

The logo for iFAST, featuring the word "iFAST" in white, lowercase letters with a dot over the 'i', set against 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 2019
Financial Statements Announcement**

First Quarter 2019 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 2019

	1Q19 \$'000	Group 1Q18 \$'000	Change %
Revenue	27,189	30,959	(12.2)
Commission and fee paid or payable to third party financial advisers	(12,172)	(16,581)	(26.6)
	15,017	14,378	4.4
Other income	612	284	115.5
Depreciation of plant and equipment	(449)	(383)	17.2
Depreciation of right-of-use assets	(1,393)	-	NM
Amortisation of intangible assets	(1,172)	(920)	27.4
Staff costs	(7,104)	(6,103)	16.4
Other operating expenses	(3,347)	(4,472)	(25.2)
Results from operating activities	2,164	2,784	(22.3)
Finance income	255	229	11.4
Finance cost	(416)	⁽¹⁾	NM
Net finance (cost) / income	(161)	229	NM
Share of results of associates, net of tax	(136)	(28)	385.7
Profit before tax	1,867	2,985	(37.5)
Tax expense	(318)	(290)	9.7
Profit for the period	1,549	2,695	(42.5)
Profit attributable to:			
Owners of the Company	1,603	2,753	(41.8)
Non-controlling interests	(54)	(58)	(6.9)
Profit for the period	1,549	2,695	(42.5)

NM denotes not meaningful.

⁽¹⁾ Amount less than \$1,000

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 2019

	1Q19 \$'000	Group 1Q18 \$'000	Change %
Profit for the period	1,549	2,695	(42.5)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Net change in fair value of financial assets at FVOCI	10	43	(76.7)
Net change in fair value of financial assets at FVOCI reclassified to profit or loss	(11)	2	NM
Foreign currency translation differences for foreign operations	(84)	(106)	(20.8)
Share of other comprehensive income of associates	(7)	-	NM
	(92)	(61)	50.8
Items that will not be reclassified subsequently to profit or loss:			
Net change in fair value of financial assets at FVOCI	367	(426)	NM
	367	(426)	NM
Other comprehensive income for the period, net of tax	275	(487)	NM
Total comprehensive income for the period	1,824	2,208	(17.4)
Attributable to:			
Owners of the Company	1,877	2,264	(17.1)
Non-controlling interests	(53)	(56)	(5.4)
Total comprehensive income for the period	1,824	2,208	(17.4)

NM denotes not meaningful.

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

	1Q19 \$'000	Group 1Q18 \$'000	Change %
<u>Profit for the period is arrived at after charging / (crediting) the following:</u>			
Other income			
- Investment income	(511)	(164)	211.6
- Government grant	(89)	(102)	(12.7)
- Miscellaneous income	(12)	(18)	(33.3)
	(612)	(284)	115.5
Finance income			
- Interest income from cash and cash equivalents	(251)	(181)	38.7
- Interest income from investment in financial assets	(2)	(47)	(95.7)
- Interest income from receivables	(2)	(1)	100.0
	(255)	(229)	11.4
Finance cost			
- Interest expense on bank loans	230	-	NM
- Interest expense on lease liabilities	186	(1)	NM
	416	(1)	NM
Lease expense	268	1,560	(82.8)
Foreign exchange loss, net	240	124	93.5
Equity-settled share-based payment transactions, included in staff costs	690	511	35.0
Equity-settled share-based payment transactions, included in commission and fee paid or payable to third party financial advisers	-	83	(100.0)
(Gain) / Loss on redemption of investment in financial assets at FVOCI, included in investment income	(11)	2	NM
Dividend income on investment in financial assets at FVOCI, included in investment income	(160)	(179)	(10.6)
Net (gain) / loss on investment in financial assets at FVTPL, included in investment income	(331)	22	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-19 \$'000	31-Dec-18 \$'000	31-Mar-19 \$'000	31-Dec-18 \$'000
Assets				
Plant and equipment	3,699	3,254	361	107
Right-of-use assets	16,627	-	2,916	-
Intangible assets and goodwill	18,552	17,860	14,908	14,387
Subsidiaries	-	-	50,606	50,665
Associates	2,808	2,951	2,854	2,854
Other investments	5,062	5,062	972	972
Deferred tax assets	1,016	987	-	-
Prepayments and others	201	218	11	11
Total non-current assets	47,965	30,332	72,628	68,996
Current tax receivable	1	2	-	-
Other investments	28,338	24,116	20,302	16,115
Uncompleted contracts - buyers	28,598	10,958	-	-
Trade and other receivables	33,070	30,011	21,216	60,971
Prepayments	1,406	1,262	102	22
Money market funds	175	640	-	-
Cash at bank and in hand	32,973	60,661	12,756	4,156
Total current assets	124,561	127,650	54,376	81,264
Held under trust				
Client bank accounts	381,571	312,635	-	-
Client ledger balances	(381,571)	(312,635)	-	-
	-	-	-	-
Total assets	172,526	157,982	127,004	150,260
Equity				
Share capital	66,002	65,969	66,002	65,969
Reserves	22,162	19,595	18,438	18,290
Equity attributable to owners of the Company	88,164	85,564	84,440	84,259
Non-controlling interests	(262)	(209)	-	-
Total equity	87,902	85,355	84,440	84,259
Liabilities				
Deferred tax liabilities	1,572	1,588	1,302	1,272
Lease liabilities	11,348	8	201	-
Total non-current liabilities	12,920	1,596	1,503	1,272
Uncompleted contracts - sellers	28,540	10,929	-	-
Trade and other payables	21,683	21,080	24,723	27,375
Bank loans	13,613	37,354	13,613	37,354
Lease liabilities	5,856	5	2,725	-
Current tax payables	2,012	1,663	-	-
Total current liabilities	71,704	71,031	41,061	64,729
Total liabilities	84,624	72,627	42,564	66,001
Total equity and liabilities	172,526	157,982	127,004	150,260

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-19 \$'000		As at 31-Dec-18 \$'000	
	Secured	Unsecured	Secured	Unsecured
Lease liabilities	5,856	-	5	-
Bank loans	-	13,613	-	37,354
	<u>5,856</u>	<u>13,613</u>	<u>5</u>	<u>37,354</u>

Amount repayable after one year

	Group			
	As at 31-Mar-19 \$'000		As at 31-Dec-18 \$'000	
	Secured	Unsecured	Secured	Unsecured
Lease liabilities	<u>11,348</u>	<u>-</u>	<u>8</u>	<u>-</u>

The lease liabilities as at 31 March 2019 are secured over the right-of-use assets.

The unsecured bank loans are revolving bank loans that bear interest at rates ranging from 1.60% to 3.48% (2018: 1.55% to 4.00%) per annum in the period and are repayable within the next 12 months from the reporting date.

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	
	1Q19 \$'000	1Q18 \$'000
Cash flows from operating activities		
Profit for the period	1,549	2,695
Adjustments for:		
Depreciation of plant and equipment	449	383
Depreciation of right-of-use assets	1,393	-
Amortisation of intangible assets	1,172	920
Equity-settled share-based payment transactions	690	594
Dividend income on investment in financial assets at FVOCI	(160)	(179)
(Gain) / Loss on redemption of investment in financial assets at FVOCI	(11)	2
Net (gain) / loss on investment in financial assets at FVTPL	(331)	22
Share of results of associates, net of tax	136	28
Dividend income on investment in associates	(9)	(9)
Foreign exchange loss, net	240	124
Plant and equipment written off	-	20
Loss on disposal of plant and equipment	1	-
Net finance (cost) / income	161	(229)
Tax expense	318	290
	<u>5,598</u>	<u>4,661</u>
Change in uncompleted contracts and trade and other receivables	(20,218)	(7,521)
Change in uncompleted contracts and trade and other payables	17,654	3,665
Cash generated from operations	3,034	805
Tax (paid) / refund	(16)	10
Interest received	255	196
Interest paid	(350)	⁽¹⁾
Net cash from operating activities	2,923	1,011
Cash flows from investing activities		
Purchase of plant and equipment	(909)	(1,269)
Purchase of intangible assets	(4,752)	(2,751)
Proceeds from disposal of plant and equipment	1	-
Additional investment in associates	-	(836)
Dividend from associates	18	18
Purchase of investment in financial assets	(24,820)	(18,735)
Proceeds from redemption of investment in financial assets	24,147	9,899
Dividends received from investment in financial assets at FVOCI	2	4
Net cash used in investing activities	(6,313)	(13,670)
Cash flows from financing activities		
Proceeds from exercise of share options	33	7
Purchase of treasury shares	-	(150)
Repayment of bank loans	(23,497)	-
Principal element of lease payments	(1,312)	(1)
Net cash used in financing activities	(24,776)	(144)
Net decrease in cash and cash equivalents	(28,166)	(12,803)
Cash and cash equivalents at beginning of the period	61,301	33,498
Effect of exchange rate fluctuations on cash held	13	(51)
Cash and cash equivalents at end of the period	33,148	20,644

⁽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.

	Group											
	Attributable to owners of the Company										Non-controlling interests	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			
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000			
At 1 January 2019	65,969	(1,443)	(1,229)	2,113	2,957	(2,010)	(1,404)	20,611	85,564	(209)	85,355	
Total comprehensive income for the period												
Profit / (Loss) for the period	-	-	-	-	-	-	-	1,603	1,603	(54)	1,549	
Other comprehensive income												
Net change in fair value of financial assets at FVOCI	-	377	-	-	-	-	-	-	377	-	377	
Net change in fair value of financial assets at FVOCI reclassified to profit or loss	-	(11)	-	-	-	-	-	-	(11)	-	(11)	
Net change in fair value on disposal of financial assets at FVOCI transferred between reserves	-	(1)	-	-	-	-	-	-	-	-	-	
Foreign currency translation differences for foreign operations	-	-	(85)	-	-	-	-	-	(85)	1	(84)	
Share of other comprehensive income of associates	-	-	(7)	-	-	-	-	-	(7)	-	(7)	
Total other comprehensive income	-	366	(92)	-	-	-	-	-	274	1	275	
Total comprehensive income for the period	-	366	(92)	-	-	-	-	1,603	1,877	(53)	1,824	
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners												
Share options exercised	33	-	-	-	-	-	-	-	33	-	33	
Treasury shares re-issued	-	-	-	-	(891)	-	621	270	-	-	-	
Equity-settled share-based payment transactions	-	-	-	99	591	-	-	-	690	-	690	
Total contributions by and distribution to owners	33	-	-	99	(300)	-	621	270	723	-	723	
Changes in ownership interests in subsidiaries												
Issue of shares to non-controlling interests of subsidiary	-	-	-	-	-	-	-	-	-	-	-	
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	
Total transactions with owners	33	-	-	99	(300)	-	621	270	723	-	723	
At 31 March 2019	66,002	(1,077)	(1,321)	2,212	2,657	(2,010)	(783)	22,484	88,164	(262)	87,902	

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																				
	Attributable to owners of the Company										Total equity \$'000										
	Share capital \$'000	Fair value reserve \$'000	Foreign currency translation reserve \$'000	Share option reserve \$'000	Performance share reserve \$'000	Equity reserve \$'000	Reserve for own shares \$'000	Accumulated profits \$'000	Total \$'000	Non-controlling interests \$'000											
At 1 January 2018, as previously stated	65,545	(278)	(1,478)	1,790	2,845	(2,010)	(2,539)	17,361	81,236	17	81,253										
Effect of adoption of SFRS(I) 9	-	(217)	-	-	-	-	-	217	-	-	-										
At 1 January 2018, as restated	65,545	(495)	(1,478)	1,790	2,845	(2,010)	(2,539)	17,578	81,236	17	81,253										
Total comprehensive income for the period																					
Profit / (Loss) for the period	-	-	-	-	-	-	-	2,753	2,753	(58)	2,695										
Other comprehensive income																					
Net change in fair value of financial assets at FVOCI	-	(383)	-	-	-	-	-	-	(383)	-	(383)										
Net change in fair value of financial assets at FVOCI reclassified to profit or loss	-	2	-	-	-	-	-	-	2	-	2										
Foreign currency translation differences for foreign operations	-	-	(108)	-	-	-	-	-	(108)	2	(106)										
Share of other comprehensive income of associates	-	(2)	2	-	-	-	-	-	-	-	-										
Total other comprehensive income	-	(383)	(106)	-	-	-	-	-	(489)	2	(487)										
Total comprehensive income for the period	-	(383)	(106)	-	-	-	-	2,753	2,264	(56)	2,208										
Transactions with owners, recorded directly in equity																					
Contributions by and distributions to owners																					
Share options exercised	7	-	-	-	-	-	-	-	7	-	7										
Purchase of treasury shares	-	-	-	-	-	-	(150)	-	(150)	-	(150)										
Treasury shares re-issued	-	-	-	-	(1,810)	-	1,192	618	-	-	-										
Equity-settled share-based payment transactions	-	-	-	72	439	-	-	-	511	-	511										
Total contributions by and distribution to owners	7	-	-	72	(1,371)	-	1,042	618	368	-	368										
Total transactions with owners	7	-	-	72	(1,371)	-	1,042	618	368	-	368										
At 31 March 2018	65,552	(878)	(1,584)	1,862	1,474	(2,010)	(1,497)	20,949	83,868	(39)	83,829										

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						Total equity
	<u>Attributable to owners of the Company</u>						
	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 2019	65,969	(1,442)	1,564	2,957	(1,404)	16,615	84,259
Total comprehensive income for the period							
Loss for the period	-	-	-	-	-	(807)	(807)
Other comprehensive income							
Net change in fair value of financial assets at FVOCI	-	377	-	-	-	-	377
Net change in fair value of financial assets at FVOCI reclassified to profit or loss	-	(11)	-	-	-	-	(11)
Net change in fair value on disposal of financial assets at FVOCI transferred between reserves	-	(1)	-	-	-	(1)	-
Total other comprehensive income	-	366	-	-	-	-	366
Total comprehensive income for the period	-	366	-	-	-	(807)	(441)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Share options exercised	33	-	-	-	-	-	33
Treasury shares re-issued	-	-	-	(891)	621	270	-
Equity-settled share-based payment transactions	-	-	(2)	591	-	-	589
Total contributions by and distribution to owners	33	-	(2)	(300)	621	270	622
Changes in ownership interests in subsidiaries							
Effect on acquisition of additional interests in subsidiaries	-	-	-	-	-	-	-
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	-
Total transactions with owners	33	-	(2)	(300)	621	270	622
At 31 March 2019	66,002	(1,076)	1,562	2,657	(783)	16,078	84,440

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 2018, as previously stated	65,545	(279)	1,564	2,845	(2,539)	19,964	87,100
Effect of adoption of SFRS(I) 9	-	(217)	-	-	-	217	-
At 1 January 2018, as restated	65,545	(496)	1,564	2,845	(2,539)	20,181	87,100
Total comprehensive income for the period							
Loss for the period	-	-	-	-	-	(296)	(296)
Other comprehensive income							
Net change in fair value of financial assets at FVOCI	-	(383)	-	-	-	-	(383)
Net change in fair value of financial assets at FVOCI reclassified to profit or loss	-	2	-	-	-	-	2
Total other comprehensive income	-	(381)	-	-	-	-	(381)
Total comprehensive income for the period	-	(381)	-	-	-	(296)	(677)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Share options exercised	7	-	-	-	-	-	7
Purchase of treasury shares	-	-	-	-	(150)	-	(150)
Treasury shares re-issued	-	-	-	(1,810)	1,192	618	-
Equity-settled share-based payment transactions	-	-	-	439	-	-	439
Total contributions by and distribution to owners	7	-	-	(1,371)	1,042	618	296
Total transactions with owners	7	-	-	(1,371)	1,042	618	296
At 31 March 2018	65,552	(877)	1,564	1,474	(1,497)	20,503	86,719

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 2019 excluding treasury shares and subsidiary holdings was 267,555,179 ordinary shares (31 December 2018: 266,776,679 ordinary shares). The movements in the Company's share capital during the first quarter ended 31 March 2019 were as follows:

	Number of ordinary shares
As at 31 December 2018	266,776,679
Exercise of share options	79,000
Vesting of performance shares	699,500
Purchase of treasury shares	-
As at 31 March 2019	<u>267,555,179</u>

Share Option Schemes 2003 and 2013 ("iFAST SOS")

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

	Number of share options
As at 31 December 2018	3,852,940
Share options granted	-
Exercised	(79,000)
Forfeited	(18,000)
As at 31 March 2019	<u>3,755,940</u>

As at 31 March 2019, the number of outstanding share options under the iFAST SOS was 3,755,940 (31 March 2018: 4,653,201).

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 31 December 2018	6,394,300
Performance shares granted but not vested	3,189,400
Vested	(699,500)
Forfeited	(96,500)
As at 31 March 2019	<u><u>8,787,700</u></u>

On 1 March 2019, the Company granted the share awards pursuant to the iFAST PSP. As at 31 March 2019, the number of outstanding performance shares granted but not vested under the iFAST PSP was 8,787,700 (31 March 2018: 6,567,300).

Treasury shares and subsidiary holdings

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

	Number of treasury shares
As at 31 December 2018	1,580,800
Purchased by way of on-market acquisition	-
Purchased by way of off-market acquisition	-
Re-issued	(699,500)
As at 31 March 2019	<u><u>881,300</u></u>

As at 31 March 2019, 881,300 (31 March 2018: 1,685,700) 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.

The Company has no subsidiary holdings as at 31 March 2019 and 31 March 2018.

As at 31 March 2019, the treasury shares held by the Company represented 0.3% (31 March 2018: 0.6%) of the total number of issued shares excluding treasury shares and subsidiary holdings.

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-19	As at 31-Dec-18
Total number of issued shares excluding treasury shares and subsidiary holdings	<u><u>267,555,179</u></u>	<u><u>266,776,679</u></u>

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

Between 1 January 2019 and 31 March 2019, the Company transferred 699,500 treasury shares for the fulfilment of share awards vested under the iFAST PSP. The total value of the treasury shares transferred was \$0.62 million.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There were no sales, transfer, cancellation and/or use of subsidiary holdings as at 31 March 2019.

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 has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)s"), amendments and interpretations of SFRS(I)s that are effective for financial year beginning on 1 January 2019.

The adoption of the new SFRS(I)s, amendments and interpretations of SFRS(I)s did not have any significant impact on the financial statements of the Group except for the following.

Adoption of SFRS(I) 16 Leases

The Group has adopted SFRS(I) 16, which is effective for financial year beginning on 1 January 2019, using the modified retrospective approach and did not restate comparative amounts for financial year beginning on 1 January 2019.

SFRS(I) 16 introduces a single, on-balance sheet lessee accounting model. It has resulted in almost all leases, except for short-term leases and leases of low value assets, being recognised on the balance sheet and the distinction between operating and finance leases is removed. The rationale of the change is to better reflect the economic substance of lease transactions. It requires a lessee to recognise a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

In compliance with SFRS(I) 16, the Group has applied the practical expedient to recognise the amount of ROU assets equal to the lease liabilities as at 1 January 2019, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application. Subsequent to initial recognition, the Group depreciates the ROU assets over the shorter of the useful life of the ROU assets and the lease term, and recognises interest expense on the lease liabilities, lease payments and any reassessment or lease modifications.

The adoption of SFRS(I) 16 resulted in adjustments to the Group's statement of financial position as at 1 January 2019. The differences from the Group's statement of financial position as previously reported at 31 December 2018 are as follows:

	1-Jan-19 \$'000
Group	
Decrease in plant and equipment	(25)
Increase in right-of-use assets	16,358
Increase in lease liabilities	(16,828)
Decrease in trade and other payables	495
Change in total equity	<u><u>-</u></u>

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.

	1Q19	1Q18
(i) Based on weighted average number of ordinary shares on issue		
- Weighted average number of ordinary shares	267,048,679	265,073,251
Basic earnings per share (cents)	0.60	1.04
(ii) On a fully diluted basis of ordinary shares		
- Adjusted weighted average number of ordinary shares	273,200,866	268,687,306
Diluted earnings per share (cents)	0.59	1.02

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-19	31-Dec-18	31-Mar-19	31-Dec-18
Net asset value per ordinary share (cents)	<u>32.95</u>	<u>32.07</u>	<u>31.56</u>	<u>31.58</u>

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

Following a sharp sell-down of global financial markets in the fourth quarter of 2018 ("4Q18"), the Group recorded revenue of \$27.19 million for the first quarter ended 31 March 2019 ("1Q19"), 2.9% slightly down from 4Q18, but 12.2% lower than the first quarter last year ("1Q18").

The following table shows the breakdown of the Group's revenue by two main business divisions, namely Business-to-Customer ("B2C") and Business-to-Business ("B2B").

	1Q19	Group 1Q18	Change
	\$'000	\$'000	%
Business-to-Customer business	4,829	4,673	3.3
Business-to-Business business	22,360	26,286	(14.9)
Total revenue	27,189	30,959	(12.2)

Overall, the year-on-year (“YoY”) decrease in total revenue in 1Q19 was due mainly to a decrease in front-end commission income resulting from a significant drop in customers’ investment subscription in unit trusts (“UTs”) in 1Q19 compared to 1Q18, influenced by the weak investors’ sentiment in equity markets resulting from the higher global uncertainties from the second half of 2018.

For B2C division, its revenue was still up 3.3% YoY in 1Q19. This was due mainly to an increase in transaction fee resulting from increased investment subscription from customers in newer products including bonds, exchange-traded funds (“ETFs”) and stocks and higher interest income arising from increased clients’ assets under administration (“AUA”) in the quarter, partially offset by the drop in front-end commission income from UT business in the period.

For B2B division, its gross revenue was down 14.9% YoY in 1Q19. The impact of the drop in customers’ investment subscription in UTs on the gross revenue of B2B division is more significant than B2C division, as the weighting of front-end commission income in total revenue of B2B division is much higher than B2C division. The decrease was partially offset by increases in revenue from newer products, especially bonds, and a high growth in IT service fee from the provision of financial technology (“Fintech”) solutions to institution business partners in the quarter.

However, despite the weak performance in UT business in initial months of 2019, the Group’s average AUA still grew 2.3% quarter-on-quarter (“QoQ”) in 1Q19, contributed by the Group’s continuing efforts to widen the range of investment products and services and strengthen the Fintech capabilities of its platforms in the various markets in recent years. Following the positive response of financial markets to the US Federal Reserve’s shift away from its monetary tightening bias in March 2019, the Group’s AUA was up 8.7% QoQ to reach a record high of \$8.75 billion as at 31 March 2019.

Commission and fee paid or payable to third party financial advisers

Commission and fee paid or payable to third party financial advisers decreased by 26.6% from \$16.58 million in 1Q18 to \$12.17 million in 1Q19, due mainly to a decrease in front-end commission income from UT 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 significant portion of front-end commission income and transaction fee from B2B customers is payable to third party financial advisers. After deducting commission and fee paid or payable to third party financial advisers, the net revenue of \$15.02 million for 1Q19 was still 4.4% higher than 1Q18, with the breakdown by business divisions as follows.

	1Q19	Group 1Q18	Change
	\$'000	\$'000	%
Business-to-Customer business	4,829	4,673	3.3
Business-to-Business business	10,188	9,705	5.0
Total net revenue	15,017	14,378	4.4

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 1Q19, 83.6% of net revenue is derived from recurring net revenue and 16.4% is from non-recurring net revenue.

	1Q19	Group	
	\$'000	1Q18	Change
		\$'000	%
Recurring net revenue	12,550	11,536	8.8
Non-recurring net revenue	2,467	2,842	(13.2)
Total net revenue	15,017	14,378	4.4

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, wrap fees and net interest income arising from clients' AUA. The YoY increase in recurring net revenue in 1Q19 was due mainly to an increase in average AUA for both B2B business and B2C business in the period, which benefited from new inflows of investments from customers in the quarter. The average AUA of the Group grew 5.5% YoY to \$8.31 billion in 1Q19.

Non-recurring revenue mainly comprises commission income derived from investment subscription via front-end load commission or transaction fee; service fee arising from the provision of currency conversion administration services to customers and the provision of administration services to FA firms; advertising fee earned from advertisements placed by third parties on iFAST websites and mobile applications; and IT solution fee for provision of IT Fintech solutions to business partners. The decrease in non-recurring net revenue in the period was due mainly to a decrease in front-end commission income from UT business in 1Q19, which was partially offset by increases in transaction fee as a result of increased customers' trading volumes in bonds, ETFs and stocks and Fintech solutions IT fees earned from provision of IT Fintech solutions to institution business partners in the period.

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

	1Q19	Group	
	\$'000	1Q18	Change
		\$'000	%
Singapore	9,770	9,752	0.2
Hong Kong	3,673	3,394	8.2
Malaysia	1,393	1,058	31.7
	14,836	14,204	4.4
China	181	174	4.0
Total net revenue	15,017	14,378	4.4

Breaking down by geographical segment, Singapore operation is still the major contributor of the Group's net revenue. The combined effects of the YoY slowdown of UT business and the higher YoY growth in the business of new products and services launched in recent years in 1Q19 led to insignificant YoY growth in the net revenue in Singapore operation in the quarter. However, the UT business has shown the encouraging QoQ growth of 7.3% in its AUA as at 31 March 2019. The overall AUA of Singapore operation grew 8.0% QoQ as at 31 March 2019.

In Hong Kong, following the launch of the US stock trading capabilities last year, the investment trading volume in ETFs and stocks continued to increase and the turnover of ETFs and stocks hit a record high in 1Q19. The total net inflows of investments from customers also rebounded in 1Q19 and grew 61.6% YoY in the quarter. The net revenue in Hong Kong operation grew 8.2% YoY in 1Q19. The AUA of Hong Kong operation grew 10.2% QoQ as at 31 March 2019.

In Malaysia, its bond business grew significantly over the period. The transaction volume of bond business in 1Q19 was 53.0% higher than the average quarterly bond transaction volume in 2018. Further, the iFAST Fintech solutions division launched in 2018 continued to contribute positively

to the net revenue in the quarter. The net revenue in Malaysia operation grew 31.7% YoY in 1Q19. The AUA of Malaysia operation grew 10.6% QoQ as at 31 March 2019.

In 1Q19, the growth of the China business continued to slow down, following the significant clients' redemption of investment in 4Q18 affected by the poorer market sentiment in late 2018. However, the Chinese economy displayed some initial signs of stabilizing activity recently. The AUA of China operation grew 10.2% QoQ as at 31 March 2019.

Other income

Other income increased by \$0.33 million or 115.5% from \$0.28 million in 1Q18 to \$0.61 million in 1Q19, due mainly to higher investment income on investment in financial assets at FVTPL in the quarter.

Operating expenses

Excluding China operation, the Group's operating expenses increased by \$1.59 million or 15.2% from \$10.47 million in 1Q18 to \$12.06 million in 1Q19. The increase was mainly due to the Group's increased 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 so as to strengthen the Fintech Ecosystem of the Group and scale up the businesses of the Group further. Compared to 4Q18, the Group's operating expenses in 1Q19 increased by 3.3% marginally.

For our China operation, operating expenses kept flat in 1Q19 compared to 1Q18. The Group is continuing to spend efforts in building its brand and business in the China market in the period.

Overall, the Group's total operating expenses increased by \$1.59 million or 13.4% from \$11.88 million in 1Q18 to \$13.47 million in 1Q19. The following table shows the breakdown of the Group's operating expenses by its existing markets and China market.

	1Q19	Group 1Q18	Change
	\$'000	\$'000	%
Operating expenses (excluding China operation)	12,062	10,475	15.2
Operating expenses in China operation	1,403	1,403	-
Total operating expenses	13,465	11,878	13.4

Depreciation of plant and equipment increased by \$0.07 million or 17.2% from \$0.38 million in 1Q18 to \$0.45 million in 1Q19. Amortisation of intangible assets increased by \$0.25 million or 27.4% from \$0.92 million in 1Q18 to \$1.17 million in 1Q19. These were due mainly to additions of plant and equipment and intangible assets (including internally-developed IT software assets) over the period, to support business expansion in the markets that the Group operates in and to continuously strengthen the Fintech capabilities of our investment platforms.

Depreciation of right-of-use assets amounting to \$1.39 million was recognised in 1Q19, due mainly to the recognition of right-of-use assets following the adoption of SFRS(I) 16 *Leases* as disclosed in paragraph 5.

Staff costs increased by \$1.00 million or 16.4% from \$6.10 million in 1Q18 to \$7.10 million in 1Q19, due mainly to the annual salary increment adjusted in January 2019, the increased number of staff over the period, and the increased equity-settled share-based payment transactions resulting from another batch of performance shares granted to the Group's employees in March 2019.

Other operating expenses decreased by \$1.12 million or 25.2% from \$4.47 million in 1Q18 to \$3.35 million in 1Q19, due mainly to a decrease in lease expense in the quarter following the adoption of SFRS(I) 16 *Leases* as disclosed in paragraph 5. This was partially offset by increases

in advertising, bank charges and brokerage costs to support the growth of the Group's business, and the higher foreign exchange loss arising from the financing support to Hong Kong operation for pursuing the virtual banking ("VB") business in the period.

Net finance (cost) / income

Finance income increased by \$0.03 million or 11.4% from \$0.23 million in 1Q18 to \$0.26 million in 1Q19. These were due mainly to higher interest income from bank deposits in the period, partially offset by lower interest income from investment in financial assets arising from redemptions of some bond investments at FVOCI over the period.

Finance costs comprised interest expense of \$0.23 million on bank loans and interest expense of \$0.19 million on lease liabilities in 1Q19. The bank loans taken up in the second half of 2018 were mainly for the financing of the initial capital for the VB business that the Group was pursuing in Hong Kong. The major portion of the bank loans was repaid in 1Q19, after the receipt of Hong Kong Monetary Authority ("HKMA")'s update that we were not among the first batch of companies shortlisted for the processing of the VB licence application. The higher interest expense on lease liabilities was recognised in 1Q19, following the adoption of SFRS(I) 16 *Leases* as disclosed in paragraph 5.

Overall, net finance cost of \$0.16 million was accounted for in 1Q19, while net finance income of \$0.23 million was in 1Q18.

Share of results of associates, net of tax

The Group's share of loss after tax of associates increased from \$0.03 million in 1Q18 to \$0.14 million in 1Q19. This was due mainly to the higher operating loss incurred by one of associates, namely Providend Holding Pte Ltd ("Providend") in the quarter, following the set-up of a new joint venture entity between Providend and NTUC Enterprise Co-operative Ltd in late 2018.

There was no significant YoY change in the Group's share of the results of the other associate, namely iFAST India Holdings Pte Ltd, in 1Q19. iFAST India Holdings Pte Ltd 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 27.56 billion (equivalent to \$540 million) as at 31 March 2019, growing at a 5-year compound annual growth rate ("CAGR") of approximately 44.8%.

Profit for the period, after non-controlling interests

The following table shows the breakdown of the Group's profit before tax by geographical segments and the breakdown of the Group's net profit after tax by its existing markets.

	1Q19	Group 1Q18	Change
	\$'000	\$'000	%
Singapore	2,001	3,003	(33.4)
Hong Kong	674	811	(16.9)
Malaysia	515	405	27.2
Other ⁽¹⁾	(136)	(28)	385.7
Profit before tax (excluding China operation)	3,054	4,191	(27.1)
Tax expense	(318)	(290)	9.7
Net profit after tax (excluding China operation)	2,736	3,901	(29.9)
China operation ⁽²⁾	(1,133)	(1,148)	(1.3)
Net profit after tax (including China operation)	1,603	2,753	(41.8)

Notes:

(1) Referring to share of results of associates.

(2) No income tax expense recognised in China operation as at the reporting date yet.

Overall, excluding China operation, the Group's profit before tax decreased by \$1.14 million or 27.1% from \$4.19 million in 1Q18 to \$3.05 million in 1Q19. The lower profitability of the Group, especially Singapore and Hong Kong operations, in the quarter resulted from the combined effects of the lower growth of net revenue due to the short-term market volatility resulting from a sharp sell-down of global financial markets in 4Q18 and the higher operating expenses due to continuing efforts in enhancing platform Fintech capabilities and improving the range of investment products and services over the period to suit the ongoing market demand.

Tax expense increased 9.7% YoY in 1Q19, due mainly to lower deferred tax assets recognised by Hong Kong and Malaysia operations arising from some unused tax losses in the quarter.

China operation is continuing to build iFAST brand and business in this new market. Resulting from negative market sentiment in the China market in recent quarters, the growth of the China business continued to slow down. It resulted in insignificant improvement to the net results of the China business in 1Q19.

Including China operation and tax expense, the Group's net profit after tax decreased by \$1.15 million or 41.8% from \$2.75 million in 1Q18 to \$1.60 million in 1Q19.

Statement of Financial Position

The shareholders' equity of the Group increased to \$88.16 million as at 31 March 2019 from \$85.56 million as at 31 December 2018. This was due mainly to contribution of net profit generated in 1Q19 and an increase in fair value of financial assets at FVOCI in the period.

The Group's cash position, comprising cash and cash equivalents and investments in financial assets (categorised as other investments under current assets) net of bank loans, decreased to \$47.87 million as at 31 March 2019 from \$48.06 million as at 31 December 2018. This was due mainly to payments of additions of plant and equipment and intangible assets in 1Q19, partially offset by net cash generated from operating activities in the quarter.

Current assets decreased to \$124.56 million as at 31 March 2019 from \$127.65 million as at 31 December 2018. This was due mainly to a decrease in cash and cash equivalents at end of the quarter, which partially offset by increases in receivables from uncompleted contracts on securities dealing at end of the period.

Non-current assets increased to \$47.97 million as at 31 March 2019 from \$30.33 million as at 31 December 2018. The increase was due mainly to additions of plant and equipment and intangible assets (including internally-developed IT software assets) in 1Q19, and the recognition of right-of-

use assets in the quarter following the adoption of SFRS(I) 16 *Leases* as disclosed in paragraph 5.

Total liabilities increased to \$84.62 million as at 31 March 2019 from \$72.63 million as at 31 December 2018. This was due mainly to increases in tax payables and payables from uncompleted contracts on securities dealing at end of the quarter and significant increases in lease liabilities in the quarter following the adoption of SFRS(I) 16 *Leases* as disclosed in paragraph 5, partially offset by repayment of some bank loans in 1Q19.

Consolidated Statement of Cash Flows

Net cash from operating activities increased from \$1.01 million in 1Q18 to \$2.92 million in 1Q19. This was due mainly to the principal element of operating lease payments (categorised under cash flows from operating activities in the years before 2019) moved to the category of cash flows from financing activities in 1Q19, following the adoption of SFRS(I) 16 *Leases* as disclosed in paragraph 5.

Net cash used in investing activities decreased from \$13.67 million in 1Q18 to \$6.31 million in 1Q19. This was due mainly to settlement of payments of securities investment acquired at 31 December 2017 in 1Q18, partially offset by settlement of some intangible assets acquired at 31 December 2018 in 1Q19.

Net cash used in financing activities increased from \$0.14 million in 1Q18 to \$24.78 million in 1Q19. This was due mainly to repayment of some bank loans in the quarter, and the higher lease payments under cash flows from financing activities in 1Q19 following the adoption of SFRS(I) 16 *Leases* as disclosed in paragraph 5.

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 an extended period of poor financial market conditions between 2Q2018 and the end of 2018, the Group started the year with a weak January and February 2019, resulting in total net revenue growing by only 4.4% YoY in 1Q2019. Whilst recurring net revenue grew 8.8% YoY, non-recurring net revenue saw a 13.2% decline YoY.

The Group's total operating expenses grew 13.4% YoY in 1Q2019. This resulted from the Group's continued efforts to strengthen the overall range of products and services that the Group offers as a wealth management Fintech platform.

As a result of weak revenue growth in the early part of 2019, and the Group's continued efforts to invest for ongoing growth, the Group's profit before tax declined by 37.5% YoY.

The Group's AUA started with a relatively low level of \$8.05 billion at the beginning of 2019. However, with improved market conditions, the Group's AUA grew 8.7% QoQ to a record high of \$8.75 billion as of the end of March 2019.

Looking forward and barring unforeseen circumstances, we expect the Group's revenue and profitability to show improvements in 2Q2019 compared to 1Q2019.

The Group continues to position itself to benefit from the huge long-term potential of Asia's wealth management industry, by constantly striving to improve our services as a wealth management Fintech platform. As we are executing our overall strategy, adverse financial market conditions can affect our levels of profitability in the short term. However, we believe we will benefit from the overall improving scale of our platform in the medium to long term.

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	0.75 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	0.75 cents per ordinary share
Tax rate	One-tier tax exempt

(c) Date payable

The interim dividend will be paid on 22 May 2019.

(d) Books closure date

The Register of Members and Share Transfer Books of the Company will be closed on 9 May 2019 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 8 May 2019 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 8 May 2019 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.

The Company refers to the net proceeds of \$48.0 million (excluding share issuance expenses of \$2.4 million and IPO-related expenses of \$1.95 million) raised from the IPO on the SGX-ST on 11 December 2014 and the Company's re-allocation of the net IPO proceeds announced on 27 October 2018. The following table sets out our use of the net IPO proceeds up to 31 March 2019.

	Allocation of IPO proceeds	Amount reallocated on 26 October 2018	IPO proceeds utilised as at 31 March 2019	Balance of IPO proceeds
Use of net proceeds	\$' million	\$' million	\$' million	\$' million
Mergers and acquisitions strategy	27.2	19.2	11.3	7.9
Expansion of our business in the Chinese market	7.0	7.0	7.0	-
Enhancement of our product capabilities, IT and services	8.0	16.0	13.2	2.8
Working capital purposes	5.8	5.8	5.8 ⁽²⁾	-
Net Proceeds	48.0 ⁽¹⁾	48.0	37.3	10.7

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 \$10.7 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 2019 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Leung Fung Yat, David
Chief Financial Officer
27 April 2019