

The logo for iFAST, featuring the word "iFAST" in a bold, white, 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 2016 Financial Statements Announcement**

The initial public offering of shares and listing of iFAST Corporation Ltd. on the Main Board of the Singapore Exchange Securities Trading Limited was jointly sponsored by DBS Bank Ltd. and RHB Securities Singapore Pte. Ltd. (formerly known as DMG & Partners Securities Pte Ltd as joint issue managers, bookrunners and underwriters (“Joint Issue Managers, Bookrunners and Underwriters”). The Joint Issue Managers, Bookrunners and Underwriters assume no responsibility for the contents of this announcement.

## First Quarter 2016 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 2016

	1Q16 \$'000	Group 1Q15 \$'000	Change %
Revenue	18,672	20,885	(10.6)
Commission and fee paid or payable to third party financial advisers	(9,319)	(11,028)	(15.5)
	<b>9,353</b>	<b>9,857</b>	<b>(5.1)</b>
Other operating income	805	481	67.4
Depreciation of plant and equipment	(387)	(216)	79.2
Amortisation of intangible assets	(228)	(62)	267.7
Staff costs	(4,556)	(3,947)	15.4
Other operating expenses	(3,804)	(2,956)	28.7
<b>Results from operating activities</b>	<b>1,183</b>	<b>3,157</b>	<b>(62.5)</b>
Finance income	249	82	203.7
Net finance income	249	82	203.7
Share of result of associate, net of tax	(4)	(18)	(77.8)
<b>Profit before tax</b>	<b>1,428</b>	<b>3,221</b>	<b>(55.7)</b>
Tax expense	(177)	(213)	(16.9)
<b>Profit for the period</b>	<b>1,251</b>	<b>3,008</b>	<b>(58.4)</b>
<b>Profit attributable to:</b>			
<b>Owners of the Company</b>	<b>1,251</b>	<b>3,008</b>	<b>(58.4)</b>
<b>Profit for the period</b>	<b>1,251</b>	<b>3,008</b>	<b>(58.4)</b>

**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 2016**

	1Q16 \$'000	Group 1Q15 \$'000	Change %
<b>Profit for the period</b>	1,251	3,008	(58.4)
<b>Other comprehensive income</b>			
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
Net change in fair value of available-for-sale financial assets	(349)	406	NM
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	(46)	(111)	(58.6)
Foreign currency translation differences for foreign operations	(506)	192	NM
Other comprehensive income for the period, net of tax	(901)	487	NM
<b>Total comprehensive income for the period</b>	<b>350</b>	<b>3,495</b>	<b>(90.0)</b>
<b>Attributable to:</b>			
<b>Owners of the Company</b>	<b>350</b>	<b>3,495</b>	<b>(90.0)</b>
<b>Total comprehensive income for the period</b>	<b>350</b>	<b>3,495</b>	<b>(90.0)</b>

NM denotes not meaningful.

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

	1Q16 \$'000	Group 1Q15 \$'000	Change %
<u>Profit for the period is arrived at after charging / (crediting) the following:</u>			
Other operating income			
- Investment income	(233)	(357)	(34.7)
- Government grant	(182)	(99)	83.8
- Gain on acquisition of a subsidiary	(262)	-	NM
- Miscellaneous income	(128)	(25)	412.0
	(805)	(481)	67.4
Interest income			
- From cash and cash equivalents	(112)	(47)	138.3
- From available-for-sale financial assets	(137)	(35)	291.4
	(249)	(82)	203.7
Operating lease expense	1,521	1,284	18.5
Unrealised exchange loss / (gain), net	264	(37)	NM
Equity-settled share-based payment transactions, included in staff costs	379	184	106.0
Equity-settled share-based payment transactions, included in commission and fee paid or payable to third party financial advisers	83	-	NM
Gain on disposal of plant and equipment	-	(1)	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-16 \$'000	31-Dec-15 \$'000	31-Mar-16 \$'000	31-Dec-15 \$'000
<b>Assets</b>				
Plant and equipment	2,404	2,438	71	78
Intangible assets	7,264	5,163	4,605	3,882
Subsidiaries	-	-	47,466	44,292
Associate	358	362	400	400
Prepayments	416	499	-	-
Deferred tax assets	-	4	-	-
Club membership	11	11	11	11
<b>Total non-current assets</b>	<b>10,453</b>	<b>8,477</b>	<b>52,553</b>	<b>48,663</b>
Current tax receivable	71	58	-	-
Other investments	31,723	31,964	31,723	31,964
Trade and other receivables	19,468	19,877	1,395	1,684
Prepayments	1,350	1,384	103	160
Cash at bank and in hand	25,862	28,075	4,046	6,974
Money market funds	1,266	1,445	-	-
<b>Total current assets</b>	<b>79,740</b>	<b>82,803</b>	<b>37,267</b>	<b>40,782</b>
<b>Held under trust</b>				
Client bank accounts	99,899	114,731	-	-
Client ledger balances	(99,899)	(114,731)	-	-
	-	-	-	-
<b>Total assets</b>	<b>90,193</b>	<b>91,280</b>	<b>89,820</b>	<b>89,445</b>
<b>Equity</b>				
Share capital	62,579	62,546	62,579	62,546
Reserves	14,742	14,013	17,521	17,022
<b>Equity attributable to owners of the Company</b>	<b>77,321</b>	<b>76,559</b>	<b>80,100</b>	<b>79,568</b>
<b>Total equity</b>	<b>77,321</b>	<b>76,559</b>	<b>80,100</b>	<b>79,568</b>
<b>Liabilities</b>				
Deferred tax liabilities	228	239	-	-
<b>Total non-current liabilities</b>	<b>228</b>	<b>239</b>	<b>-</b>	<b>-</b>
Trade and other payables	11,897	13,836	9,720	9,877
Current tax payable	747	646	-	-
<b>Total current liabilities</b>	<b>12,644</b>	<b>14,482</b>	<b>9,720</b>	<b>9,877</b>
<b>Total liabilities</b>	<b>12,872</b>	<b>14,721</b>	<b>9,720</b>	<b>9,877</b>
<b>Total equity and liabilities</b>	<b>90,193</b>	<b>91,280</b>	<b>89,820</b>	<b>89,445</b>

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

**Amount repayable in one year or less, or on demand**

As at 31-Mar-16 \$'000		As at 31-Dec-15 \$'000	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

**Amount repayable after one year**

As at 31-Mar-16 \$'000		As at 31-Dec-15 \$'000	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

**Details of any collateral**

None.

**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	
	1Q16	1Q15
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Profit for the period	1,251	3,008
Adjustments for:		
Depreciation of plant and equipment	387	216
Amortisation of intangible assets	228	62
Equity-settled share-based payment transactions	462	184
Dividend income on available-for-sale financial assets	(182)	(246)
Gain on redemption of available-for-sale financial assets	(46)	(111)
Share of result of associate, net of tax	4	18
Dividend income on investment in associate	(5)	(5)
Unrealised exchange loss / (gain), net	264	(37)
Gain on disposal of plant and equipment	-	(1)
Gain on acquisition of a subsidiary	(262)	-
Finance income	(249)	(82)
Tax expense	177	213
	<u>2,029</u>	<u>3,219</u>
Change in trade and other receivables	81	1,073
Change in trade and other payables	(2,501)	(1,346)
<b>Cash (used in) / generated from operations</b>	<b>(391)</b>	<b>2,946</b>
Taxes (paid) / received	(93)	62
Interest received	251	47
<b>Net cash (used in) / from operating activities</b>	<b>(233)</b>	<b>3,055</b>
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(382)	(81)
Purchase of intangible assets	(1,033)	(857)
Proceeds from disposal of plant and equipment	-	1
Dividend from associate	10	-
Purchase of available-for-sale financial assets	(4,365)	(24,245)
Proceeds from redemption of available-for-sale financial assets	4,913	7,359
Dividends received from available-for-sale financial assets	13	-
Acquisition of subsidiary, net of cash acquired	(1,013)	-
<b>Net cash used in investing activities</b>	<b>(1,857)</b>	<b>(17,823)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares, net	-	3,007
Proceeds from exercise of share options	33	97
<b>Net cash from financing activities</b>	<b>33</b>	<b>3,104</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,057)</b>	<b>(11,664)</b>
Cash and cash equivalents at beginning of the period	29,520	35,388
Effect of exchange rate fluctuations on cash held	(335)	26
<b>Cash and cash equivalents at end of the period</b>	<b>27,128</b>	<b>23,750</b>

**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 \$'000
	Share capital \$'000	Fair value reserve \$'000	Foreign	Share option reserve \$'000	Performance share reserve \$'000	Equity reserve \$'000	Accumulated profits \$'000	
			currency					
translation reserve \$'000								
At 1 January 2016	62,546	(833)	(606)	1,306	826	(4,161)	17,481	76,559
<b>Total comprehensive income for the period</b>								
Profit for the period	-	-	-	-	-	-	1,251	1,251
<b>Other comprehensive income</b>								
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)
<b>Total comprehensive income for the period</b>	-	<b>(395)</b>	<b>(506)</b>	-	-	-	<b>1,251</b>	<b>350</b>
<b>Transactions with owners, recorded directly in equity</b>								
<b>Contributions by and distributions to owners</b>								
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
<b>Total transactions with owners</b>	<b>33</b>	<b>-</b>	<b>-</b>	<b>90</b>	<b>289</b>	<b>-</b>	<b>-</b>	<b>412</b>
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)**

	Group							
	Share capital	Fair value reserve	Attributable to owners of the Company			Equity reserve	Accumulated profits	Total equity
Foreign currency translation reserve			Share option reserve	Performance share reserve				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2015	58,342	24	(682)	916	-	(4,161)	12,466	66,905
<b>Total comprehensive income for the period</b>								
Profit for the period	-	-	-	-	-	-	3,008	3,008
<b>Other comprehensive income</b>								
Net change in fair value of available-for-sale financial assets	-	406	-	-	-	-	-	406
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	(111)	-	-	-	-	-	(111)
Foreign currency translation differences for foreign operations	-	-	192	-	-	-	-	192
Total other comprehensive income	-	295	192	-	-	-	-	487
<b>Total comprehensive income for the period</b>	-	<b>295</b>	<b>192</b>	-	-	-	<b>3,008</b>	<b>3,495</b>
<b>Transactions with owners, recorded directly in equity</b>								
<b>Contributions by and distributions to owners</b>								
Share options exercised	97	-	-	-	-	-	-	97
Issue of ordinary shares	3,116	-	-	-	-	-	-	3,116
Share issuance expenses	(109)	-	-	-	-	-	-	(109)
Equity-settled share-based payment transactions	-	-	-	98	86	-	-	184
Total contributions by and distribution to owners	3,104	-	-	98	86	-	-	3,288
<b>Total transactions with owners</b>	<b>3,104</b>	-	-	<b>98</b>	<b>86</b>	-	-	<b>3,288</b>
At 31 March 2015	61,446	319	(490)	1,014	86	(4,161)	15,474	73,688

**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	
<b>At 1 January 2016</b>	<b>62,546</b>	<b>(833)</b>	<b>1,306</b>	<b>826</b>	<b>15,723</b>	<b>79,568</b>
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	-	-	515	515
<b>Other comprehensive income</b>						
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)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(395)</b>	<b>-</b>	<b>-</b>	<b>515</b>	<b>120</b>
<b>Transactions with owners, recorded directly in equity</b>						
<b>Contributions by and distributions to owners</b>						
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
<b>Total transactions with owners</b>	<b>33</b>	<b>-</b>	<b>90</b>	<b>289</b>	<b>-</b>	<b>412</b>
<b>At 31 March 2016</b>	<b>62,579</b>	<b>(1,228)</b>	<b>1,396</b>	<b>1,115</b>	<b>16,238</b>	<b>80,100</b>

**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>					Total equity
	Share capital	Fair value reserve	Share option reserve	Performance share reserve	Accumulated profits	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>At 1 January 2015</b>	<b>58,342</b>	<b>24</b>	<b>916</b>	<b>-</b>	<b>18,702</b>	<b>77,984</b>
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	-	-	1,064	1,064
<b>Other comprehensive income</b>						
Net change in fair value of available-for-sale financial assets	-	406	-	-	-	406
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	(111)	-	-	-	(111)
Total other comprehensive income	-	295	-	-	-	295
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>295</b>	<b>-</b>	<b>-</b>	<b>1,064</b>	<b>1,359</b>
<b>Transactions with owners, recorded directly in equity</b>						
<b>Contributions by and distributions to owners</b>						
Share options exercised	97	-	-	-	-	97
Issue of ordinary shares	3,116	-	-	-	-	3,116
Share issuance expenses	(109)	-	-	-	-	(109)
Equity-settled share-based payment transactions	-	-	98	86	-	184
Total contributions by and distribution to owners	3,104	-	98	86	-	3,288
<b>Total transactions with owners</b>	<b>3,104</b>	<b>-</b>	<b>98</b>	<b>86</b>	<b>-</b>	<b>3,288</b>
<b>At 31 March 2015</b>	<b>61,446</b>	<b>319</b>	<b>1,014</b>	<b>86</b>	<b>19,766</b>	<b>82,631</b>

**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 2016 was 261,057,801 ordinary shares (31 December 2015: 260,977,301 ordinary shares). The movements in the Company's issued and fully paid-up share capital during the first quarter ended 31 March 2016 were as follows:

	<b>Number of shares</b>	<b>Resultant issued and paid-up share capital (\$'000)</b>
As at 1 January 2016	260,977,301	62,546
Exercise of share options	80,500	33
As at 31 March 2016	<u>261,057,801</u>	<u>62,579</u>

#### Share Option Schemes 2003 and 2013 ("Schemes")

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

	<b>Number of share options</b>
As at 1 January 2016	11,627,096
Share options granted	-
Exercised	(80,500)
Forfeited	(162,750)
As at 31 March 2016	<u>11,383,846</u>

As at 31 March 2016, the number of outstanding share options under the Schemes was 11,383,846 (31 March 2015: 12,532,897).

#### iFAST Corporation Performance Share Plan ("iFAST PSP")

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

	<b>Number of performance shares</b>
As at 1 January 2016	1,860,000
Performance shares granted but not vested	1,296,200
Vested	-
Forfeited	(23,100)
As at 31 March 2016	<u>3,133,100</u>

On 1 March 2016, the Company granted the share awards pursuant to the iFAST PSP. As at 31 March 2016, the number of outstanding performance shares granted but not vested under the iFAST PSP was 3,133,100 (31 March 2015: 1,942,300).

The Company did not hold any treasury shares at 31 March 2016 and 31 March 2015.

**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-16	As at 31-Dec-15
Total number of issued shares excluding treasury shares	<u>261,057,801</u>	<u>260,977,301</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.**

There were no sales, transfer, disposal, cancellation and/or use of treasury shares as at 31 March 2016.

**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 2016. 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.**

	1Q16	1Q15
(i) Based on weighted average number of ordinary shares on issue		
- Weighted average number of ordinary shares	261,036,468	259,790,790
Basic earnings per share (cents)	0.48	1.16
(ii) On a fully diluted basis of ordinary shares		
- Adjusted weighted average number of ordinary shares	268,365,364	269,207,883
Diluted earnings per share (cents)	0.47	1.12

**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-16	31-Dec-15	31-Mar-16	31-Dec-15
Net asset value per ordinary share (cents)	29.62	29.34	30.68	30.49

**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 reported revenue of \$18.67 million for the first quarter ended 31 March 2016 ("1Q16"), being 10.6% lower than the first quarter last year ("1Q15"), due to the effects of negative market sentiment in 1Q16 resulting from the stark sell-off in global financial markets at the beginning of 2016.

Breaking down by geographical segment, Singapore operation is still the major contributor of the Group's revenue. Despite a 10.0% Year-on-Year ("YoY") decline in the first quarter revenue, the bonds sale subscription amounts including transfer-in amounts increased by 15.0% from \$11.78 million in 4Q15 to \$13.55 million in 1Q16. The online bonds distribution business launched on Singapore platforms in 2Q15.

In Malaysia, the significant growth of business and Asset Under Administration ("AUA") contributed to the significant increase in revenue in Malaysia operation, despite the volatile market sentiment in the period.

In Hong Kong, the revenue decreased by 18.5% YoY in 1Q16. The decline was mainly due to the sharp sell-down in equity markets in China/Hong Kong in the period and the adverse impact of the suspension of Capital Investment Entrant Scheme (“CIES”) in 2015.

In China, we soft-launched our China business in March 2016 and started to receive few transaction orders from our customers in 1Q16. The China operation is still in the start-up phase to build iFAST brand and business in the China market.

	<b>Group</b>		
	<b>1Q16</b>	<b>1Q15</b>	<b>Change</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Singapore	13,433	14,930	(10.0)
Hong Kong	4,205	5,158	(18.5)
Malaysia	1,031	797	29.4
China	3	-	NM
	<b>18,672</b>	<b>20,885</b>	<b>(10.6)</b>

NM denotes not meaningful.

#### Commission and fee paid or payable to third party financial advisers

Commission and fee paid or payable to third party financial advisers decreased by 15.5% from \$11.03 million in 1Q15 to \$9.32 million in 1Q16. The decrease was in line with the decrease in revenue from Business-to-Business (“B2B”) business in the period.

#### 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 \$9.35 million for 1Q16 was 5.1% lower than 1Q15.

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 1Q16, 86.9% of net revenue is derived from recurring net revenue and 13.1% is from non-recurring net revenue.

	<b>Group</b>		
	<b>1Q16</b>	<b>1Q15</b>	<b>Change</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Recurring net revenue	8,125	8,092	0.4
Non-recurring net revenue	1,228	1,765	(30.4)
Net revenue	<b>9,353</b>	<b>9,857</b>	<b>(5.1)</b>

Recurring net revenue is calculated based on a percentage of average AUA of Investment Products distributed on the Group’s platforms, which comprises trailer fees, platform fees and wrap fees. Despite the drop in the market value of AUA due to the adverse market impact in the first quarter, the slight YoY increase in recurring net revenue was due mainly to some improvement in trailer fee rates from fund managers in Singapore operation in middle 2015. The average AUA of the Group had a value of approximately \$5.47 billion in 1Q16 (1Q15: \$5.57 billion).

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 decrease in non-recurring net revenue was due mainly to a decrease in commission income as a result of

decreased investment subscription from customers, due to the effects of negative market sentiment in 1Q16.

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

	<b>1Q16</b>	<b>Group 1Q15</b>	<b>Change</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Singapore	6,754	7,103	(4.9)
Hong Kong	2,084	2,354	(11.5)
Malaysia	512	400	28.0
China	3	-	NM
	<b>9,353</b>	<b>9,857</b>	<b>(5.1)</b>

NM denotes not meaningful.

#### Other operating income

Other operating income increased by \$0.33 million or 67.4% from \$0.48 million in 1Q15 to \$0.81 million in 1Q16, 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 \$1.05 million or 14.8% from \$7.05 million in 1Q15 to \$8.09 million in 1Q16. The increase was in line with the Group's increased efforts in enhancing our platform capabilities including improving the range of investment products and services being provided to customers in the existing markets in the period.

For our China operation, the operating expenses increased by \$0.75 million or 567.4% from \$0.13 million in 1Q15 to \$0.88 million in 1Q16. The increase was due mainly to our continuous efforts in building our brand and business in the new China market, including setup of a second office in Shanghai and recruitments of wealth advisers, in the period.

Overall, the Group's total operating expenses increased by \$1.80 million or 25.0% from \$7.18 million in 1Q15 to \$8.98 million in 1Q16. The following table shows the breakdown of the Group's operating expenses by its existing markets and new China market.

	<b>1Q16</b>	<b>Group 1Q15</b>	<b>Change</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Operating expenses (excluding China operation)	8,094	7,049	14.8
Operating expenses in China operation	881	132	567.4
Total operating expenses	<b>8,975</b>	<b>7,181</b>	<b>25.0</b>

Depreciation of plant and equipment increased by \$0.17 million or 79.2% from \$0.22 million in 1Q15 to \$0.39 million in 1Q16. Amortisation of intangible assets increased by \$0.17 million or 267.7% from \$0.06 million in 1Q15 to \$0.23 million in 1Q16. These were due mainly to additions of plant and equipment and intangible assets purchased after 1Q15 to support our business expansion in the countries that the Group operates in.

Staff costs increased by \$0.61 million or 15.4% from \$3.95 million in 1Q15 to \$4.56 million in 1Q16, due mainly to the annual salary increment adjusted in January 2016, the increased number of staff (especially in China operation) and the increased equity-settled share-based payment transactions resulting from another batch of performance shares granted to the Group's employees in March 2016.



Other operating expenses increased by \$0.84 million or 28.7% from \$2.96 million in 1Q15 to \$3.80 million in 1Q16, due mainly to an increase in rentals in China operation resulting from the commencement of lease of a Shanghai office in China in 1Q16, an unrealised exchange loss arising mainly from cash and cash equivalents and investments in available-for-sale financial assets reported in 1Q16 and increases in IT maintenance and services in the period.

#### Finance income

Finance income increased by \$0.17 million or 203.7% from \$0.08 million in 1Q15 to \$0.25 million in 1Q16, which was in line with increases in cash and cash equivalent and investments in bonds in 1Q16 compared to 1Q15.

#### Share of result of associate, net of tax

The Group's share of loss after tax of associate decreased by \$0.01 million or 77.8% from approximately \$18,000 in 1Q15 to approximately \$4,000 in 1Q16, mainly due to that the operating loss of the associate narrowed in the period.

#### Tax expense

Tax expense decreased by \$0.03 million or 16.9% from \$0.21 million in 1Q15 to \$0.18 million in 1Q16, due mainly to the decrease in taxable income from Singapore operation in the period. The effective tax rate remained low in 1Q16 due mainly to continued utilisation of unabsorbed tax losses from prior years by Hong Kong and Malaysia operations and tax incentives enjoyed by Singapore operation in the period.

#### Profit for the period

Overall, the Group's profit after tax decreased by \$1.76 million or 58.4% from \$3.01 million in 1Q15 to \$1.25 million in 1Q16. Excluding China operation, the Group's profit after tax decreased by \$1.05 million or 33.5% from \$3.14 million in 1Q15 to \$2.09 million in 1Q16. The following table shows the breakdown of the Group's profit after tax by geographical segments.

	<b>Group</b>		
	<b>1Q16</b>	<b>1Q15</b>	<b>Change</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Singapore	1,983	2,769	(28.4)
Hong Kong	43	401	(89.3)
Malaysia	65	(15)	NM <sup>(2)</sup>
Other <sup>(1)</sup>	(4)	(18)	(77.8)
Net profit (excluding China operation)	2,087	3,137	(33.5)
China	(836)	(129)	548.1
Net profit (including China operation)	1,251	3,008	(58.4)

Notes:

(1) Referring to share of result of an associate.

(2) NM denotes not meaningful.

In Singapore, profit after tax decreased by 28.4% from \$2.77 million in 1Q15 to \$1.98 million in 1Q16. A drop in Singapore profitability resulted from the combined impacts of decreases in net revenue due to the negative global financial markets sentiment in 1Q16 and increases in operating expenses due to increased efforts in enhancing platform capabilities and improving the range of investment products and services being provided to customers in the period.

The profit generated from Hong Kong operation decreased by 89.3% from \$0.40 million in 1Q15 to \$0.04 million in 1Q16. The significant decline in Hong Kong profitability partially resulted from the combined impacts of the negative equity markets sentiment particularly in China/Hong Kong and a slowdown of investment subscription volume as a result of the suspension of CIES announced in 2015. The significant decline was also due to the initial operating losses incurred, post the acquisition of the stockbroking firm in Hong Kong (iFAST Securities (HK) Limited), to build an online stockbroking platform in the period.

Malaysia operation reached the break-even point in 2015. The profit generated from Malaysia operation was \$0.07 million in 1Q16, while the loss incurred by Malaysia operation was \$0.02 million in 1Q15.

The China operation is still in the start-up phase to build iFAST brand and business in this new market. The loss from China operation increased by 548.1% from \$0.13 million in 1Q15 to \$0.84 million in 1Q16.

### **Statement of Financial Position**

The Group's shareholders' equity increased to \$77.32 million as at 31 March 2016 from \$76.56 million as at 31 December 2015. This was due mainly to contribution of net profit in the period.

The Group's cash position (including cash at bank and in hand, money market fund and investments in available-for-sale financial assets categorised under other investments) decreased to \$58.85million as at 31 March 2016 from \$61.48 million as at 31 December 2015.

Current assets decreased to \$79.74 million as at 31 March 2016 from \$82.80 million as at 31 December 2015 due mainly to a decrease in the Group's cash position in the period.

Non-current assets increased to \$10.45 million as at 31 March 2016 from \$8.48 million as at 31 December 2015 mainly due to additions of intangible assets in the period.

Total liabilities decreased to \$12.87 million as at 31 March 2016 from \$14.72 million as at 31 December 2015. This was due mainly to decreases in trade and other payables in the period.

### **Consolidated Statement of Cash Flows**

Net cash used in operating activities was \$0.23 million in 1Q16 compared to net cash of \$3.06 million from operating activities in 1Q15, which was due mainly to lower operating profit and changes in working capital resulting from repayments of significant payables (including staff bonuses) as at 31 December 2015 and delay in receipts of some receivables in 1Q16. The cash generated from operations before changes in working capital was \$2.03 million in 1Q16 (1Q15: \$3.22 million).

Net cash used in investing activities was \$1.86 million in 1Q16, compared to \$17.82 million in 1Q15. This was due mainly to lower purchase of investments in available-for-sale financial assets 1Q16.

Net cash from financing activities was \$0.03 million in 1Q16, compared to \$3.10 million in 1Q15. This was due mainly to proceeds from issuance of over-allotment shares in January 2015 in connection with the IPO in December 2014.

## **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.**

The Group has been working on its efforts to enhance the platform capabilities of the Group to include more products and services. At the same time, the Group has been preparing to launch its business in China.

Unfortunately, the stepped up investments and expenses in 1Q16 coincided with very adverse financial market conditions at the beginning of 2016. This significantly affected the profitability of the Group in 1Q16.

While we started 1Q16 on a poor note, our Directors believe that any improvement in market conditions will have a favourable impact on the profitability of the Group excluding China in the next few quarters. This also takes into account the Group's ongoing efforts to grow its overall sales and AUA.

Our expenses for iFAST China is going up significantly this year compared to last year as we believe that we need to invest sufficiently in China to ensure that our China business can take off well in the next few years.

On 28 April 2016, the Group signed a memorandum of understanding (MOU) to sell a 5% stake in the iFAST China business for USD 1.75 million (equivalent \$2.36 million). Based on the unaudited financial results for the financial period ended 31 March 2016, the net asset value ("NAV") of the iFAST China business amounted to approximately \$2.53 million. Completion is targeted for end June 2016. When completed, the Group may see an estimated gain of \$2.12 million based on the financial position of the iFAST China business as at 31 March 2016. However, the Directors expect the gain to be recognised in the reserves instead of the income statement of the Group.

On 20 April 2016, the Group also completed the acquisition of a 21.47% stake in the holding company of the iFAST India business. The Directors believe that the iFAST India business has good growth potential, though it is currently not profitable yet.

Overall, the Group aims to continue to grow the overall sales and profitability of the Group excluding China, and with that, to be able to deliver healthy dividend payments to shareholders. In 2016 and 2017, the China business is expected to have a negative impact on the overall operating profit of the Group on a consolidated basis. The actual impact on the NAV and cash flows of the Group may however be better than the headline operating numbers.

The Directors are of the view that it is important for the Group to maintain a healthy balance between ensuring the short-term profitability and doing enough to ensure the long-term growth of the Group, especially in tackling big markets with good growth potential such as China and India.

**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 20 May 2016.

## **(d) Books closure date**

The Register of Members and Share Transfer Books of the Company will be closed on 11 May 2016 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 10 May 2016 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 10 May 2016 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 2016.

	Allocation of IPO proceeds	IPO proceeds utilised as at 31 March 2016	Balance of IPO proceeds
<b>Use of net proceeds</b>	<b>\$' million</b>	<b>\$' million</b>	<b>\$' million</b>
Mergers and acquisitions strategy	27.2	2.9	24.3
Expansion of our business in the Chinese market	7.0	3.3	3.7
Enhancement of our product capabilities, IT and services	8.0	3.6	4.4
Working capital purposes	5.8	-	5.8
Net Proceeds	<u>48.0<sup>(1)</sup></u>	<u>9.8</u>	<u>38.2</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.

Pending the deployment of the remaining net proceeds as disclosed above, the balance of IPO proceeds of \$38.2 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 2016 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

**Leung Fung Yat, David**  
**Chief Financial Officer**  
**29 April 2016**