	16,238	80,100

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

The number of shares in issue in the Company as at 31 March 2017 was 262,475,515 ordinary shares (31 December 2016: 262,223,415 ordinary shares). The movements in the Company's share capital during the first quarter ended 31 March 2017 were as follows:

	Number of ordinary shares
As at 1 January 2017	262,223,415
Exercise of share options	102,400
Vesting of performance shares	549,700
Purchase of treasury shares	(400,000)
As at 31 March 2017	<u>262,475,515</u>

Share Option Schemes 2003 and 2013 ("Schemes")

The number of outstanding share options under the Schemes was as follows:

	Number of share options
As at 1 January 2017	7,346,454
Share options granted	-
Exercised	(102,400)
Forfeited	(18,000)
As at 31 March 2017	<u>7,226,054</u>

As at 31 March 2017, the number of outstanding share options under the Schemes was 7,226,054 (31 March 2016: 11,383,846).

iFAST Corporation Performance Share Plan ("iFAST PSP")

The number of outstanding performance shares granted but not vested under iFAST PSP was as follows:

	Number of performance shares
As at 1 January 2017	3,136,400
Performance shares granted but not vested	-
Vested	(549,700)
Forfeited	(30,500)
As at 31 March 2017	<u>2,556,200</u>

As at 31 March 2017, the number of outstanding performance shares granted but not vested under the iFAST PSP was 2,556,200 (31 March 2016: 3,133,100).

Treasury shares

The number of shares held as treasury shares was as follows:

	Number of treasury shares
As at 1 January 2017	2,683,300
Purchased by way of on-market acquisition	400,000
Purchased by way of off-market acquisition	-
Re-issued	<u>(549,700)</u>
As at 31 March 2017	<u><u>2,533,600</u></u>

During 1Q17, the Company acquired 400,000 (1Q16: Nil) ordinary shares in the Company by way of on-market purchases. As at 31 March 2017, 2,533,600 (31 March 2016: Nil) treasury shares were held by the Company that may be re-issued upon the exercise of share options under the iFAST SOS and upon the vesting of performance shares under the iFAST PSP.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 31-Mar-17	As at 31-Dec-16
Total number of issued shares excluding treasury shares	<u>262,475,515</u>	<u>262,223,415</u>

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Between 1 January 2017 and 31 March 2017, the Company transferred 549,700 treasury shares for the fulfilment of share awards vested under the iFAST PSP. The total value of the treasury shares transferred was \$0.52 million.

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Group's external auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The financial information have been prepared in accordance with the same accounting policies and methods of computation adopted in the audited financial statements of the last financial year, except for those disclosed under paragraph 5 below.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group and the Company have adopted the new and revised Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are effective for annual period 1 January 2017. The adoption of these FRSs and INT FRSs did not have any significant effect on the financial statements of the Group and the Company.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	1Q17	1Q16
(i) Based on weighted average number of ordinary shares on issue		
- Weighted average number of ordinary shares	262,329,082	261,036,468
Basic earnings per share (cents)	0.77	0.48
(ii) On a fully diluted basis of ordinary shares		
- Adjusted weighted average number of ordinary shares	265,697,445	268,365,364
Diluted earnings per share (cents)	0.76	0.47

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuers at the end of the (a) current financial period reported on and (b) immediately preceding financial year.

	Group		Company	
	31-Mar-17	31-Dec-16	31-Mar-17	31-Dec-16
Net asset value per ordinary share (cents)	30.62	29.92	34.38	30.58

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Consolidated Income Statement

Revenue

The Group achieved revenue of \$22.10 million for the first quarter ended 31 Mar 2017 ("1Q17"), being 18.3% higher than the first quarter last year ("Q116").

The increase was mainly due to the growth of the Group's business and Asset Under Administration ("AUA") in the quarter, contributed by the Group's continuing efforts to broaden the range and depth of its investment products and services in the recent years, besides benefiting from improved market sentiment from the second half of 2016.

The Group's AUA grew 17.2% Year-on-Year ("YoY") to reach a new record of \$6.46 billion as at 31 March 2017.

Breaking down by geographical segment, Singapore operation is still the major contributor of the Group's revenue. The revenue in Singapore operation grew 20.0% YoY in 1Q17, which was mainly contributed by increases in investment subscription amounts (including transfer-in amounts) in UTs, bonds and ETFs in the quarter. In December 2016, SG launched a new FSMOne platform allowing investors in Singapore to invest in multiple products, including stocks, ETFs, bonds, MAPS (My Assisted Portfolio Solution) and insurance products, via one account. Customers increasingly transact on the FSMOne platform (web/mobile). The AUA of Singapore operation grew 13.8% YoY as at 31 March 2017.

In Malaysia, the significant growth of business and AUA contributed to the significant increase of 41.0% YoY in revenue in 1Q17. The AUA of Malaysia operation grew 33.5% YoY as at 31 March 2017.

In Hong Kong, benefiting from continuing efforts to broaden the range and depth of its investment products and services, the AUA of operation grew 17.3% YoY as at 31 March 2017. This resulted in an increase of 8.4% YoY in recurring earnings driven by AUA in 1Q17, which was partially offset by a YoY decrease in transaction income resulting from the relatively volatile bond market in Hong Kong in the quarter. The total revenue of Hong Kong operation grew 4.2% YoY in 1Q17.

Following the soft launch of our China business in March 2016, China operation has launched its platform for their customers to transact into investment products. Benefiting from transactions received from China-based investors for their investments in onshore Chinese market as well as offshore Chinese markets, China operation has contributed revenue of \$0.14 million in 1Q17.

	1Q17	Group 1Q16	Change
	\$'000	\$'000	%
Singapore	16,124	13,433	20.0
Hong Kong	4,380	4,205	4.2
Malaysia	1,454	1,031	41.0
	21,958	18,669	17.6
China	139	3	4,533.3
Total revenue	22,097	18,672	18.3

Commission and fee paid or payable to third party financial advisers

Commission and fee paid or payable to third party financial advisers increased by 17.2% from \$9.32 million in 1Q16 to \$10.93 million in 1Q17. The increase was in line with the increase in revenue from Business-to-Business ("B2B") business in the quarter.

Net revenue

Net revenue represents revenue earned by the Group after commission and fee paid or payable to third party financial advisers. The net revenue of \$11.17 million for 1Q17 was 19.4% higher than 1Q16.

The following table shows the breakdown of the Group's net revenue, by recurring and non-recurring basis. The Group's business module gives a stream of reliable recurring revenue which is based on AUA. For 1Q17, 84.3% of net revenue is derived from recurring net revenue and 15.7% is from non-recurring net revenue.

	1Q17	Group 1Q16	Change
	\$'000	\$'000	%
Recurring net revenue	9,413	8,125	15.9
Non-recurring net revenue	1,758	1,228	43.2
Total net revenue	<u>11,171</u>	<u>9,353</u>	<u>19.4</u>

Recurring net revenue is usually calculated based on a percentage of average AUA of Investment Products distributed on the Group's platforms, which mainly comprises trailer fees, platform fees and wrap fees. The YoY increase in recurring net revenue in 1Q17 was mainly due to an increase in average AUA for both B2B business and B2C business, which benefited from new inflows of investments from customers in the quarter besides improved market sentiment from the second half of 2016. The average AUA of the Group grew 13.7% YoY to \$6.22 billion in 1Q17.

Non-recurring revenue mainly comprises commission income derived from investment subscription via front-end load commissions or processing fees; service fees arising from the provision of currency conversion administration services to customers and the provision of administration services to financial advisory firms; and advertising fee earned from advertisements placed by third parties on iFAST websites and mobile applications. The increase in non-recurring net revenue was due mainly to increases in commission income as a result of increased investment subscription from customers in the quarter.

The following table shows the breakdown of the Group's net revenue by geographical segments.

	1Q17	Group 1Q16	Change
	\$'000	\$'000	%
Singapore	8,025	6,754	18.8
Hong Kong	2,391	2,084	14.7
Malaysia	700	512	36.7
	<u>11,116</u>	<u>9,350</u>	<u>18.9</u>
China	55	3	1,733.3
Total net revenue	<u>11,171</u>	<u>9,353</u>	<u>19.4</u>

Other income

Other operating income decreased by \$0.37 million or 45.6% from \$0.81 million in 1Q16 to \$0.44 million in 1Q17, due mainly to a gain of \$0.26 million recognised upon completing the acquisition of a stockbroking firm in Hong Kong, iFAST Securities (HK) Limited (formerly known as Winfield Securities Limited), in 1Q16.

Operating expenses

Excluding China operation, the Group's operating expenses increased by \$0.29 million or 3.5% from \$8.09 million in 1Q16 to \$8.38 million in 1Q17. The Group continued its efforts in enhancing its platform capabilities including improving the range of investment products and services being provided to customers in the existing markets over the period.

For our China operation, the operating expenses increased by \$0.17 million or 19.8% from \$0.88 million in 1Q16 to \$1.06 million in 1Q17. The increase was due mainly to our increasing efforts in building our brand and business in the China market in the quarter.

Overall, the Group's total operating expenses increased by \$0.46 million or 5.1% from \$8.98 million in 1Q16 to \$9.44 million in 1Q17. The following table shows the breakdown of the Group's operating expenses by its existing markets and China market.

	1Q17 \$'000	Group 1Q16 \$'000	Change %
Operating expenses (excluding China operation)	8,381	8,094	3.5
Operating expenses in China operation	1,055	881	19.8
Total operating expenses	9,436	8,975	5.1

Depreciation of plant and equipment decreased by \$0.08 million or 19.6% from \$0.39 million in 1Q16 to \$0.31 million in 1Q17 as certain plant and equipment were fully depreciated after 1Q16.

Amortisation of intangible assets increased by \$0.35 million or 153.9% from \$0.23 million in 1Q16 to \$0.58 million in 1Q17. These were due mainly to additions of intangible assets (including internally-developed IT software assets) over the period, to support our business expansion in the countries that the Group operates in and continuously strengthen the capabilities of financial technologies ("FinTech") on our platforms.

Staff costs increased by \$0.29 million or 6.3% from \$4.56 million in 1Q16 to \$4.84 million in 1Q17, due mainly to the annual salary increment adjusted in January 2017 and the increased number of staff (especially in China operation) over the period.

Other operating expenses decreased by \$0.10 million or 2.6% from \$3.80 million in 1Q16 to \$3.70 million in 1Q17, due mainly to a relatively lower unrealised exchange loss arising from cash and cash equivalents and investments in available-for-sale financial assets reported in 1Q17 compared to 1Q16.

Net finance income

Net finance income decreased by \$0.05 million or 18.5% from \$0.25 million in 1Q16 to \$0.20 million in 1Q17, due mainly to lower interest income from short term deposits in 1Q17 and some redemption of investments in bond securities over the period.

Share of results of associates, net of tax

The Group's share of loss after tax of associates increased from less than \$0.01 million in 1Q16 to \$0.13 million in 1Q17. This was due mainly to share of loss of associates acquired after 1Q16, including Pecuniam Pte Ltd ("Pecuniam"). Pecuniam is an ultimate holding company of iFAST Financial India Pvt Ltd ("iFAST India"), an India-incorporated company engaged in the distribution of investment products including mutual funds in India. iFAST India had a AUA of Indian Rupee 18.64 billion (equivalent to \$402.03 million) as at 31 March 2017, growing at a 5-year compound annual growth rate ("CAGR") of approximately 64.3%.

Tax expense

Tax expense increased by \$0.11 million or 61.0% from \$0.18 million in 1Q16 to \$0.29 million in 1Q17, due mainly to an increase in taxable income from Singapore operation in the quarter. The effective tax rate remained low in 1Q17 due mainly to continued utilisation of unabsorbed tax losses from prior years by Hong Kong and Malaysia operations in the quarter.

Net profit for the period, after non-controlling interests

The following table shows the breakdown of the Group's net profit after tax by geographical segments.

	Group		
	1Q17 \$'000	1Q16 \$'000	Change %
Singapore	2,712	1,983	36.8
Hong Kong	121	43	181.4
Malaysia	243	65	273.8
Other ⁽¹⁾	(131)	(4)	3,175.0
Net profit (excluding China operation)	2,945	2,087	41.1
China	(935)	(836)	11.8
Net profit (including China operation)	2,010	1,251	60.7

Notes:

(1) Referring to share of results of associates.

Overall, including China operation, the Group's net profit after tax increased by \$0.76 million or 60.7% from \$1.25 million in 1Q16 to \$2.01 million in 1Q17, due mainly to an increase of 19.4% YoY in net revenue compared to an increase of 5.1% YoY in total operating expenses in the quarter.

Excluding China operation, the Group's profit after tax increased by \$0.86 million or 41.1% from \$2.09 million in 1Q16 to \$2.95 million in 1Q17, due mainly to an increase of 18.9% YoY in net revenue compared to an increase of 3.5% YoY in total operating expenses in the quarter.

The China operation is still in the early stages of building iFAST brand and business in this new market. The loss from China operation increased by 11.8% from \$0.84 million in 1Q16 to \$0.94 million in 1Q17. As at 31 March 2017, China operation has signed up more than 55 fund houses with over 2,100 funds on its platform.

Statement of Financial Position

The shareholders' equity of the Group increased to \$80.36 million as at 31 March 2017 from \$78.45 million as at 31 December 2016. This was due mainly to contribution of net profit generated in the quarter.

The Group's cash position (including cash at bank and in hand, money market fund and investments in financial assets categorised under other investments) increased to \$55.31 million as at 31 March 2017 from \$54.59 million as at 31 December 2016.

Current assets increased to \$81.53 million as at 31 March 2017 from \$80.42 million as at 31 December 2016, due mainly to increases in the Group's cash position and trade and other receivables in the quarter.

Non-current assets increased to \$14.73 million as at 31 March 2017 from \$14.70 million as at 31 December 2016. The increase was due mainly to goodwill amounting to \$0.36 million arising on an acquisition of an insurance broker firm in Hong Kong, namely Canadian Financial Consultants Limited, in January 2017, which was partially offset by decreases in carrying amounts of the Group's interests in associates resulting from share of loss of associates in 1Q17.

Total liabilities decreased to \$15.72 million as at 31 March 2017 from \$16.53 million as at 31 December 2016. This was due mainly to decreases in trade and other payables in the quarter.

Consolidated Statement of Cash Flows

Net cash from operating activities was \$2.81 million in 1Q17 compared to net cash of \$0.23 million used in operating activities in 1Q16. This was due mainly to higher operating profit in 1Q17 and better working capital management in the quarter compared to 1Q16.

Net cash from investing activities was \$1.74 million in 1Q17 compared to net cash of \$1.86 million used in investing activities in 1Q16. This was due mainly to higher proceeds from redemption of investment in financial assets in 1Q17, partially offset by higher purchase of investment in financial assets in the quarter.

Net cash used in financing activities was \$0.18 million in 1Q17 compared to net cash of \$0.03 million from financing activities in 1Q16. This was due mainly to purchase of treasury shares in 1Q17.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement was previously provided.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Following a difficult 2016, 1Q17 has started off on an encouraging note. As at 31 March 2017, Group AUA increased to a record of \$6.46 billion, and the AUAs in each of the markets, namely Singapore, Hong Kong and Malaysia reached record levels too.

Group net profit (including China) rebounded 60.7% in 1Q2017, though it has not reached optimal levels as China is in the initial stages of the business, and is making start-up losses. Group net profit (excluding China) grew 41.1% to \$2.95 million on the back of the record AUA levels.

In the last 2 years, we have been busy broadening the range of our products and services as an investment platform as we believe that we need to position ourselves well for the potential growth opportunities and changes in the wealth management industry in Asia. We believe that the full benefit from our efforts to broaden our products and services will be realised in the coming years.

Barring a significant deterioration of the current financial market conditions, we expect improvements in the Group's business in 2017.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Name of dividend	Interim
Dividend type	Cash
Dividend rate	0.68 cents per ordinary share
Tax rate	One-tier tax exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Name of dividend	Interim
Dividend type	Cash
Dividend rate	0.68 cents per ordinary share
Tax rate	One-tier tax exempt

(c) Date payable

The interim dividend will be paid on 23 May 2017.

(d) Books closure date

The Register of Members and Share Transfer Books of the Company will be closed on 12 May 2017 for the purpose of determining members' entitlements to the first interim dividend. Accordingly, registrable transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services (a business division of Tricor Singapore Pte Ltd) at 80 Robinson Road, #02-00 Singapore 068898, up to 5.00 pm on 11 May 2017 will be registered to determine members' entitlement to the first interim dividend. Members whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 11 May 2017 will be entitled to the first interim dividend.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

13. If the group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT Mandate has been obtained, a statement to that effect.

The Company does not have a general mandate from shareholders for interested person transactions.

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

15. Use of proceeds from the Company's initial public offering.

Pursuant to the IPO on 11 December 2014, the Company received net proceeds of \$48.0 million from the issuance of the new shares (including over-allotment shares), after deducting for share issuance expenses of \$2.4 million and IPO-related expenses of \$1.95 million. The following table sets out our use of the net IPO proceeds up to 31 March 2017.

Use of net proceeds	Allocation of IPO proceeds	IPO proceeds utilised as at 31 March 2017	Balance of IPO proceeds
	\$' million	\$' million	\$' million
Mergers and acquisitions strategy	27.2	5.5	21.7
Expansion of our business in the Chinese market	7.0	4.8	2.2
Enhancement of our product capabilities, IT and services	8.0	7.8	0.2
Working capital purposes	5.8	5.8 ⁽²⁾	-
Net Proceeds	<u>48.0 ⁽¹⁾</u>	<u>23.9</u>	<u>24.1</u>

Note:

(1) Estimated net IPO proceeds disclosed in the Prospectus dated 4 December 2014 was \$44.6 million and the actual net IPO proceeds received by the Company was \$48.0 million.

(2) The amount of \$5.8 million deployed for working capital purposes has been utilised for funding for new investment products distribution business, such as bonds and stocks.

Pending the deployment of the remaining net proceeds as disclosed above, the balance of IPO proceeds of \$24.1 million has been used to invest in bonds, unit trusts and short term deposits as stated in the Prospectus.

The Company will continue to make periodic announcements on the use of the proceeds as and when the funds are materially disbursed.

16. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual.

The directors of the Company confirm that to the best of their knowledge, nothing has come to the attention of the board of directors which may render the financial results for the quarter ended 31 March 2017 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Leung Fung Yat, David
Chief Financial Officer
28 April 2017